

East Kent Housing update – 16 July 2019

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- Background (paper pre-circulated)
- Management Fee / Improvement Plan
- Update on Landlord gas safety records
 - Monitoring Officer Section 5 Notice report (31 July 2019)
 - Client Officer response
 - Update/future options report to Cabinet
 - Update on the heating servicing, installation and repairs contract
- Wider compliance issues
- Quarter 1 performance / Improvement Plan update

East Kent Housing - background

- East Kent Housing (EKH) launched as 'arms length management organisation' (ALMO) in April 2011.
- Delivers services to council tenants through a Management Agreement in Canterbury, Dover, Folkestone & Hythe and Thanet.
- 3,393 properties managed by EKH in this district.
- Housing Revenue Account (HRA) Business Plan supports the delivery of the services provided by EKH and capital investment.
- In 2018/19 the council paid EKH £1.983m from the HRA to manage the district's housing and tenant services.

Performance – Concerns

A number of service areas were identified as requiring improvement by EKH during 2018/19:

- Procurement of key contracts (particularly work to merge contracts)
- Contract management
- Recruitment difficulties – over-reliance on agency staff
- Rent collection in relation to the Universal Credit (an issue nationally)
- Strengthen EKH's financial position

Management fee 2019/20 - Improvement Plan

Proposal	Additional Resources
Improved Procurement	£8,750 pa Procurement Officer Post £51K pa Capitalisation of Specification Cost
Improved Contract Management	£20K Revenue £10K Capitalised Costs
Rent Collection (Universal Credit)	£111K pa - Revenue Collection Posts x 2
Organisation Health/Sustainability	£21K Cost of living increase £5K Pension cost increase £16K Incremental salary pressures
Total costs	Revenue = £182,250 (9.2% increase) Capital = £61K (0.8% increase) 19/20 Management Fee= £2,165,250.00 Approved as 2019/20 HRA Budget

Timeline of recent performance issues

April/May 2019

- Gas Contract terminated by contractor
- Legal/finance measures in place to use 7 additional contractors
- EKH notify council regarding P& R backlog of 120 landlord gas safety checks in Folkestone & Hythe.

May/June 2019

- EKH contacts tenants affected by letter/telephone.
- Appointments arranged, offering evening and weekend slots.
- Legal approval to seek forced entry if required.
- EKH provides daily update to Chief Execs / Client Officers.
- Leaders and chiefs meet with EKH chair to express gravity of situation.
- Social Housing Regulator notified of non-compliance.
- EKH commission HQN investigation

Timeline of recent performance issues

28 June 2019

- 120 LGSR backlog actioned and completed (4 new cases currently/actioned)

3 July 2019

- P&R contract ended. Swale Heating managing service in the interim to 31 October with extension option up to 31 March 2020.
- Procurement for P&R's replacement being progressed.
- Potential overcharging – detailed investigation underway.

July 2019

- Council responding to further requests for information from the regulator.
- Internal audit identified wider compliance issues (electrical, asbestos, lifts legionella works and fire protection) and pumping stations also highlighted as non-compliant.
- EKH are developing a detailed action plan so that all areas of compliance are addressed as a priority.
- Independent investigation to be commissioned by the councils into all areas of compliance – outcome will be reported to members.

Timeline on recent performance issues

31 July 2019 - Cabinet

- Monitoring Officer reports non-compliance issuing Section 5 notice.
- Client Officer report in response to Section 5 notice, outlining issues, actions taken, future options.
- Client officer recommendations to Cabinet:
- That this report is adopted as the response of the Council to the Monitoring Officer in accordance with the requirements of S5A (8) and (9) of the Local Government and Housing Act 1989, and that a copy of it be provided to all Councillors and the Monitoring Officer.
- That a further report is prepared on the wider issues of housing management for this Council and to commence consultation with the Council's tenants as soon as practicable on withdrawal from East Kent Housing (EKH) including the option of bringing the housing management function back within the Council's control.

New Heating Contract

- **Cabinet 31 July** – decision to award new heating servicing, maintenance and installations contract.
- P&R terminated – procurement of long-term contract – bidders assessed on price/quality.
- Award delayed due to extended due diligence of winning bidder.
- Concerns re pricing model and no current operation in East Kent.
- Legal advice due to concerns on the viability of the bid.
- Further clarifications of the bid.
- Improvements to EKH contract management.
- Interim contract with Swale Heating for 4 months.
- Urgency – put the service on stable long-term.

New Heating Contract

- Contract to be awarded.
- Jointly awarded by FHDC, CCC, DDC and TDC, each with separate contract to start when approved by all 4 councils
- EKH to manage the contract subject to service improvements
- Contract covers
 - Annual gas heating checks and servicing (LGSR)
 - Annual checks and servicing of other heating systems
 - Emergency call out response
 - Installation programme
- Additional EKH contract management cost (£93K p.a.)

New Heating Contract

- Report being finalised
- Recommendations to Cabinet:
- To award the contract subject to risk mitigation measures set out in the report.
- To agree an additional budget provision of £93,201 as set out in the report to be funded from the Housing Revenue Account for contract management improvement to be implemented by EKH.

Quarter 1 Performance/Improvement Plan

- Q1 performance handout.
 - Capital programme behind schedule.
 - Upward trend in rent arrears (although still within target).
 - Mears contract generally performing well, other than void property turn around.
 - Void re-let times in excess of target
- Ongoing performance monitoring and working closely with EKH.
- Update to next OSC