



**Family &
Community Services**
Land & Housing Corporation



**Public Accounts Committee
Inquiry into the Management of
NSW Public Housing Maintenance
Contracts**

Progress Report

October 2017

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1 Executive summary

The *Future Directions for Social Housing in NSW* strategy sets out the NSW Government's vision for social housing over the next 10 years; to deliver better outcomes for social housing tenants and the communities in which they live. As part of *Future Directions*, the Communities Plus program will deliver up to 23,000 new and replacement social housing, 500 affordable housing and 40,000 private housing dwellings.

Future Directions aims to reinvigorate the public housing portfolio by improving the configuration of social housing stock, while reducing maintenance costs associated with older properties as they are periodically replaced. Under the *Residential Tenancies Act 2010*, the Department of Family and Community Services (FACS) also has a statutory obligation to maintain tenants' homes to a clean, safe and habitable standard.

In April 2017, the NSW Government supported all ten recommendations of the Public Accounts Committee report¹ of the *Inquiry into the Management of NSW Public Housing Maintenance Contracts*. In response to Recommendation One, the Government agreed to provide this progress report in October 2017.

This report describes specific performance outcomes and client satisfaction results of the Asset Maintenance Services (AMS) contract, and records progress against the Public Accounts Committee's recommendations. An index against each recommendation is at **TAB A**.

The AMS is a performance based contract, designed to improve the timeliness and quality of maintenance delivery and enhance the tenant experience. The AMS is in its second year of operation and has to date delivered positive results including:

- An average tenant satisfaction rating of over 85%
- A call wait time averaging below the three minute benchmark
- Engagement of over 560 apprentices and trainees
- Employment of around 135 tenants
- A local industry participation rate of 90%, with 7% of maintenance work done by local community and disability service providers
- An Aboriginal participation rate of over 3%
- A consistent score of above 95% for attending and making properties safe within urgent response timeframes, and
- A 14% increase in work orders completed, compared to the previous contract.

¹<https://www.parliament.nsw.gov.au/committees/DBAssets/InquiryReport/ReportAcrobat/6078/Management%20of%20NSW%20Public%20Housing%20Maintenance%20Contracts.PDF>

2 Progress report

2.1 Principles of the AMS contract

The AMS contract is designed to deliver continuous improvement in the quality and cost of maintenance and lead to ongoing better performance and prioritising of works. The contract also has a strong focus on social outcomes, including tenant participation, training and local industry and community participation.

The objectives of the new contract are to achieve:

- greater transparency, whereby FACS has access to the contractor's actual costs and processes
- a performance management framework which monitors quality of works, tenant satisfaction and tenant experience, and
- clear roles, with contractors being accountable for the delivery of work programs and FACS focusing on compliance.

The AMS contract delivers these objectives using:

- a new performance based contract compared to the previous fixed schedule of rates contract which allows FACS to monitor and drive value for money in different market conditions, through lump sum payments for responsive work and quotes for planned work
- deadlines for work completions that are linked to payment
- direct contact between the tenant and the contractor, and
- targets to achieve social outcomes.

To provide context, the previous contract was operationally complex and resource intensive to administer. A fixed schedule of rates, locked in over the life of the contract, limited FACS' ability to manage value for money. In addition, the scoping and approval process was complicated and slowed repairs. Additionally, there was a lack of appropriate and clear performance data on work conducted under the previous contract, including on quality and timeliness of maintenance services.

Under the AMS, five head contractors deliver maintenance for public housing across NSW.

Broadspectrum, servicing the Inner City, Blacktown, Penrith and Blue Mountains, Eastern and Southern Suburbs, Bankstown, Fairfield and Liverpool, Parramatta, Northern Suburbs, Newcastle and Hunter.

Spotless, servicing the Central Coast, Illawarra and Inner West

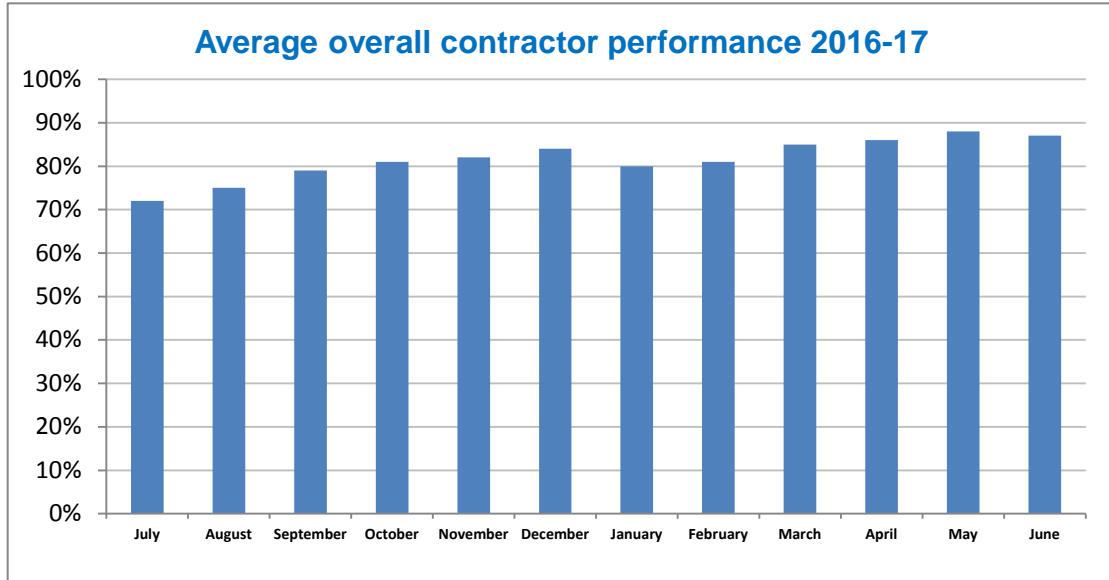
Lake Maintenance, servicing the Southern Highlands, Southern Tablelands and South Coast

O'Donnell & Hanlon, servicing the North Coast and New England

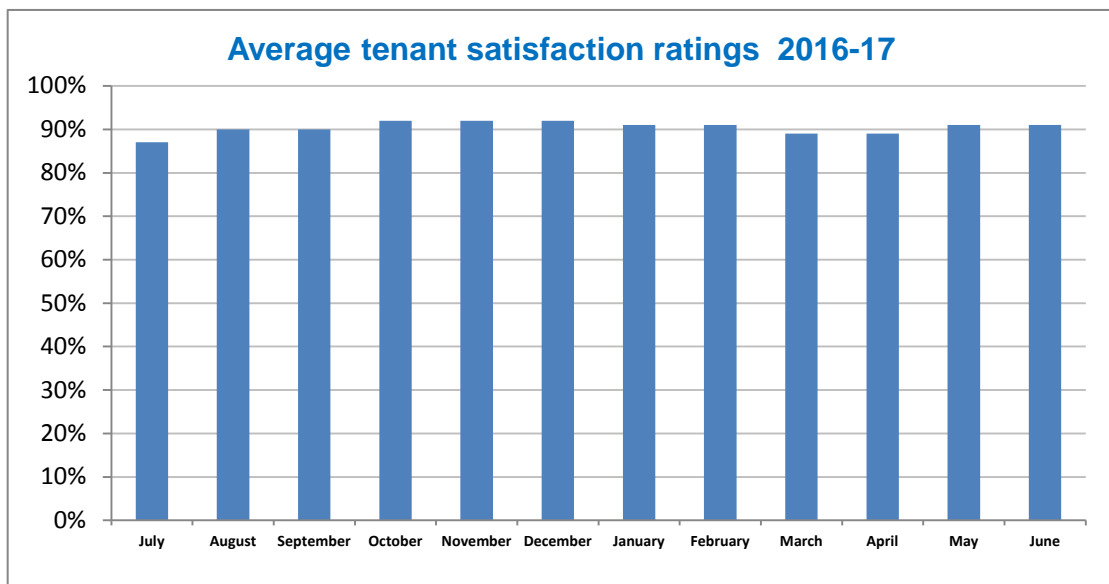
Joss Facilities Management (Colin Joss), servicing the Riverina and Central West

2.2 Contractor performance

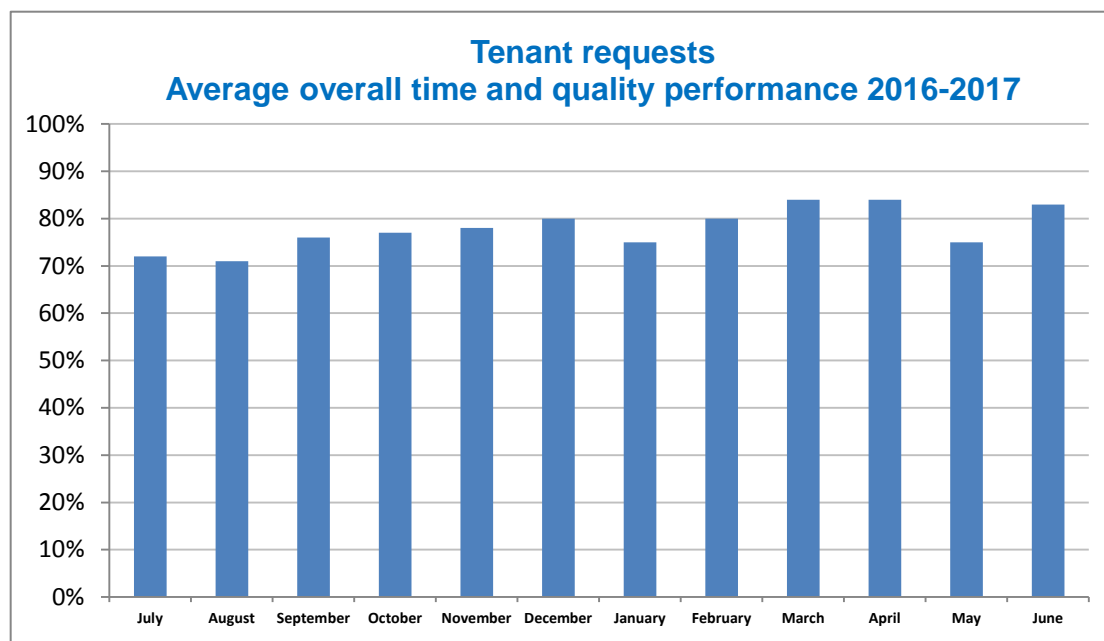
FACS met with all five contractors before the AMS commenced in April 2016 to ensure they had systems in place to meet FACS' expectations. Maintenance contractors are performing well under the new contract and, following the initial six-month start-up phase, averaged over 83% against the combined timeliness, quality, tenant satisfaction and social outcomes metrics.



Tenants' needs are at the core of the AMS, and tenant satisfaction is one of the key indicators of success. Independent tenant satisfaction surveys are used to collect feedback on maintenance works completed, including timeliness and quality. These surveys are conducted with around 1,000 tenants each week. Over 52,000 surveys were completed and independently assessed in 2016/17, showing tenant satisfaction ratings for responsive work that are consistently well above the 85% benchmark. The tenant satisfaction score for the nine months following the initial start-up phase averaged at 91%.



A key contributor to the tenant experience is the interconnection between timeliness of service and the quality of works. As an average across all contract areas of NSW, the trend over 2016/17 has been positive. 80% of tenant requests were responded to on time and to quality standards by the end of June 2017. FACS has a dedicated team that works to drive continual improvement with maintenance contractors on these metrics through a process of daily monitoring, reporting and follow up with contractors.



2.3 Informing tenants about how to seek repairs

FACS continues to work hard to make it easier for tenants to report their maintenance needs. Information about how to report is circulated through the *Your HOME* tenant newsletter and on the FACS Housing website.

Tenants can report their maintenance requirements through:

- a **Freecall 1800 direct phone line to maintenance contractors** in the tenant's local area to report or follow up on maintenance. Dedicated phones are also located in FACS Housing offices.
- an **e-repair service** for requesting non-urgent maintenance, which uses intuitive picture-based menus, and
- **FACS Client Service Officers** (CSOs) support tenants by reporting maintenance issues themselves when on site, or by assisting tenants to call the maintenance line or use the e-repair service.

FACS CSOs are provided with checklists and guidelines so that they can help tenants manage maintenance requests, can check the progress of matters online and are empowered to contact contractors directly. They assist with particular client needs—such as for disability modifications—and can link clients to other forms of support, for example mental health services or services for seniors.

Since the introduction of the AMS, call wait times are averaging under the benchmark of three minutes. In 2016/17, contractors managed around 2,000 work orders per day, being a 14% increase over the previous contract.

Another successful initiative is the maintenance pop-ups, which have created opportunities for tenants to communicate directly with FACS and their local maintenance contractors.

Pop-ups are held in areas where there is a high concentration of social housing and where the reporting of maintenance matters may need to be encouraged. Tenants can either have a matter inspected and repaired immediately, or have arrangements made to have the work carried out within a given timeframe.

Using the pop-ups as a springboard, other FACS programs, government service providers and community groups also participate to engage public housing tenants.

Maintenance pop-up at Telopea on 31 July 2017



Over 50 maintenance pop-up sessions were held in 2016/17, connecting over 1,600 tenants with their maintenance contractor or other supports, and approximately another 30 are scheduled for the remainder of 2017.

Approximately 3,600 work requests were received at pop-ups in 2016/17.

2.4 Ensuring consistent standards

Maintenance contractors perform an annual compliance assessment of every public housing dwelling to service smoke alarms and any fire safety equipment. At the same time, the contractors check the condition of paint and floor finishes, fencing, roof, windows and the kitchen and bathroom. Subject to access, 100% of dwellings are assessed each year.

Most maintenance is performed through a rolling program of works. More-urgent repairs or work requests are assessed to determine if there is any danger to health, safety or security, in which case the contractor will attend immediately, on the same day or on the next day (depending on the nature of the emergency) and make the situation safe. Other repairs that cannot wait for

the planned works program are generally commenced within 20 days, subject to access and the type of work required.

2.5 Supporting residents with special needs

The AMS is supported by new systems designed to meet the needs of older tenants and/or tenants with disabilities. Contractors' work management systems are updated regularly with flags to identify tenants who have complex needs so that their maintenance requests can be triaged and escalated to a higher priority. These flags ensure that matters are attended to in a timeframe appropriate to the tenant's vulnerability.

FACS recognises that each tenant's requirements are different and that inappropriate modifications could have negative health effects. For this reason, even minor disability modifications, such as grab rails in bathrooms, are subject to professional assessment of tenants' individual needs. FACS and maintenance contractors work closely with occupational therapists and other medical professionals to scope and complete both minor and major modifications as quickly as necessary, including by inspecting them after works are complete.

The NSW Government and the National Disability Insurance Agency (NDIA) are working together to finalise arrangements for home modifications to public housing dwellings under the National Disability Insurance Scheme (NDIS). As a part of the NSW Government, FACS is contributing to the design of procedures and funding arrangements for home modifications.

As noted in the NSW Government response to the Public Accounts Committee submitted in April 2017, the national evaluation of the NDIS excludes social housing.

2.6 Service improvement

With over 700,000 work requests received in 2016/17, FACS acknowledges that some public housing tenants will have cause for complaint, and the importance of feedback received in this way. The FACS Housing website informs tenants and members of the public about how to lodge a complaint.

FACS continuously examines feedback and complaints received since the start of the AMS to identify trends. FACS uses this analysis to work with contractors on performance issues and improve its own services. For example, anticipating a seasonal peak in demand ahead of winter 2017, FACS offered inner city public housing tenants help to remove mould and education on mould prevention. The opportunity to take part in this innovative program was taken up by 20% of the tenants to whom it was offered.

Recognising that managing complaints properly requires the participation of both the Department and the contractor, FACS investigates all complaints alongside the relevant contractor.

FACS monitors contractor responses to complaints to ensure that actions are geared to achieving appropriate resolution. Remedial or new works are

prioritised and FACS follows up with both the contractor and the tenant to ensure issues are resolved. Tenants are also given a contact point within FACS to follow up on their complaint.

A number of other initiatives have been put in place to improve the overall tenant experience and provide avenues for tenants to submit feedback. A live online Tenant Experience Dashboard allows tenants to rate the service they receive and shows how contractors in each local area are performing. FACS also reviews and responds to tenant comments received in this way.

Tenant Experience Dashboard screenshot

The screenshot displays the Tenant Experience Dashboard for Joss Facilities Management. The page is structured as follows:

- Navigation Menu (Left):** Includes links for Payment Options, Water Charges, Rent and Other Charges, Rights & Responsibilities, Maintenance and home alterations, Changing, Renewing or Ending a Tenancy, Fire Safety, Get Involved, Appealing & Reviewing Decisions, Tenant Support Services, MyHousing Online Services, Environmental Sustainability at Home, Antisocial behaviour, Your Home Newsletter, and Tenant Experience Dashboard.
- Breadcrumbs:** Home > Living in Public Housing > Tenant Experience Dashboard > Joss Facilities Management.
- Section: Joss Facilities Management**
 - Contractor performance in your area:** Three blue cards showing 5-star ratings for 'Calls answered on time', 'Work quality', and 'Tenant experience'.
 - Tenant Experience Dashboard:** A green header with a 'Tenant score' indicator.
 - Performance Metrics:** Three green cards showing star ratings for 'Call answered on time' (4.5 stars), 'Work quality' (4.5 stars), and 'Tenant experience' (4.5 stars).
 - Feedback Section:** A red 'Have your say' button followed by a 'Have your say' section with three green cards for 'Call answered on time', 'Work quality', and 'Tenant experience', each with a 5-star rating.
 - Form:** A 'Name (Optional)' text box and an 'Other Comments (150 word limit, optional)' text box.

2.7 Better social outcomes

Social investment is an important element of the AMS, which embeds whole-of-government social procurement initiatives as a part of the contract.

One focus of the AMS is to seek out employment and training opportunities that enhance workplace skills and empower local communities. Contractors are consistently supporting local industry and trades by meeting the NSW Government requirements for Small to Medium Enterprise engagement, Community and Disability Service Provider engagement, and Indigenous employment targets. Contractors are also meeting their tenant employment targets and have created employment and career pathways for these local people.

Local industry participation plans encourage local and regional industry to be involved in delivering maintenance services. Contractors are regularly achieving in excess of 90% local participation by engaging regionally based trades to deliver maintenance services.

With local participation plans across all contract areas, apprentice participation and opportunities for skills development have resulted in over 560 apprentices and trainees participating in the delivery of maintenance services under the AMS as at July 2017. Employment opportunities have also been created within contractor contact centres and administrative teams.

These opportunities are communicated through information sessions, engagement with tenant participation resource groups, maintenance pop-up sessions, the *Your HOME* tenant newsletter, and other informal channels.

FACS also continues to support Indigenous people in the workplace. As part of the AMS contract, contractors are required to, at a minimum; meet the Aboriginal participation in construction rate of 1.5% of contract value. FACS reports that in July 2017, the Aboriginal participation rate stands at 3.2%. FACS' contractors are among the largest employers of Indigenous people and this continues to remain a strong focus.

The AMS also gives new emphasis to delivering maintenance services through community service providers, contributing positively through a collective community approach. Contractors have reported engagement in some cases in excess of triple the minimum contract requirements. Contractors must spend 5% of their contract price with community and or disability service providers.

Overall, they have exceeded this benchmark, with 7% of maintenance works being carried out by a broad range of community and disability service providers including Wesley Mission, House With No Steps, Fair Repairs, Your Town, Spectrum Community Services, WISE Employment, Glenray and Afford. Many local people are supported through these agencies and are participating in meaningful work.

Tenant participation: case studies

1. Last year, **O'Donnell & Hanlon** employed a social housing tenant from Kempsey in its contact centre and office. The employee has been supported by training and opportunities to develop new skills in a very busy environment. This investment has paid off for O'Donnell & Hanlon, which needs enthusiastic and capable staff and has also benefited the tenant, in supporting their family and opening up new life opportunities.
2. In July 2016, an Indigenous public housing tenant started a painting and decorating apprenticeship with the **Spotless** in-house trade team in North Wollongong. The young man is now in the second year of his apprenticeship and has grown into an exceptional employee and valuable team member.
3. A young tenant from Airds employed on **Lake Maintenance's** lawns, grounds and cleaning contract has his forklift licence and recently obtained his provisional driver's licence. His manager has identified that this worker has potential for a future supervisory role.
4. **Colin Joss** employs a young person from Batlow as a first year apprentice. He works to maintain public housing in his own community, and in Gundagai, Tumut and Adelong, while building his skills and long term prospects.
5. **Broadspectrum** has employed a young tenant from the Rosemeadow community for the better part of a year. This dedicated and committed person has been working his way up to Team Supervisor level. He reports that the job keeps him going and is a reliable and consistent influence in his life.

Broadspectrum tenant employee and colleague ²



² Image: © Broadspectrum Limited

2.8 Coordinating services

With the introduction of the AMS, new guidelines were introduced to assist FACS and Land and Housing Corporation (LAHC) staff who are co-located in 30 offices across the State to create a seamless tenant experience. These guidelines are under continuous review and are updated as required.

Additionally, weekly meetings between FACS Housing staff and LAHC's local teams track maintenance matters and urgent repairs. The LAHC Critical Response Unit, established to deal with vacant property management, disability modifications and NSW Civil and Administrative Tribunal (NCAT) matters, participates in these meetings to resolve urgent maintenance and improve services.

Additional meetings are held among senior staff to ensure consistency in communications and service to tenants. Maintenance is also a standing agenda item at the monthly Housing Operations Meetings, attended by senior FACS and LAHC managers.

Additionally, LAHC and FACS Housing conduct regular joint client service and compliance inspections.

Other internal communication initiatives include:

- maximising the use of shared information technology through joint training
- joint information sessions on key topics, for example disability modifications, and
- notices to inform FACS and LAHC staff of improved systems and new procedures.

Service improvements that have been achieved through effective cross-cluster collaboration include a mix of FACS and LAHC services at the maintenance pop-up events, pre-letting of properties undergoing vacant restoration and proactively addressing seasonal issues, such as mould.

FACS continues to identify and develop mechanisms to ensure ongoing improvement and coordination across its services.

In addition, FACS meets regularly with the NSW Ombudsman, Members of Parliament, the Tenants Union, NCAT, NSW Police and NSW Fire and Rescue to discuss ongoing improvement in public housing maintenance.

2.9 Code of conduct

It is a contractual requirement that contractors and their subcontractors comply with the *FACS Code of Ethical Conduct* (the Code). The Code covers interactions with clients and the community, confidentiality and privacy, and ethical conduct. FACS' maintenance contractors must have robust induction and training programs to inform all staff and subcontractors of their requirements and obligations while dealing with public housing tenants.

The AMS requires contractors to audit subcontractors' compliance with the Code and report back to FACS. FACS in turn conducts quarterly audits of the head contractors processes. Overall, FACS has found high levels of compliance with the Code.

Tenants are made aware of the behaviours they can expect from contractors through the FACS Housing website. In addition, the tenant satisfaction surveys contain three questions relevant to the Code, being satisfaction with the service provided, behaviour of the tradesperson, and the use of identification. These results are reported weekly to contractors so that they can take remedial action if necessary. Overall, tenants are consistently reporting high levels of good customer service.

When any non-compliance is reported, FACS requires an immediate explanation and report from the head contractor. Complaints relating to breaches of the Code are taken up with the contractor for immediate rectification and a plan is provided by the contractor to FACS to give assurance that all contractors and subcontractors understand and are meeting the requirements of the Code. FACS monitors compliance with the Code on a monthly basis.

In addition, contractors supply FACS with monthly Work Health and Safety reports which are tabled at the Maintenance Steering Committee meetings, attended by senior FACS staff. Contractors' incident investigations are audited regularly to verify that the incidents are properly investigated and controls have been put in place to manage the risk of reoccurrence.

It is also a condition of the contract to notify FACS immediately of any SafeWork Notices received and SafeWork notifiable incidents. In such cases, FACS meets with the contractor to discuss measures to rectify the situation and review the contractor's Work Health and Safety Management Plan.

Contractor compliance in all aspects of Work Health and Safety is exceeding contractual benchmarks, and in the last quarter of 2016/17, contractors achieved a score of 99%.

2.10 Community housing transfers

FACS is fulfilling the NSW Government's commitment to transfer property management to community housing providers over the next three years. Beginning in early 2018, FACS will transfer specified locations to registered community housing providers (CHPs). By the end of 2020, social housing in the Mid North Coast, Shoalhaven and most parts of Hunter New England and Northern Sydney will be managed by CHPs.

Up to date information on the transfer program and tendering process can be found on the FACS website at <https://www.facs.nsw.gov.au/reforms/social-housing/management-transfer-program>.

The successful CHPs will be required to plan for and fund, responsive and planned maintenance and to ensure that all managed properties are maintained at or above existing standards. CHPs will be required to use the existing maintenance contractors until the contracts expire. At this point, CHPs may engage their own contractors but will still be required to continue to manage the properties in accordance with the existing asset management framework.

CHPs will be expected to continue to deliver a minimum 85% tenant satisfaction rating, consistent with the current AMS contract requirement.

TAB A - Progress report matrix against Inquiry recommendations

Recommendation	Current Status	Heading number
<p>1 The Committee recommends that the Department of Family and Community Services provides a progress report to the Committee 12 months after the Committee’s report is tabled, detailing progress on the new maintenance contracts. The progress report should contain specific measures of performance against agreed targets, as well as client satisfaction ratings for the work undertaken.</p>	Completed	1, 2.2, 2.3,2.4, 2.7 and 2.9
<p>2 The Committee recommends that the Department of Family and Community Services implements new procedures to better inform tenants about how their Client Service Officer can assist them in seeking repairs to their home.</p>	Completed	2.3 Also refer NSW Government response tabled 13/4/17
<p>3 The Committee recommends that the Department of Family and Community Services reviews the protocols introduced with the new maintenance contract, designed to ensure effective communication between Housing NSW staff and LAHC staff twelve months after implementation, to ensure that the protocols are working effectively.</p>	Completed	2.8
<p>4 The Committee recommends that the Department of Family and Community Services reviews the complaints handling process after 12 months of operation and reports its findings to the Committee as part of the progress report called for in Recommendation 1.</p>	Completed	2.6
<p>5 The Committee recommends that the Department of Family and Community Services includes an assessment of the operation of the codes of conduct for contractors and complaints mechanisms in relation to contractor behaviour as part of the twelve month review of the new maintenance contract progress report to the Committee.</p>	Completed	2.6 and 2.9

Recommendation	Current Status	Heading number
<p>6 The Committee recommends that the Department of Family and Community Services ensures that consistent and mandatory codes of conduct for contractors are implemented across the public housing and community housing sectors.</p>	Completed	2.9 and 2.10
<p>7 The Committee recommends that the Department of Family and Community Services monitors, evaluates and reports on the success of the new system in addressing maintenance difficulties experienced by tenants with disability, as part of the progress report recommended earlier in the report.</p>	Completed	2.5
<p>8 The Committee recommends that the Department of Family and Community Services examines the current funding formula for maintenance and modifications of housing stock with a view to funding modifications separately, thereby improving service delivery arrangements for tenants with a disability.</p>	In progress under the NDIS	2.5
<p>9 The Committee recommends that the Department of Family and Community Services includes in its progress report to the Committee the results of the Council of Australian Governments' examination of the impact of the National Disability Insurance Scheme arrangements on the social housing sector.</p>	Completed	2.5 Also refer NSW Government response tabled 13/4/17
<p>10 The Committee recommends that the Department of Family and Community Services provides an update on the transfer of property management to community housing providers in the progress report to the Committee on the new maintenance contract arrangements.</p>	Completed	2.10