

# CYNGOR SIR POWYS COUNTY COUNCIL

## AUDIT COMMITTEE

DATE: 29 September 2020

REPORT AUTHOR: Matt Wilding

SUBJECT: Council Update on response to SWAP Review of HOWPS Contract Management

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REPORT FOR: Discussion

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### Purpose

1. This report updates the Committee on actions taken by the Council in respect of HOWPS contract management over the last twelve months, including the actions it has taken in direct response to the SWAP review of HOWPS contract management dated 4 March 2020.

### Background

2. The scope of the SWAP review was to review the systems in place for monitoring the HOWPS Services provided against the contract and to ensure performance indicators are based on accurate data. The review covered the period between July 2018 and March 2019, but the report was not finalised until March 2020 due to changes in personnel.

### Advice

3. In Summer 2019, Council officers identified concerns regarding the HOWPS performance in respect of corporate and housing compliance. As a result, the Council established two specific boards to drive improvement in performance and provide assurance regarding progress. These boards continue to meet and a number of working groups have also been established to focus on specific issues as required. As a result, HOWPS' compliance performance showed significant improvement up to March 2020, but the current pandemic has had an understandable impact on housing compliance as HOWPS have been unable to access properties as easily.
4. In April 2020 an open book approach to HOWPS finances was agreed between JV partners and the Council has been working closely with HOWPS since then. This has enabled the impact of COVID-19 to be understood, working with suppliers to ensure they are paid where work is being delivered at a level to support their cashflow.
5. In May 2020, the Executive Management Team commissioned the Council's Change and Improvement Team to undertake a review of HOWPS' current provision using the Council's Transformation methodology to identify service improvement

opportunities, including an assessment of voids, housing and corporate repairs legal and financial issues and consultancy.

6. The first phase of the review will be complete by early November and will identify any processes and systems weaknesses (including value for money). The findings of the first phase will be shared with EMT, Cabinet and JV Board in November.
7. The second phase of the review will include developing service redesign proposals to address causes of any capacity losses identified and improve overall system performance. The findings will also contribute to an options' appraisal which will be undertaken to determine whether the Council should continue the HOWPS contract to 2027 or exercise the break clause in 2022. The second phase is expected to be completed by the end of the year.

### **Progress against specific SWAP recommendations:**

#### **Recommendation 1:**

*Contingency plans are put in place as protection should the Kier Group fail suddenly without warning.*

#### **Progress:**

The Business Continuity Plan is updated every September. An updated plan which will include plans for an unplanned exit by the joint venture partner will be complete by 31 October 2020. The plan will include actions for how systems or services provided by Kier would be provided if there was an unplanned exit.

The Exit Plan is a contractual document which sets out the criteria and actions for a planned exit by either party to the joint venture. The document is reviewed annually and this year's review is due to be completed by 30 September 2020.

The HOWPS contract runs from 2017 to 2027 and there is a break clause in the contract in July 2022. The Council has to give a minimum of six months' notice if it wishes to end the contract at that point (ie January 2022). An options' appraisal to inform the Council's decision is being undertaken and will be completed by the end of this year.

#### **Recommendation 2:**

*Regular monitoring of the Kier Group's performance in the marketplace is carried out to ensure they remain a viable company.*

#### **Progress:**

The Council's Commercial Services Team continually monitors the financial performance and general updates regarding Kier Group and Kier Facilities Services Limited performance in the market. Advice is escalated as appropriate to the CMF and PCC Senior Officers in line with the SWAP recommendations.

Senior Kier officers also keep senior PCC officers apprised of the financial performance of the Kier Group and Kier Facilities Limited through the HOWPS Board meetings and regular dialogue.

**Recommendation 3:**

*A review of the Key Performance Indicators (KPIs) to ensure they provide the most accurate indication of the quality of work carried out by HOWPS.*

KPIs are reviewed at the end of every financial year (ie 30 June). A review of the performance indicators for 2020-21 was undertaken in May and some new indicators were introduced and existing targets were altered, with effect from 1 July 2020. The changes related to corporate property and statutory compliance indicators, increasing targets in some cases and new indicators to address specific performance issues.

The ongoing JVC review is also expected to identify new indicators / targets / measures (quantitative and qualitative) focusing on customer satisfaction as well as KPIs to drive improved performance management. Subject to agreement by the Joint Venture any changes to indicators identified by the review could be introduced in-year and would not therefore need to wait until July 2021.

In the meantime, officers are meeting weekly to review performance data and specific workstreams have been introduced between PCC and HOWPS to ensure that data reported for KPIs are accurate.

**Recommendation 4:**

*That there is some form of independent scrutiny of the JVC that report to Powys County Council on the performance of HOWPS, the Joint Venture Company.*

**Progress:**

Annual Performance reports have always been reported to the Economy, Residents, Communities and Corporate Governance Scrutiny Committee.

In September 2020 a HOWPS Scrutiny Working Group was established and has held its first meeting.

**Recommendation 5:**

*That the contract be revised and updated following the identification of areas/requirements not currently covered by the contract.*

**Progress:**

Over the last six months monthly workshops have been held between senior HOWPS/Kier and Council officers each looking at specific contractual issues. EMT, Council finance, property, housing services are all represented at these meetings.

As areas are being identified that are not included within the contract, HOWPS are being given the opportunity to quote for the work alongside other companies. This will ensure that we are receiving value for money.

Recommendation	Reason for Recommendation
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That the above report is taken into consideration by Audit Committee	The report shows that the Council has responded to the audit and has a plan in place for improving the service going forward.

<b>Relevant Policy (ies) :</b>			
<b>Within Policy</b>	<b>Y/N</b>	<b>Within Budget</b>	<b>Y/N N/A</b>

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