

Homes and Neighbourhoods
222 Upper Street, London, N1

Report of: Corporate Director of Homes and Neighbourhoods

Meeting of: Housing Scrutiny Committee

Date: 9th May 2023

Ward(s): All

Subject: Briefing on the reintegration of street property homes managed by Partners into council services

1. Recommendations:

1.1 That the Housing Scrutiny Committee note the content of this briefing on the successful reintegration into direct management of street property homes and tenancies.

2. Background information:

2.1 On 4 April 2023 the c. 2800 tenanted homes and 1200 leasehold homes returned to council management at the end of the council's 16-year Housing Private Finance Initiative (PFI) 2 contract with Partners for Improvement in Islington (Partners).

2.2 27 staff joined the council from Partners as part of a TUPE transfer to continue to deliver the services to council residents.

2.3 This transition was a culmination of a three and a half year programme of work, by the council and Partners, overseen by a multi service Programme Board within the council, to deliver a smooth and successful transition of service from Partners to the council. Housing Scrutiny Committee carried out a scrutiny into the reintegration programme and received a number of presentations to update them on progress of the programme during this period. The committee provided recommendations for improvements to the programme.

2.4 A year on from the transformation, this briefing reflects on how these homes have been reintegrated into Council service delivery and continued plans to ensure services are fully integrated into service improvement plans by the council.

3. Performance impacts from the reintegration

3.1 A range of performance indicators were identified to help review the performance impact on the council services of the reintegration of PFI 2 homes. The housing services key landlord contact points were a key focus for monitoring the impact of integration, as these were likely to see the most immediate impact of the change in terms of volumes of work. The repairs service was a key area for review as street properties have a range of characteristics that are different from our estate stock and pose different challenges in service delivery.

3.2 The returning homes represent 12% of the council's overall directly managed homes and therefore in the below charts we have measured the deviation from this proportion of expected work to review whether the impact has been less or the same as this (highlighted in green), slightly more (up to 3% over this) highlighted in amber or significantly more than this (highlighted red).

3.3 Although there have been areas of more significant impact, overall the additional properties have not resulted in high levels of impact on services, demonstrating that service preparations have in general been successful and adequate.

3.4 Housing Property Services

Repairs – Housing Direct Calls

3.5 Call volumes at Housing Direct actually saw a fall when compared with the previous year for the first seven months of the year. However, this drop was more pronounced following the first 2 months of the year, which may indicate a small but significant surge in repair reports or servicing enquiries during the initial two months of the integration. However, there does not appear to be an on-going and sustained pressure on the call centre as a result of the integration. The spike in calls from the late autumn relates mainly to service pressures related to damp and mould and staffing issues experienced throughout this period. These issues are being addressed through service and specific improvement plans.

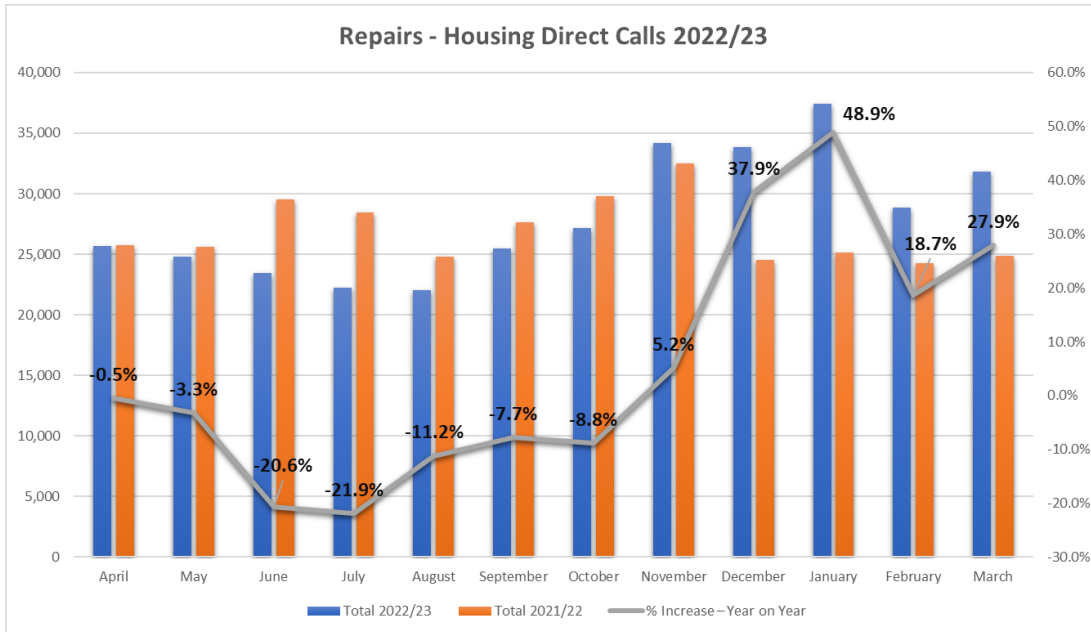


Figure 1

Repairs Jobs

3.6 The service has experienced a significant growth in work as a result of managing a large number of repairs jobs raised on PFI2 homes as they have returned to LBI to managed, over 11,500 jobs this year. Overall, the total number of repairs jobs has increased between April 2022 and March 2023 including PFI 2 jobs, but the PFI 2 jobs have remained consistently around 11% of the total number of jobs. However, this has been within a backdrop of increases in jobs being experienced in all stock. The service has reported that the cost and complexity of these jobs are higher than for the majority of stock, which is discussed further below.

- Increase of 2646 jobs in total (35.1% increase from April 2022 to March 2023)
- PFI 2 increase of 153 jobs (14.7% increase from April 2022 to March 2023)

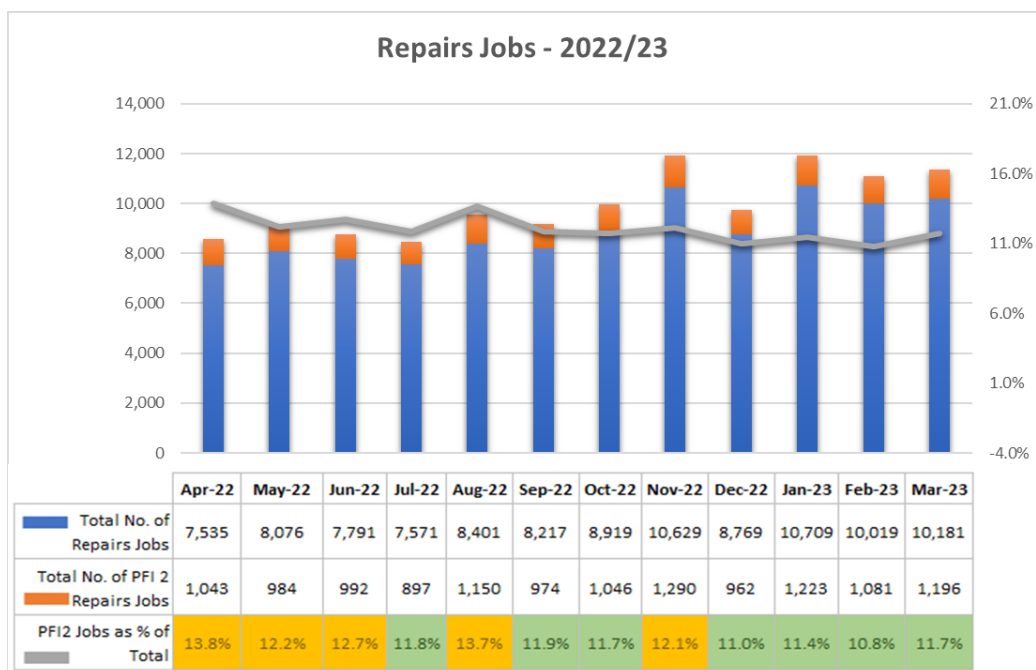


Figure 2.

3.7 There were some peaks in the proportion of jobs being carried out to returning PF12 homes in the spring. Contributing factors to this and to jobs as a whole are thought to be from engagement with residents; easy access to report historic repairs, residents fed back that they delayed reporting repairs until the stock was transferred back to the council. Higher rates of repair this year in all stock is thought to be a result of the continuing impact of the COVID pandemic, with increased resident occupancy of homes creating more wear and tear on elements within properties, resulting in additional repairs. The increase in damp and mould cases being reported has had major impact on the service and number of orders raised. In addition, weather condition over the cold months has increased the delivery of gas and roof repairs. All these contributing factors have impacted on the number of repairs the PF12 stock.

Gas Repair Jobs

3.8 The level of repair work for gas boilers peaked during the winter period, as residents use their heating more during the colder months of the year. The number of gas repair jobs are generally above the 12% threshold throughout the year. The service have reported that this is a result of the gas boilers in PFI 2 homes nearing the end of their economic life because of the contract with Partners only included a single replacement programme for boilers as part of the decent homes works at the beginning of the contract. An above average increase in boiler replacements have been experienced during the year as a result of this, as well as a revised approach to boiler breakdowns to help better reduce the risk of damp and mould in homes.

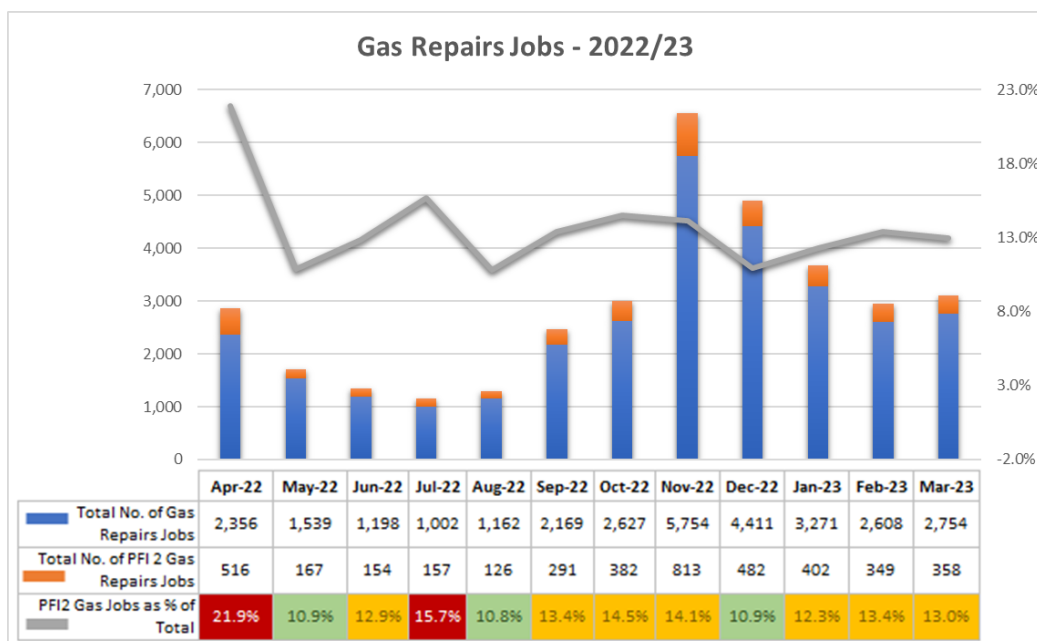


Figure 3.

Legal Disrepair

3.9 The April 2022 PFI 2 figures related to the number of legal disrepair cases that we inherited from Partners – which skews the below table which otherwise represents new cases related to these homes. However, there are clearly higher levels of disrepair claims for these street properties, than the proportion of stock that they represent. The service has fed back that this reflects their general experience of prevalence in different property types. It had also been anticipated by the service that claims may come forward or be restarted because of the change in management being seen as an opportunity to raise issues directly with the council. The considerable drop-off in the proportion of cases from December may be a combination of this wave of cases coming to an end but also an increase in cases among other stock types, which has resulted from the greater levels of activity related to damp and mould within social housing more widely.

Legal Disrepair Cases	April	May	June	July	August	September
LBI	24	28	22	15	18	32
PFI	30	5	5	6	6	9
Total	54	33	27	21	24	41
PFI2 as % of total	55.6%	15.2%	18.5%	28.6%	25.0%	22.0%

Legal Disrepair Cases	October	November	December	January	February	March
LBI	36	22	30	40	24	0
PFI	9	15	2	4	2	0
Total	45	37	32	44	49	51
PFI2 as % of total	20.0%	40.5%	6.3%	9.1%	4.1%	0.0%

Figure 4.

3.10 Housing Operations

Income

3.11 Rents for street properties are generally higher than for estate properties and therefore the level of debt per home has been higher, because a single week's arrears would have a higher monetary value than for the equivalent sized estate properties. The level of debt is therefore not in line with the proportion of homes being monitored. Collection rates between Partners and the council on an annual basis have been maintained within a 1% variance, indicating that performance of both organisations has been broadly similar. The below graph shows that the debt associated with these properties has increased slightly since integration, but the service has fed back that they believe this reflects some initial staffing issues within the team. Staffing levels of transfer were below the required level and of the two staff who transferred, one resigned shortly after joining the council. Therefore, it took some time to recruit and train the staff for this area of work.

3.12 A number of arrears escalation actions carried out just before the end of the contract by temporary staff with Partners were also not in line with the required stage or expected standard, meaning work needed to be repeated and there was a transitional period and additional resources required to bring these in line.

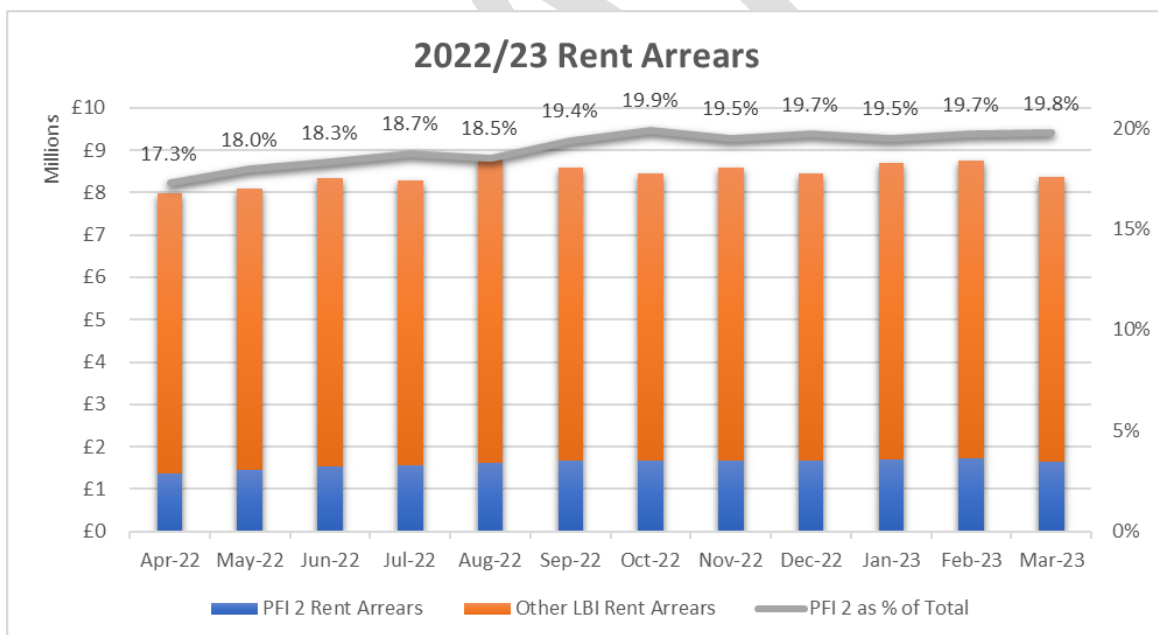


Figure 5.

Income - Rental Arrears Comparison (£)	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
PFI 2 Rent Arrears	£1,379,566.04	£1,452,231.84	£1,525,807.17	£1,551,065.57	£1,623,633.50	£1,666,077.85
Other LBI Rent Arrears	£6,612,426.73	£6,632,032.93	£6,803,251.10	£6,722,134.23	£7,143,292.70	£6,934,282.86
PFI 2 as % of Total	17.3%	18.0%	18.3%	18.7%	18.5%	19.4%
Total Rent Arrears	£7,991,992.77	£8,084,264.77	£8,329,058.27	£8,273,199.80	£8,766,926.20	£8,600,360.71

Income - Rental Arrears Comparison (£)	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
PFI 2 Rent Arrears	£1,680,039.69	£1,675,273.36	£1,663,947.87	£1,696,171.74	£1,722,659.13	£1,655,183.27
Other LBI Rent Arrears	£6,757,597.09	£6,918,879.63	£6,783,496.12	£7,000,379.57	£7,016,554.20	£6,720,327.58
PFI 2 as % of Total	19.9%	19.5%	19.7%	19.5%	19.7%	19.8%
Total Rent Arrears	£8,437,636.78	£8,594,152.99	£8,447,443.99	£8,696,551.31	£8,739,213.33	£8,375,510.85

Figure 6.

Tenancy Services

3.13 The chart below (figure 7) show that the proportion of enquiries received from former PFI2 residents is proportionate to the proportion of stock at 12%. However there are some particular areas where they feature particularly highly including ASB and noise related contacts, making contact by phone and contacts about mutual exchanges as figure 8 demonstrates.

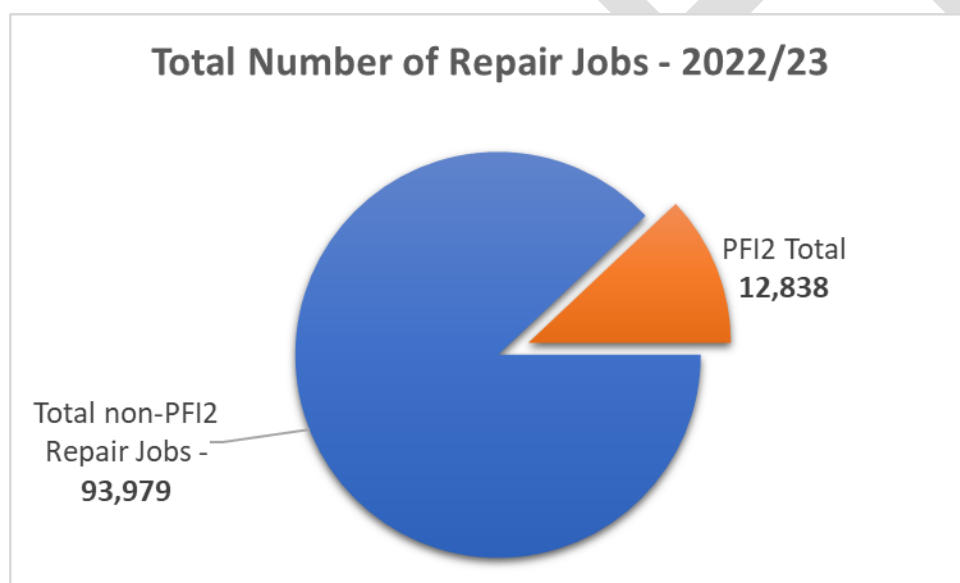


Figure 7.

Total Number of Tenancy Enquiries - 2022/2023	PFI	LBI	Total	%
ASB Correspondence	233	1435	1668	14.0%
Death certificate/notification	123	703	826	14.9%
E-Mail	160	1051	1211	13.2%
Mutual exchange documents	121	451	572	21.2%
Out of Hours report	833	6454	7287	11.4%
Phone message ASB	378	1794	2172	17.4%
Tenancy management General Correspondence	1832	10543	12375	14.8%
Triage Phone Message	1492	9225	10717	13.9%
Right to Buy Checks	38	273	311	12.2%
ASB correspondence, case file, initial report & phone message	637	2725	3362	18.9%

Figure 8.

3.14 However the graph below (figure 9) shows the high levels of contact from former PFI2 residents in particular areas. The contact levels are particularly high in relation to ASB and noise services, the street properties team consider this to be a result of the configuration of properties and closeness of living within a converted street property. There are generally higher levels of contact around mutual exchanges, which reflects the greater ease this group has of finding exchanges partners.

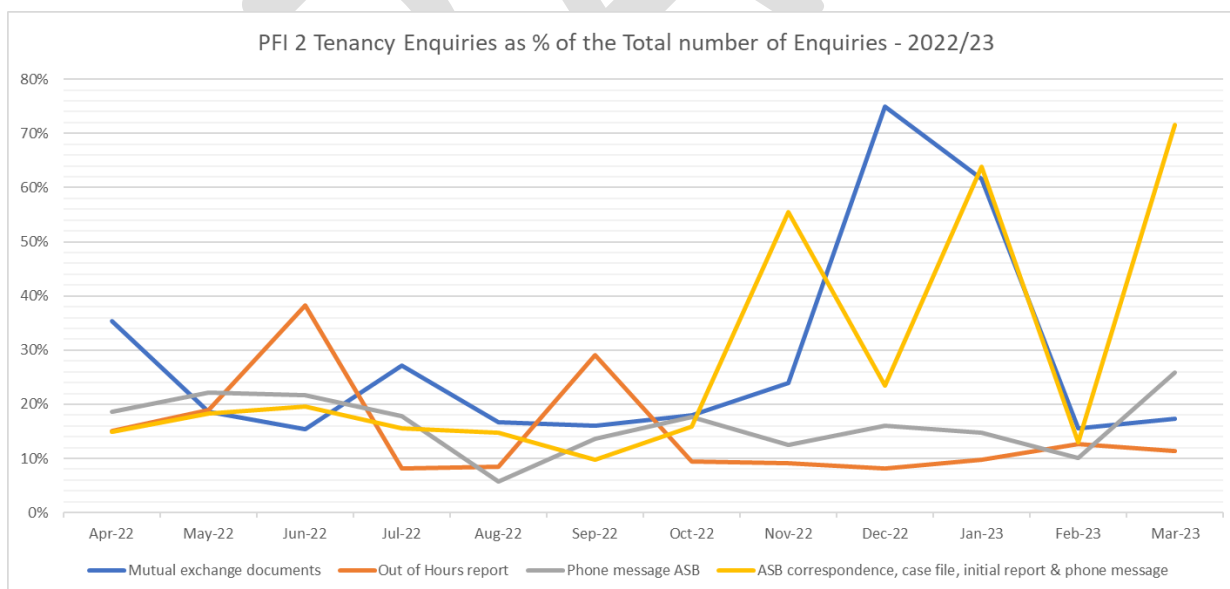


Figure 9

Leaseholders – Service Charges

3.15 The way service charges are billed between the council and Partners is different, as Partners continue like many providers to bill leaseholders in April for the coming year, whilst the council does this from September to September for costs incurred April to

April. This is an approach the council has found to be successful for their collection arrangements, however leaseholder income is a key contractual requirement for Partners and therefore their service has not been aligned to this approach. Therefore, the below charts reflect the 'gap' in service charge billing experienced by the leaseholders returning from Partners.

3.16 Most Homeowners pay their service charge by monthly direct debit from September and therefore sums owned as a total bill reduced down each month from September to September in line with this repayment profile.

3.17 Homes returning from PFI 2 attract a lower annual services charge because they are street properties and do not receive and pay for services such as caretaking, estate services and concierge. Therefore, charge levels are well below the 12% of total services charges, that their volume of properties represent.

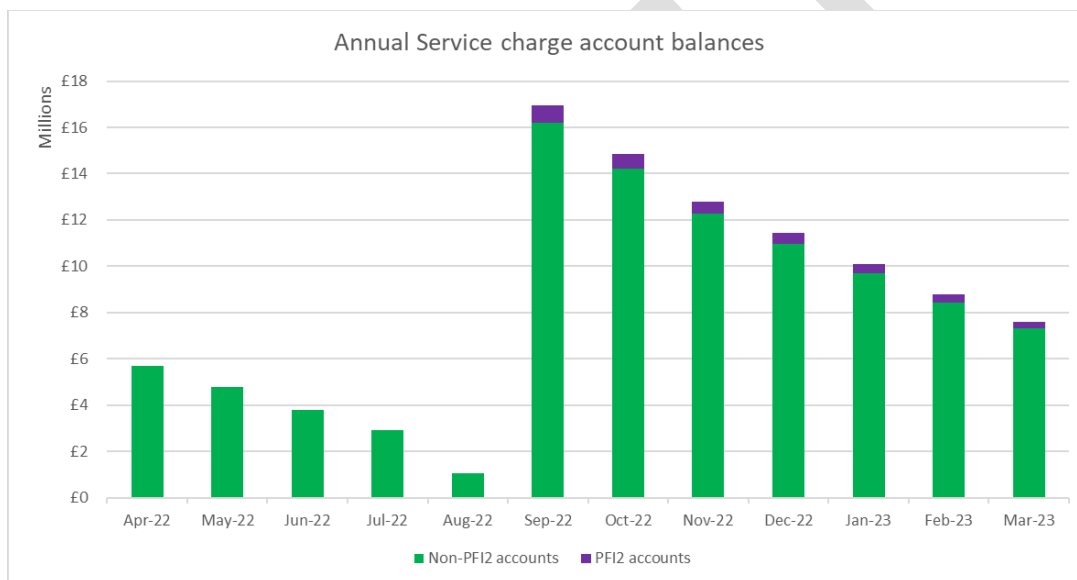


Figure 10.

Annual service charge account balances	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
PFI2 accounts	£0.00	£0.00	£0	£0	£0	£773,579
Non-PFI2 accounts	£5,694,990	£4,778,112	£3,809,277	£2,912,417	£1,049,350	£16,188,554
PFI2 as % of total accounts	0.0%	0.0%	0.0%	0.0%	0.0%	4.6%
Total account balances	£5,694,990	£4,778,112	£3,809,277	£2,912,417	£1,049,350	£16,962,133

Annual service charge account balances	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
PFI2 accounts	£640,057	£520,058	£455,260	£397,069	£340,344	£287,451
Non-PFI2 accounts	£14,221,075	£12,263,860	£10,970,235	£9,700,274	£8,435,181	£7,305,280
PFI2 as % of total accounts	4.3%	4.1%	4.0%	3.9%	3.9%	3.8%
Total account balances	£14,861,132	£12,783,918	£11,425,495	£10,097,343	£8,775,525	£7,592,731

Figure 11.

3.18 Complaints and Members Enquiries

- 3.19 Most complaints related to homes returning from the PFI 2 contract relate to repairs services, which is consistent with the experience for the rest of our landlord services and reflects the sheer volume of work and jobs carried out by the service to homes on a yearly basis.
- 3.20 Complaint levels in general are in line or below the representative levels of stock, except for in the peak period in November and December reflected in both the repairs and housing operations complaints levels. This timing coincides with the peak of jobs and complaint about damp and mould, due to the local and national focus on this important issue.
- 3.21 Although complaints levels have not been unduly high for the returning stock, services and the complaints team has fed back that the complaints received have followed other service trends of being a bit more complicated in general, either because of the nature of the properties or being the reopening of old issues of dissatisfaction, where residents are hoping to get a different outcome from previous enquiries to Partners.
- 3.22 Members enquires followed similar patterns, with a peak occurring slightly earlier in late autumn compared with that in complaints and with the pursuit of issues previously raised with Partners.

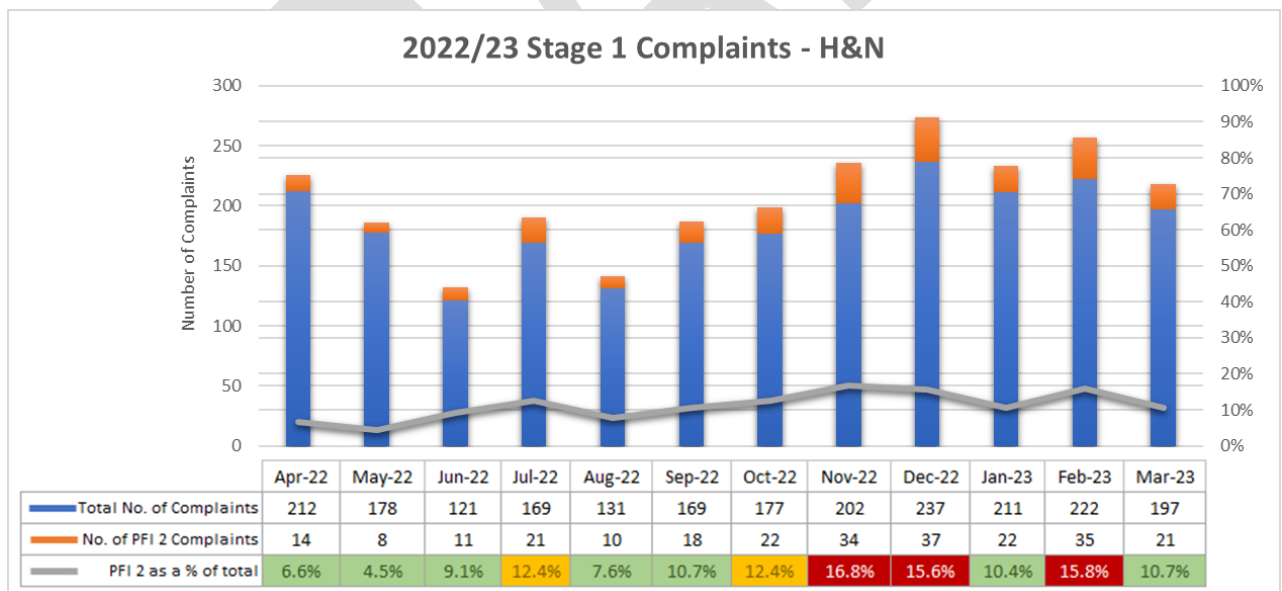


Figure 12.

Repairs Stage 1 Complaints	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Total Repairs	185	150	104	144	102	137	153	168	216	177	191	160
PFI2	13	6	8	17	9	15	21	28	33	20	33	15
PFI as a % of total	7.0%	4.0%	7.7%	11.8%	8.8%	10.9%	13.7%	16.7%	15.3%	11.3%	17.3%	9.4%

H&C Stage 1 Complaints	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Total	27	28	17	25	29	32	24	34	21	34	31	37
PFI2	1	2	3	4	1	3	1	6	4	2	2	6
PFI as a % of total	3.7%	7.1%	17.6%	16.0%	3.4%	9.4%	4.2%	17.6%	19.0%	5.9%	6.5%	16.2%

H&N Stage 1 Complaints	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Total H&N	212	178	121	169	131	169	177	202	237	211	222	197
PFI2	14	8	11	21	10	18	22	34	37	22	35	21
PFI as a % of total	6.6%	4.5%	9.1%	12.4%	7.6%	10.7%	12.4%	16.8%	15.6%	10.4%	15.8%	10.7%

Figure 13.

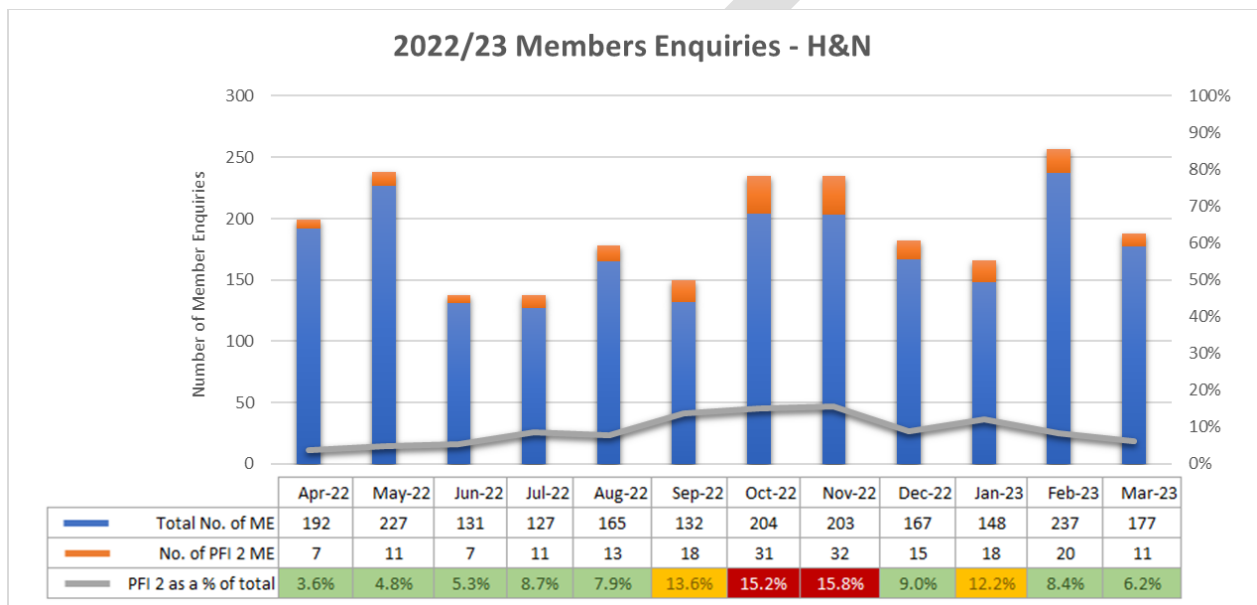


Figure 14.

4. Service feedback on reintegration impacts

Housing Property Services

4.1 The experience of the repairing standards and property condition has been generally found to be consistent with the independent survey of PFI 2 stock carried out by Ridge and Partners ahead as part of the contract handback processes which found stock to be in a reasonably good condition. However, the council's street property stock does present particular challenges and issues when compared with the council's wider housing stock. These challenges manifest in a number of ways in terms of service delivery which is set out in more detail below. In addition to this the investment in homes, through the PFI arrangement and available funding from government had significant limitations and means that this stock continues to pose a considerable investment challenge for the council.

- 4.2 Although volumes of roof repairs are not significantly greater than for other stock types, the number of roofs per home is much higher as a proportion, for this type of stock and resolving repair is significantly more costly because of the need for scaffolding in order to access the roof to carry out the repair. This means that costs per repair are in the region of 25-30% higher. The works can be significantly more challenging to carry out too, as access to erect scaffolding at the back of properties is much more challenging for street properties – leading to increase resource implications.
- 4.3 Street properties are older buildings and their construction, age and presence in conservation areas and in some cases their listing status all effect a range of jobs routinely carried out by the council for tenants and residents. For instance, works that involve disturbing internal walls and require replastering are often much more involved and lengthy, requiring more staffing resources.
- 4.4 The investment requirements within the PFI 2 contract were scoped mainly to deliver homes that met the decent homes standard, for the duration of the contract term. In order to keep the investment requirement from central government at a level the government were willing to sustain, the contract length was reduced and key components such as windows and roofs were, as much as possible, renovated and maintained rather than replaced. Not replacing windows and replacing those that required replacement with single glazed units (partly to keep costs down and partly because double glazed options did not meet planning requirements at the time) does mean that gains were not made in the energy efficiency of homes. Cyclical decorations for were carried out by Partners to the property exterior but internal decorations were not included in the contract, meaning that the council will need to consider how best to address this investment need in future programmes of work.
- 4.5 A single replacement of boilers in homes during the contract term means that many of the boilers replaced during the works period at the beginning of the contract, are now coming to the end of their expected life. This constraint impacts in a number of ways but effects are already being felt in terms of the boiler replacement capital budget, with significant addition resources being required this year as a result of the PFI homes being reintegrated. A peak was anticipated but this has been higher than expected.
- 4.6 The council's focus on improving energy efficiency in our stock and residents experience of the energy and cost of living crisis has meant there is a continued and growing focus on the cost of heating homes. Improving insulation and moving to double glazed or secondary glazing to improve performance in a key component of achieving this, but this comes at a very substantial cost per home.

4.7 The service has also experienced very high levels of expectation from leaseholders about the quality of repair, maintenance and investment the council can provide to them. This may be a reflection of the much higher property values among this leaseholder group and a limited appreciation of the financial constraints and restricted income under which social housing providers operate.

Housing Operation

4.8 Demands generated from the transfer of PFI 2 homes back into direct management have been experienced by the Tenancy Team as being higher than the slightly elevated levels of contact they have received from this group of residents. As discussed above the contact the team have received have been particularly focused on ASB, noise transfer and neighbour nuisance, as well as mutual exchanges and supporting the repairs service and residents to ensure vulnerable and hard to engage residents have necessary repairs carried out to their properties. These types of contact are generally more resource intensive and have had a greater impact on the capacity for service delivery than expected.

4.9 Part of this increase in intensity of work is considered to be temporary, as some residents seek to challenge the outcome of previous decisions made by Partners, in the hope that the council will take a different view. It is hoped that in the coming year these historic issues will be reduced and no longer be a significant drain on staffing resources.

4.10 The transfer of staff from Partners to the service has been found to be beneficial for the tenancy services management team, they have brought with them familiarity with the residents and their issues, consistency for residents who were familiar with their assigned housing officers, as well as, considerable expertise in anti-social behaviour and neighbour nuisance.

4.11 In addition to the above issues that are also more particular to street properties, issues with communal spaces fire risk assessment clearances and private garden management are creating resourcing pressures with the service for both tenancy and estate services. The types of ASB, nuisance and noise complaints reported by residents in street properties tend to be exacerbated by features of street property that are more unique to this property type, such as, ease of sound transfer between converted flats, shared gardens and small communal areas seen by residents as an extension of their living space.

4.12 The Tenancy Team are currently undergoing a restructure process for the whole service, which will help to address these issues and will benefit all residents by addressing other issues highlighted by residents, Members, our critical friend and partner organisations that will lead to service improvements. The restructure aims to;

- reduce patch sizes

- have a named responsible housing officer for all patches, so that residents and their representatives know who they can contact
- create mixed patches, including street properties alongside estate-based properties
- a more consistent service for all residents
- better locality engagement and visibility

These changes should ensure that residents transferred from Partners move from the temporary 'lift and shift' model of maintaining the separate street properties team from Partners to a fully integrated position. This is particularly pertinent in the area of anti-social behaviour, as the benefits of the council wide review of the service can be consistently delivered to all residents.

4.13 Although records transferred successfully from Partners to the Council into our operational systems, quality and consistency of note taking and use of the core database and document systems has caused some challenges for the Tenancy Team.

Integration of staff

4.14 Feedback from services has been that the transfer of staff, where this was close to a full contingent of staff coming into the council, has been a positive experience both for the staff transferring and the council. The council has really benefitted from the expertise and knowledge of staff, who understand the challenges and complexities of working in our street properties and bring experience of this to service delivery.

4.15 Within the repairs team the staff have been moved over earlier than expected and with substantial ease to the council's terms and conditions, ensuring consistency across the service and that staff can benefit from the additional employment benefits offered to council employees.

4.16 Learning from the process and what went well and could be done better can be applied to future transfers into the council and eventually for the integration of PFI 1 services in 2033.

Data transfer

4.17 The data transfer overall has been a success. This was a challenging and resource consuming programme of work, which for housing services was run alongside business as usual in most cases, presented some significant time and resourcing pressures. However, ultimately the delivery of data held into the council's systems worked well and the historical data is fully accessible to the council from Partners records, either through business-as-usual systems or Sharepoint repositories.

4.18 Services have, however fed back some useful improvements they would like to see regarding the keeping of records, which the PFI Clienting Team will pick up in our improvement work with Partners senior management team.

Communications with residents and their feedback

- 4.19 Resident communications on the reintegration seems to have been relatively effective. Although some residents did inevitably contact Partners after the transfer, these were not large in number and were quickly redirected to the right service. Some residents still make contact about the transfer with the Programme Manager, who still have his details from the letters that were sent out explaining the transfer arrangements in March 2022.
- 4.20 Generally, feedback received by the service teams has been positive about the return of services to the council. Residents are positive about being more closely linked to the council.
- 4.21 Leaseholder expectations continue to be very high and the satisfaction levels inherited from Partners were very low. They will have benefitted from the change in collection timings this year, which may be well received by some, but we are equally mindful that the loss of the £10k rolling 5-year cap (which was a government requirement for PFI schemes) is likely to be seen as a negative impact of the change by this group, as investment programmes on this stock begin.
- 4.22 A number of engagement activities have been offered to returning residents to understand their experience and any issues related to coming back into direct management. Unfortunately take up has been generally low despite this. This included:
- A welcome letter was sent out to ex-PFI 2 residents, which included an introduction to services and encouraging residents to join the resident involvement register. This was followed up with an E-form asking residents what discussion groups or forums they would be interested in getting involved with but no returns have been received.
 - Three drop-in sessions run by the Estate Champions Team were held during the evening
 - Two online forums have been offered, with senior managers and the street properties team in attendance.
- 4.23 Issues raised by residents through these opportunities included:
- Repairs issues, included damp and mould, leaks
 - Kitchen and bathroom refurbishment
 - Tenancy management issues including CCTV installed by a neighbour, vulnerability alerts not being transferred, and overpayment refund requests.

5. Summary of findings

5.1 Overall, the transfer of services went relatively smoothly for residents, which was a key objective of the programme for integration. Some key learning points have been picked up and consideration given to areas of work which needed more resource applied or to be started earlier has been identified to inform future service transfers.

5.2 The working relationship with Partners, if anything, strengthened through the reintegration work and the joint commitment to ending the contract well was an important component to the success of this work programme.

6 Final report clearance:

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