

# OVERVIEW AND SCRUTINY PANEL

8 JANUARY 2018 - 2.30PM



**PRESENT:** Councillor F H Yeulett(Chairman), Councillor Mrs A Hay(Vice-Chairman), Councillor Mrs S Bligh, Councillor M Buckton, Councillor S Clark, Councillor D Hodgson, Councillor D Mason, Councillor Mrs K F Mayor and Councillor A Pugh

**OTHER MEMBERS IN ATTENDANCE:** Councillor Mrs Bucknor, Councillor Bucknor, Councillor Mrs French, Councillor Human and Councillor Sutton.

**APOLOGIES:** Councillor G G R Booth and Councillor S Count

**OFFICERS IN ATTENDANCE:** Jane Bailey and Izzi Hurst (Member Services and Governance), Richard Cassidy (Corporate Director), Anna Goodall (Head of Legal and Governance), Dan Horn (Head of Housing & Community Support)

**ALSO IN ATTENDANCE:** Marek Witko (Regional Director - Clarion), Richard Ward (Head of M&E - Clarion), David Chisnall (Senior Operations Manager (Heating) - Clarion), Shane Greaves (Regional Director - Morgan Sindall) and Richard Brown (Operations Manager - Morgan Sindall)

## **OSC23/17 CONCERNS WITH NEW HEATING CONTRACT FOR CLARION HOUSING**

Councillor Yeulett opened the meeting and welcomed everyone present. He stated that we are here today to discuss with Clarion and Morgan Sindall their approach to the delay and handling of residents' complaints in respect of heating problems. Members of the Committee when referring to specific complaints are requested not to identify the claimants by quoting personal names or data. There has been public widespread concern which has been communicated to members about very poor service in addressing the issues. He invited the attendees from Clarion and Morgan Sindall to introduce themselves and to make an opening statement.

The attendees introduced themselves as follows:

- Marek Witko - Regional Director - Clarion
- Richard Ward - Head of Mechanical & Electrical Services - Clarion
- David Chisnall - Senior Operations Manager (Heating) - Clarion
- Shane Greaves - Regional Director - Morgan Sindall
- Richard Brown - Operations Manager - Morgan Sindall

Richard Ward stated that the merger was completed in December 2016 and the procurement for the Gas Contract in this region was already underway. At the point of merger the procurement was paused to review the specification to ensure that there was consistency across the group and that we were able to manage a service that we wanted to deliver. The procurement went forward with a thorough assessment of many areas, there were lots of site visits, looking at existing contracts and the final stage of the procurement process was an interview process. The contract was awarded in May with a view to starting in October, which was not ideal, but we were not in the position to move that date forward. This gave us a long period of time (from July) to mobilise the contract and talk about any issues in the lead up.

David Chisnall stated that the mobilisation period was around 3 months prior to the contract going live. The template for that mobilisation period was a template that had successfully been used on other contracts including other gas contracts. A team was established on both sides, and weekly catch ups took place to look at the mobilisation plan and ensure that we were all meeting key milestones within the correct timescales. During one of these meetings, both the incumbent contractor and the new contractor attended to agree cut off dates for the servicing programme and the repairs so that these dates could be communicated to residents to ensure that they knew who to make contact with during the changeover period and a communications plan was put in place. The mobilisation plan was followed up until the point of 'go live' and everything had gone as we would have expected it to. We closely monitored the key performance indicators during the first month and at that point we noticed that things had not started as we wanted and at that point we began to escalate those concerns.

Shane Greaves stated that the intensive mobilisation period picked up the key areas and looked at understanding the contract and the landscape and lots of work and research went into this period. We experienced some severe difficulties in the week leading up to 'go live' around resource; the resource that came across as part of the transfer was not sufficient and in some cases not compatible and some engineers were removed. Alongside this, starting the contract during a cold snap period and the statistics received around the level of repairs to be expected, the level and volume of repairs that the service centre experienced was phenomenal, and additional staff were brought in to deal with that. At the same time we experienced an issue with the deployment system, which caused severe difficulties. The work was building up and we were trying to recover the issues but were having difficulties with regards to recruitment. We have had an intensive recruitment campaign and have 100% more resource than when the contract started and have engaged with some specialist partners to support us to deliver the backlog of work. It is not a simple process but there is a lot of work being done and an increased resource into the centralised service centre to deal with the level of calls coming through. The Morgan Sindall Group have put a lot of time, effort and resource into dealing with the issues and are focussed to get the scheduling system to be where it needs to be. The backlog of repairs, services and emergencies is moving and we continue to work very closely with Clarion where we have put a recovery plan in place to ensure that we get the service back on track.

Marek Witko offered an unreserved and sincere apology from Clarion with regards to the level of service that some residents have received as a result of the mobilisation of this contract. Management processes have been implemented at Clarion to work closely with Morgan Sindall to get the contract to where it needs to be. We have been contacting residents and trying to assist where we can using our housing officers to identify vulnerable residents and have supplied electrical heating in some cases rather than passing issues on to Morgan Sindall. He reiterated that Clarion offer an unreserved apology that this contract has not started as they would have liked, it is a partnership and Clarion and Morgan Sindall are committed to put this right and to put it right quickly.

Richard Ward stated that it became apparent during the first month of the contract that there were issues, these were initially picked up through contract management meetings and were escalated to more senior positions, during November an early warning notice was served and the outcome of that was to put a plan in place to recover the service; that plan includes formal weekly meetings and daily contact between the teams to ensure that the plan is on track. Some things are taking time to resolve but everything is being closely monitored. Issues logged by residents are being tracked to ensure that they are being resolved in a timely fashion. One of the key deadlines for the recovery plan was the end of December and a meeting took place in early January to review the action plan, some key items were brought forward from that meeting with a view to a resolution.

Members asked questions, made comments and received responses as follows:

1. Councillor Yeulett thanked the attendees from Clarion and Morgan Sindall for their presentation of the situation;
2. Councillor Mason asked for clarification of the issues, are they customer call operation problems, engineer or a combination of both. Shane Greaves confirmed that the issues were a mixture of both, we had 100% more calls for emergencies and repairs and had engineer issues too;
3. Councillor Yeulett asked if Clarion are confident that the problems are under control, how will you prevent this from happening again and what measures will you be implementing to improve your service to residents and restore their faith in you as a Housing Association. Marek Witko reassured members that the at the meeting last week senior executives gave reassurance that both parties are committed to the contract and committed to putting in the resources that are required to stabilise the situation. Clarion left that meeting reassured by Morgan Sindall that they were doing everything possible to correct the current situation. This has been the priority over the past 2 months, to stabilise the situation, get out to residents who did not have heating or hot water or both and getting their systems back up and running. We have been contacting residents to ensure work has been carried out and everything is working correctly. He added that we are coming to the end of that corrective stage now and they are making really good progress week on week. When we feel that we are on an even keel we have a number of items we will go back to and review including our procurement processes, to see if there is something we should do differently, we will also review our mobilisation stage, we felt that we did a lot of due diligence, there was a lot of time before the contract went live and we carried out more hours of due diligence than we have for other contracts previously. We are in a 4 year contract with Morgan Sindall so we will also want to meet with them to see why the mobilisation has been so difficult and should we be doing something different with this contract based on the experience of their engineers and their call centre staff that will make it work better moving forward. We do not want to be in this position again next winter and will only resolve that through a strong partnership between the 2 companies;
4. Councillor Yeulett thanked Marek Witko for his response, stating that members have a responsibility to the residents and we want to offer them reassurance too;
5. Councillor Mrs Bligh asked for clarification about the systems that are in place and the processes involved. Richard Ward confirmed that calls with regards to heating and hot water go directly to Morgan Sindall. Shane Greaves stated that the call is diagnosed as an 24 hour emergency or a 28 day repair, the case is entered into a computer system and appointed to the nearest available slot with an allocated engineer;
6. Councillor Mrs Bligh asked if engineers receive this information via handheld devices. Shane Greaves confirmed that engineers use handheld devices;
7. Councillor Mrs Bligh stated that she is pleased that the representatives from Clarion are offering an unreserved apology today and asked if it comes with compensation for affected residents. Marek Witko confirmed that there is a compensation policy in place for a lack of heating and hot water, when a resident submits a complaint we will calculate compensation but this is not done as standard when a breakdown is reported; when a compensation claim comes through it is calculated by a team who make contact with the resident to establish the circumstances and reviewed on a case by case basis. He added that the statistics for Morgan Sindall are that 78% of residents repairs are resolved on first point of contact;
8. Councillor Mrs Bligh stated that her experiences with Clarion have always been good and she praised their customer service. Marek Witko stated that the contract has not started well but 83% of residents who have spoken to Morgan Sindall are happy with the information they are given and the quality of service. We have to acknowledge the good work that Morgan Sindall are doing and acknowledge that there have been serious failings in parts of the contract, which are being addressed. He reiterated that there is a compensation policy and that cases will be calculated on a case by case basis and where there are extenuating circumstances or additional expense we will factor that in. We have a compensation policy

- in place so that we are treating everyone fairly and equally;
9. Councillor Mrs Bligh asked if residents who have been affected are being contacted about compensation. Marek Witko confirmed that residents have to contact Clarion to implement the complaints process or where a case is referred through by a Councillor we will take that forward;
  10. Councillor Pugh referred to the CRM system that Morgan Sindall said was not working properly for them, he asked how that can be sorted quickly and efficiently. Shane Greaves stated that the system is based around a CRM module, the main issue was the dynamic scheduling as this was not scheduling correctly, we have made the necessary amendments to get it working and are investing significantly in a different module;
  11. Councillor Mrs Hay asked what the timescale is for catching up with the backlog of work and what the communication is to residents who are waiting. Shane Greaves confirmed that we have contacted all of the residents concerned and have set out a plan over the next weeks and months with additional resource to get back to an even keel. He added that the commitment and level of investment that Morgan Sindall have put into this contract is twice as much as anticipated;
  12. Councillor Yeulett stated that some of the complaints that came through via Councillors suggest that there are still some issues to address, he asked if communication between the 2 companies is good enough. Marek Witko stated that our level of communication is good; we ensure that there is no duplication with regards to contacting residents and work closely with Morgan Sindall with regards to this. We follow up when work has been completed by Morgan Sindall to ensure that closed cases have been completed;
  13. Councillor Mrs Mayor asked how many cases were inherited from the incumbent and have all of those cases been dealt with. Shane Greaves confirmed that he does not have that information to hand;
  14. Councillor Mrs Mayor stated that it takes time to deal with inherited cases in addition to new cases coming in and on-going maintenance. Richard Ward stated that to address this we are replacing boilers earlier than we might have previously this helps us to avoid similar issues like this in the future;
  15. Councillor Mason stated that assuming the CRM problems are resolved you still have engineering problems, and asked if the contract allows for sub-contracting. Shane Greaves stated that Morgan Sindall do not usually sub-contract apart from specialist services but are utilising a sub-contractor with a trusted partner at this time to allow us to get on to an even keel, however, moving forward we intend to self-deliver on this contract;
  16. Councillor Yeulett stated that Councillor Mrs Bucknor has referred a serious case that had been on-going since August. Marek Witko stated that that there are multiple issues with regards to that case of which he is unable to discuss in this arena. He stressed that this case is not part of the service delivery issues, adding that there are sensitive situations that fall outside of this contract where specialist housing officers and social services are dealing with very vulnerable cases;
  17. Councillor Hodgson referred to the Wisbech and District Housing Association Meetings which Clarion have previously attended, he stated that Clarion do not support any of the other towns and villages in this way and have not attended the past few meetings. He stated that the next meeting is scheduled to take place tomorrow and asked if Clarion will be in attendance as there have been many questions raised for them recently. Marek Witko stated that as far as he is aware we are attending when we are invited. We have 2 senior members of staff at the March office who assist with the Tenants and Residents Association (TRA) in Wisbech, we do support TRA's and where other villages and towns indicate that they wish to have a TRA we will commit to supporting these in the same way. He agreed to check with regards to tomorrows attendance;
  18. Councillor Mrs Hay asked if a customer is not happy with the service they are receiving from Morgan Sindall who do they contact. Marek Witko confirmed that the complaints process is on the Clarion website. The complaint is registered by contact centre staff and although the automated response says 10 days these cases are looked at straight away. The internal processes have been changed to give them the priority they require;

19. Councillor Mrs Hay asked if there is any priority given for vulnerable residents. Marek Witko stated that where it is known or if there are any indications of vulnerability the housing teams are advised, during Christmas and when looking at the outstanding work to be completed we interrogated our systems looking for any vulnerabilities to see if there was an additional service that should be provided, we regularly carry out this exercise to ensure that we meet the needs of these residents;
20. Councillor Mrs Hay stated that on the last update that was circulated to members there were 62 cases that required follow up work, she asked if these had now been completed. Shane Greaves stated that he does not have that data with him today but confirmed that 3 additional engineers have been deployed to focus only on outstanding follow up work;
21. Councillor Yeulett asked if Morgan Sindall are confident that they have a sufficient number of heating engineers to deal with the demand moving forward. Shane Greaves stated that it is difficult to understand what that demand might be, as this is currently clouded by what is historic and what is new. Without the historic work there are enough engineers, and currently 3 additional engineers have been employed to focus on the follow up work and a sub-contract will be starting on 22 January to take over all servicing to allow our own engineers to get on to an even keel. Moving forward we need to understand what the true work levels are to know for sure;
22. Councillor Yeulett asked if the boilers are old and is the replacement programme a challenge. Shane Greaves stated that it would be wrong to criticise the stock condition, we are early into the contract and for Morgan Sindall to use that as a contributing factor to the poor performance would be wrong. He added that the condition of the stock is not hampering their ability to carry out the contract;
23. Councillor Yeulett asked if Clarion are looking at their stock and asked what other preventative measures are being taken. Richard Ward stated that before the contract started we carried out an exercise to look at the asset details and brought forward a lot of boilers to be replaced as we were worried about the age of some of them because we wanted to get ahead of the game. To support that we are in the process of bringing forward a further programme with another partner to replace more boilers to avoid this situation next year;
24. Councillor Mrs Bligh referring to the 76% of cases that have been completed without any problems asked if there is a trend for the ones that have gone wrong. Marek Witko stated that the Fenland area has been particularly difficult, we will interrogate the results and look for hotspot issues with the performance team;
25. Councillor Mrs Bligh stated that it would have been useful if those attending from Clarion and Morgan Sindall had provided an update with regards to repairs and asked if this could be circulated following the meeting. Marek Witko agreed;
26. Councillor Mason asked for clarification about the process around reporting a problem, stating that his understanding is that residents are directed to Morgan Sindall, they attend and a report goes back to Clarion. Richard Ward confirmed that Clarion can see when a job is raised and when it is closed, if there are any issues with that job residents would go back to Morgan Sindall so that they can rectify the issue. Clarion generally only know if an issue escalates any further when a complaint is made;
27. Councillor Mason stated that it seems that Clarion have no way of monitoring the progress of a job. Richard Ward stated that Clarion monitor work in progress so have an idea of what is happening with each job, and Morgan Sindall track the outstanding work to ensure it is followed up within a specified number of days;
28. Councillor Mrs Bligh referring to the job tracking process asked if everyone has access to the details of a job as it comes in. Marek Witko confirmed that he receives a weekly report from all contractors which informs him which jobs are outstanding with information about those jobs and jobs out of target are flagged in red. He stated that moving forward he now has an East Region Regional Operations Team and their job is to look at all of the performance reports, looking at areas of poor performance, good performance and trends, this work will then feed into the Residents Scrutiny Committee. This Committee will replace the Board but the plan is this committee will have more power, they can instruct the

Regional Operations Manager to analyse data in areas that they feel are not performing well. He confirmed that Fenland District Council, as part of the transfer promise, will have a position on the board. On the 5 February Clarion are running workshops looking at their services, this will lead to the election of a Residents Scrutiny Committee; He stated that he believes that it is important that residents are involved and there are also some people that have been involved as board members for a long time and have a lot of skills and knowledge to offer and Clarion do not want to lose that from the boards moving forward;

29. Councillor Pugh stated that there are still some residents with on-going heating problems, he asked if there are a sufficient number of heaters in place for those residents still waiting for repairs. Shane Greaves confirmed that if we attend a repair and are required to make arrangements to go back to complete the work our engineers will leave a temporary heater, we have a large supply chain in place in terms of ensuring that we are able to deliver on that commitment;
30. Councillor Sam Clark stated that there are 12 new Clarion properties being built in Tydd St Gyles and there is a similar estate in Newton which is only 2 years old but has had continual issues with their heating, she asked for reassurance that the same heating system is not being installed in the new properties. Marek Witko stated that the estate in Newton is an interesting development, it was an early Building Research Establishment Environmental Assessment Method (BREEAM) development using all kinds of innovative equipment and the programming was not fully understood. We have done a lot of work with specialist providers and technology has moved on; Clarion now has 3 dedicated resources for new technologies, they have been looking at the estate in Newton to understand the issues that have been there and some of the new technologies have been removed as the operation of them was too difficult for residents. He confirmed that this type of system will not be put into any new properties moving forward;
31. Councillor Yeulett stated that there is not usually the opportunity for public speaking or questions at the Overview and Scrutiny Panel but invited Councillor Mrs Bucknor to the table to speak; He asked her to be mindful not to identify anyone by quoting any personal names or data and informed her that she would be allocated 5 minutes to ask questions;
32. Councillor Mrs Bucknor stated that when Circle Anglia took over from Fenland District Council there were fewer properties, Fenland was divided into 2 areas (North and South) and each was covered by 3 engineers and a floating engineer, so in total we had 6 engineers just for the Fenland area, she asked how many currently cover this area. Shane Greaves stated that at the time of transfer we did not ring-fence the engineers into specific areas, we were supposed to take 25 engineers, but at the time of transfer we took 17;
33. Councillor Mrs Bucknor asked if the 17 engineers were just for Fenland. Shane Greaves confirmed that the 17 engineers were for the whole contract. The structure and organisation that Morgan Sindall have put in place was around the expectation of 25 engineers, some engineers were removed from the contract and we had 17. We now have 4 dedicated to the Fenland area with 3 additional engineers;
34. Councillor Mrs Bucknor questioned the due diligence carried out in the approach to the transfer and asked how many other gas contracts Morgan Sindall have in the Country. Shane Greaves confirmed that they have 6 other contracts in this region. He stated that within the laws of TUPE the incumbent can remove any employee from the agreement up to 24 hours prior to commencing, so even though due diligence was carried out in the final 2 weeks of the contract the incumbent started to pull engineers off of the list, and they have every right to do that;
35. Councillor Mrs Bucknor stated that she appreciates that Morgan Sindall are saying that lessons have been learnt, but she is inundated with issues, and could quote cases where an engineer has attended without the correct parts because the previous engineer gave incorrect information. Parts can be available in 24 hours but residents are saying that engineers have not come back to complete the work, and presumably that is because the computer system is not working correctly or temporary engineers and sub-contractors have been called in to complete work without the full background to a case. There are lots of issues that you have identified exist that are not being resolved in the way that you have

explained. She stated that she is frustrated that Morgan Sindall have not given any comfort today as you have not come prepared with an update of information. She stated that she would like to know what Clarion's policy is with regards to replacing boilers. Shane Greaves stated that we have an extensive recruitment campaign and have 3 additional engineers to deal with the backlog of parts to speed up that process and we are bringing in another sub-contractor, so the level of activity in this area will intensify with that additional resource. Richard Ward confirmed there is a policy in place with regards to the replacement of boilers, the process with Morgan Sindall is that if they go out to a boiler and there is a significant repair to be made it is referred back to Clarion and assessed for replacement;

36. Councillor Yeulett invited Councillor Human from Wisbech Town Council to the table to ask questions;
37. Councillor Human stated that he finds it amazing that Clarion do not take on a contractor that they know would be able to cope with the workload, and finds it difficult to believe that previous workload figures were not taken into account, he asked why more due diligence was not carried out. Richard Ward confirmed that a full diligence process was followed and there was no indication of these issues;
38. Councillor Human asked if Morgan Sindall had any knowledge of the previous contractor's workload. Richard Ward confirmed that all of the workload information was shared with Morgan Sindall as part of the transfer process, but this did not account for the variance that we have seen since and we are looking to understand why this has happened;
39. Councillor Yeulett thanked the representatives from Clarion and Morgan Sindall for attending today to answer questions from the Overview and Scrutiny Panel, he stated that he hopes that they understand the concerns that members have addressed, and hopes that they have addressed the areas for improvement moving forward. He stated that he is keen to keep a dialogue going with regards to these matters as we all have the same interests at heart, and that is of the residents. He asked for clarification about maintaining the on-going relationship between the Council and Clarion. Councillor Sutton stated that he was previously a member of the (Eastern North) regional board, these were not very successful and were dissolved; A new structure was introduced and we are now negotiating to see where the best place us is to have representation within that new structure. He agreed to update members when that has been finalised;
40. Councillor Buckton stated that he has listened with interest, and has looked at all the information provided, there appears to have been a failing in all 3 areas: systems, resources and processes. These failings have been acknowledged and steps have been taken to improve in all of these areas. He added that as a Scrutiny Committee it would be wrong of us to accept what has been said today without knowing that the changes that have been proposed have been implemented and are making a difference. He proposed that we ask for a re-visit to this item to see that the changes have made the difference. Marek Witko agreed to make arrangements with Dan Horn following the meeting to what might be the most appropriate way to do that, and agreed that he is happy to come back, Fenland District Council are a valuable Key Stakeholder to Clarion and take seriously the issues raised by the Committee here today. He also agreed that if necessary Clarion would continue with a weekly performance update to reassure members that things are moving in the right direction. He urged members to contact him directly if there are any specific issues as Clarion want to be aware of issues and to resolve them as soon as possible;
41. Richard Cassidy referring to compensation for residents stated if there is a vulnerable customer worrying about additional cost of using electric heaters without the confidence to ask or understand that compensation is available or the procedures involved, he is concerned about the equality impact assessment and health and wellbeing of such residents. Marek Witko stated that Clarion do have a compensation policy, but cases are looked at individually and where Councillors make us aware of issues we will consider the individual circumstances. Richard Ward confirmed that the information is available on the website, residents contact us with regards to compensation it is not something that we go to residents about;
42. Councillor Yeulett suggested that Clarion should be more proactive with resident's with

regards to compensation especially vulnerable residents. Marek Witko agreed to take that recommendation back for further discussion;

43. Councillor Sutton stated that he is aware of residents who have received compensation and therefore feels that the process works but agrees it may be improved by being more proactive.

Councillor Yeulett thanked everybody for their attendance today.

4:05pm

Chairman