

# Reactive and Planned Maintenance Procurement Options Workshop – 2 24<sup>th</sup> January 2019

## Workshop Report



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**IL Reference:** 1309

**Date:** 27<sup>th</sup> February 2019

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## Contents

a) Background .....	3
b) Agenda .....	3
c) Workshop Participants.....	4
d) Executive Summary.....	5
Next Steps:.....	5
1. Introductions .....	6
2. Purpose of the Day .....	6
Presentation: .....	6
3. Overview: Process and timeline.....	6
4. Overview: Existing service delivery.....	6
5. Discussion: Views on the service.....	6
6. Workshop 1 (December 2018) findings – drivers and outcomes .....	9
7. Options available moving forward – long list.....	12
8. Case studies (including feedback from the site visit) .....	15
9. Long list to short list (preferred options this Workshop) .....	15
10. Next Steps .....	16
11. Agreed Actions .....	17

### **Appendix 1: Workshop Presentation**

## a) Background

Impart links are commissioned by Stroud District Council to undertake an options appraisal to explore the range of viable alternative/s for the delivery of their repairs and maintenance service beyond the life of existing contractual arrangements.

To facilitate options appraisal, Impart links undertook a detailed service review and drafted a long-list of potential procurement options for consideration.

Following options appraisal, Impart links will develop a short-list of preferred options into fully detailed business cases and subsequently procure the preferred option.

This second workshop, with members and key stakeholders, follows a workshop held with asset team staff in December 2018.

The workshop was facilitated by Dave Sillitoe of Impart links.

## b) Agenda

	Description	Who
9.00	<b>Assemble</b>	
9.20	Arrival and coffee	DS
1	Introductions	All
2	Purpose of the day	JM
3	Overview: Process and timeline	All
4	Overview: Existing service delivery	All
5	Discussion: Views on the service	All
	Lunch	
6	Workshop 1 findings – drivers and outcomes	All
7	Options available moving forward – long list	All
8	Case studies (including feedback from site visits)	All
9	Long list to short list	
10	Next Steps	
15.30	<b>Adjourn</b>	-

## c) Workshop Participants

Name	
Pat Andrade	Tenancy Operations Manager
Graham Owen	Services Manager (Maintenance and Voids)
Pat Blanche	Tenant Reps
Dave Dale	Tenant Reps (doctors 10:00 – 10:40)
Leonie Lockwood	New Homes & Regeneration Manager
Elaine Gordon	Senior HR Operations Partner (left at 1pm)
Miranda Clifton	Labour Councillor for Cam East
Chas Townley	Labour and Co-operative Councillor for Uplands (Head of Housing Committee)
Norman Kay - Green	Councillor for Nailsworth (left at 11:30)
Emma Charlesworth	HR Operations Partner
Paul Bowley	Building Control Manager
Lynne Mansell	Principal Sheltered Housing Officer (unwell left at 11)
Helen Stables	Senior Systems & Business Improvement Officer
Angie Spooner	Senior Systems Officer
Jen O'Grady	Senior Systems Officer
Sean Ditchburn	IT Manager (left at 10:40 – returned at 3pm)
Tara Skidmore	Asset Information and Support Manager
Joe Gordon	Head of Contract Services
James Manifold	Impart links
Dave Sillitoe	Impart links

## d) Executive Summary

Preferred procurement options from this workshop are as follows:

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)
3	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs	Planned
6	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs	Planned
10*	Hybrid	DLO & MC	Traditional	Open Book	One	Repairs (DLO)	Planned
15	In-sourced	JV (WHS)	N/a	Open Book PPP	One	Repairs & Planned	Specialists

*Option 10\* include modified options for DLO to start gradually on the volume of repairs, include modified options for the DLO to have a different constitution (WOS etc) – include modified options for the DLO to be managed by a management consultant/agent (through a procured route).*

### Next Steps:

SDC and Impart links to formally agree the preferred options as noted above and to commence the detailed options appraisal, the next stage of the process.

## 1. Introductions

Attendees introduced themselves by sharing their name and role

## 2. Purpose of the Day

The purpose of this workshop was to:

- Share the review and options process
- Share the outcome of the detailed service review
- Review a long-list of options
- Agree a short-list of options and way forward

## Presentation:

James Manifold and Dave Sillitoe used a PowerPoint presentation to guide the format of this workshop, a copy of which is in **Appendix 1**.

## 3. Overview: Process and timeline

Please see the attached PowerPoint presentation **Slides 5 to 10**.

## 4. Overview: Existing service delivery

Please see the attached PowerPoint presentation **Slides 11 to 23**.

## 5. Discussion: Views on the service

Participants shared their views on what they felt worked well with the current contract arrangements and what could be improved:

Working Well	Could be Improved
SDC repairs advisers	Communication and feedback by contractors and SDC
The heating DLO	The extent of incomplete work/ work not done
There is some good quality work	Job diagnosis for out of hours work (trades needed)
The use of Keystone for planned maintenance	Waiting times for some work
The service is reasonable	The variable quality of work
The way SDC react to service needs	The extent of broken appointments
Knowledgeable staff	The use of multi-trades skills
	The extent of response work held as planned
	Numbers of complaints
	SDC staff culture
	Service ownership
	SDC process management

Working Well	Could be Improved
	Customer focus
	Behaviours
	IT systems interface (3 systems +1 +1)
	IT consistency (contractors)
	Customer ownership
	Single points of contact for residents
	Extent the relationship with contractors to others e.g. housing
	The management of work being “over-booked”
	Work with local colleges – an SDC accredited qualification
	No QS function at SDC resulting in contractors overbooking
	Handyperson role is not clear

Existing service observations (from the feedback slides) is summarised as follows:

Observations
Is the use of subcontractors affecting customer service?
What are the reasons for repairs take up?
Our stock is generally good – is this affecting repairs demand?
Is planned work supporting the repairs service?
Is the job being done well enough?
Are SDC paying for multiple repairs (code building)?
What is the extent of cancelled/ “off-line” jobs?
Do IT systems impact on delivery?
What are the median figures?
Are contractors skilled to deliver each workstream; response repairs and planned work?
The repairs ratio is low
Demand is low
How accurate is SDC data?
Demographics may be affecting repairs efficiency
SDC objectives don't fit with the price being paid – cost effective but not adding value
SDC have the funds not the contractor i.e. they are not paying for a service they are not receiving

Drivers for this procurement			
Driver		Priority Score/ Priority	
1	IT systems	15	1
2	Customer Service	14	2
3	SDC Culture	13	3
4	Communications (SDC and Contractors)	9	4
5	Customer Ownership	9	5
6	Single Point of Contact	6	6
7	SDC NVQ (with local colleges)	6	7



## 6. Workshop 1 (December 2018) findings – drivers and outcomes

Drivers for this procurement			
Driver	Priority Score/ Priority	Short Definition	Current thoughts Influencing this Driver
1 Control	16 1	Visibility of: <ul style="list-style-type: none"> <li>• Cost</li> <li>• Quality</li> <li>• Customer satisfaction</li> <li>• Each workflow process</li> </ul>	<ul style="list-style-type: none"> <li>• Constrained by SDC and contractor’s IT systems</li> <li>• Contractors dictate and control not SDC</li> <li>• SDC don’t fully know what’s happening</li> <li>• SDC are not able to influence outcomes effectively</li> </ul>
2 Partnership and Collaborative Working	9 2	Trust, openness, transparency and price; working together	<ul style="list-style-type: none"> <li>• Current arrangements, contract and commercial model do not encourage collaborative working</li> <li>• Currently silo working</li> </ul>
3 Value for Money	9 3	A balance of quality of service (for residents and SDC staff) and price	<ul style="list-style-type: none"> <li>• Current service is cost efficient but not necessarily cost effective</li> <li>• Price paid and service required do not match</li> </ul>
4 Skills and Behaviours	8 4	To match the preferred delivery model; for SDC and the contractor(s)	<ul style="list-style-type: none"> <li>• SDC and contractors are not collaboratively working</li> <li>• Skill sets probably reflect current arrangements but are not reflective of the actual approach/ culture required by SDC</li> </ul>
5 Customer Service	6 5	First-time fix and positive feedback	<ul style="list-style-type: none"> <li>• Quality of feedback is questionable</li> <li>• Disproportionate management/ intervention by SDC</li> <li>• SDC are managing expectation not the contractors</li> <li>• Communications are poor</li> </ul>
6 IT Systems	4 6	The right seamless systems (between SDC, contractors and the supply chain), “real-time”, de-bugged and accurate	<ul style="list-style-type: none"> <li>• Too many systems</li> <li>• Functionality not understood</li> <li>• Systems not properly or fully integrated</li> <li>• System use is not managed effectively</li> <li>• IT is a secondary consideration and need to be primary</li> <li>• Systems are not 360°/ seamless and are not real-time</li> </ul>

North			South		
<b>Perceived Performance Score</b> (whole Service)		<b>7 /10</b>	<b>Perceived Performance Score</b> (whole Service)		<b>4 /10</b>
<b>Stock:</b> 2,895 homes			<b>Stock:</b> 2,861 homes		
<b>Contractor:</b> NKS (SME)			<b>Contractor:</b> MiSpace (National)		
<b>Delivery:</b> Mainly direct with local labour			<b>Delivery:</b> Mainly sub-contract and not local labour		
<b>Commercial Management:</b> NHF version 6.2 plus bespoke planned work rates			<b>Commercial Management:</b> NHF version 6.2 plus bespoke planned work rates		
<b>Covers:</b> Stroud, Hardwick, Painswick, Stonehouse, Brockworth, Stanleys, Frampton, etc			<b>Covers:</b> Dursely, Wooton, Mitchen Hampton, Nailsworth, Berkley, etc.		
<b>Stock Condition:</b> Good, slightly better than South			<b>Stock Condition:</b> Good		
<b>Spread:</b> Homes closer together than South			<b>Spread:</b> Homes more dispersed than North		
<b>Scope of Work/ Workstream Performance</b>		<b>/10</b>	<b>Scope of Work/ Workstream Performance</b>		<b>/10</b>
1	Reactive Repairs		1	Reactive Repairs	
	• Operational office	9		• Operational office	5
	• Quality and delivery	6		• Quality and delivery	4
2	Voids and major voids	9	2	Voids and major voids	4
3	Planned work; kitchens, bathrooms, electrical, heating (voids), aids and adaptations, environmental work	8	3	Planned work; kitchens, bathrooms, electrical, environmental work	4
4	Emergency lighting	8	4	Emergency lighting	-
5	Smoke detectors and fire alarms in sheltered housing	8	5	Smoke detectors and fire alarms in sheltered housing	-

Preferred procurement options from this workshop were as follows:

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)	Score / 10
3	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs	Planned	7
6	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs	Planned	8
11	Hybrid	DLO & MC	Traditional	Open Book	One	Part Repairs DLO (Phased take-up)	Part Repairs & Planned	9

## 7. Options available moving forward – long list

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)
1	Out-sourced	Main Contractors	Traditional	NHF SOR	Two	Repairs & Planned	Repairs & Planned
2	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs & Planned	
3	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs	Planned
4	Out-sourced	Main Contractors	Traditional	Open Book	Two	Repairs & Planned	Repairs & Planned
5	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs & Planned	
6	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs	Planned
7	Out-sourced	Main Contractors	Dialogue	Open Book	Two	Repairs & Planned	Repairs & Planned
8	Out-sourced	Main Contractors	Dialogue	Open Book	One	Repairs & Planned	
9	Out-sourced	Main Contractors	Dialogue	Open Book	One	Repairs	Planned
10	Hybrid	DLO & MC	Traditional	Open Book	One	Repairs (DLO)	Planned
11	Hybrid	DLO & MC	Traditional	Open Book	One	Part Repairs (DLO)	Part Repairs & Planned
12	Hybrid	DLO & MC	Traditional	Open Book	Two	Repairs & Planned	Repairs and Planned
13	In-sourced	DLO	N/a	Open Book	One	Repairs & Planned	
14	In-sourced	JV (MOS)	Dialogue	Open Book PPP	One	Repairs & Planned	
15	In-sourced	JV (WHS)	N/a	Open Book PPP	One	Repairs & Planned	Specialists
16	In-sourced	PPP (Managed)	Dialogue	Open Book	One	Repairs & Planned	Management Agent
17	Out-sourced	Consortia	Traditional	Open Book	One	Repairs & Planned	Purchasing Consortia
18	In-sourced	DLO	N/a	Open Book	One	Repairs & Planned	Management Consultant

Key and Definitions (definitions are within the context of the long-list)

DLO	Direct Labour Organisation; A distinct internally resourced contractor function to manage and deliver work to a defined scope and value; e.g. SDC Heating Service is a DLO. A DLO may be supported by externally procured contractors and suppliers.
MC	Main Contractor; an external organisation procured to manage and deliver work to a defined scope and value. A Main Contractor may be supported by externally procured contractors and suppliers.
JV	A business agreement in which two or more parties jointly agree to develop, for a finite time, a new entity and new assets by contributing equity. They exercise control over the enterprise and consequently share revenues, expenses and assets.
WOS	Wholly Owned Subsidiary: A joint Venture where a registered provider wholly owns the subsidiary and buys expertise from 3rd parties under an SLA or equity to run and manage the business.
MOS	Majority Owned Subsidiary: A Joint venture with a registered provider where the housing provider takes the majority share and trades the business as a subsidiary to their organisation.
PPP (managed)	Public/ Private Partnership: A contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project.
Consortia	Several organisations, usually external, who come together to combine skills, expertise and capacity to undertake a contract. Usually with a single leader and required to form a single entity if awarded a contract.
NHF	National Housing Federation: The industry standard Schedule of Rates developed and managed by M3H.
SOR	Schedule of Rates: A Comprehensive schedule of rates with descriptions and pre-stated rates which are adjusted as part of a tender process
Out-sourced	Resourced and delivered by an external contractor(s)
Hybrid	Resourced and delivered by a DLO and an external contractor(s)
In-sourced	Resourced and delivered by a DLO, possibly with “top-up” resources from an external contractor(s)
Traditional Procurement	Straight forward single or two-stage procurement without engaging the contractor.

<p>Dialogue Procurement</p>	<p>Procurement which formally engages interested contractors at set stages of the process to discuss, review and agree requirements for key aspects of the future service e.g. IT systems and then seeks final tender offers using agreed specifications and requirements.</p>
<p>Open Book Commercial Management</p>	<p>Open as opposed to closed commercial management, where, within defined boundaries, actual cost is paid for labour, materials and plant, local overheads (e.g. staff and offices) to which an agreed percentage uplift is added for head office support (e.g. HR/ IT, senior management, etc) and profit. Incentive arrangements may be used.</p>
<p>PPP Commercial Management</p>	<p>Open or closed commercial management whereby the client pays a set price per property for repairs and other work. Often a PPP model is used after a period of open book cost management so that actual costs are known and risk to the contractor is reduced.</p>
<p>Repairs</p>	<p>Unknown work that is responded to as reported – reactive repairs</p>
<p>Planned</p>	<p>Work that is planned to occur on a cyclical or timebound basis; e.g. decorations or kitchen replacement where the age and condition of a component dictates replacement.</p>
<p>Specialists</p>	<p>Contractors or consultants with specific specialist skills, knowledge, etc.</p>
<p>Purchasing Consortia</p>	<p>A body who has pre-procured a range of work and services which are available for housing providers and others to access; usually for a fee, with an assumption (which must be tested) that procurement processes are legally compliant and offer value for money by way of economy of scale.</p>
<p>Management Consultant</p>	<p>A consultant(s) who are engaged specifically to manage certain aspects of a delivery model e.g. contractor experienced people who will manage an in-sourced DLO, because the housing provider does not have the skills to do so.</p>

## 8. Case studies (including feedback from the site visit)

Please see the attached PowerPoint presentation **Slides 27 to 32**.

## 9. Long list to short list (preferred options this Workshop)

Participants reviewed options, appraisals and preferred options from the workshop in December 2019.

Please see the attached PowerPoint presentation **Slides 34 to 39**.

In doing so, they determined the following:

Option 10:	To be included in the short list, with added management support
Option 11:	Omitted in favour of Option 10.
Option 15	Added
Dialogue	Aspects of its use to be considered during the procurement, not full competitive dialogue, but engagement through interview and presentations during the process

Preferred procurement options from this workshop are as follows:

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*Option 10\* include modified options for DLO to start gradually on the volume of repairs, include modified options for the DLO to have a different constitution (WOS etc) – include modified options for the DLO to managed by a management consultant/agent (through a procured route).*

## 10. Next Steps

SDC and Impart links to formally agree the preferred options as noted above and to commence the detailed options appraisal, the next stage of the process.



## 11. Agreed Actions

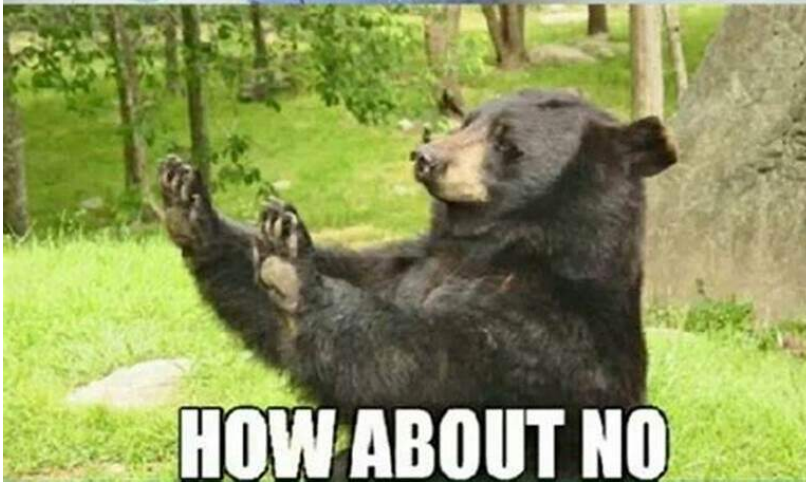
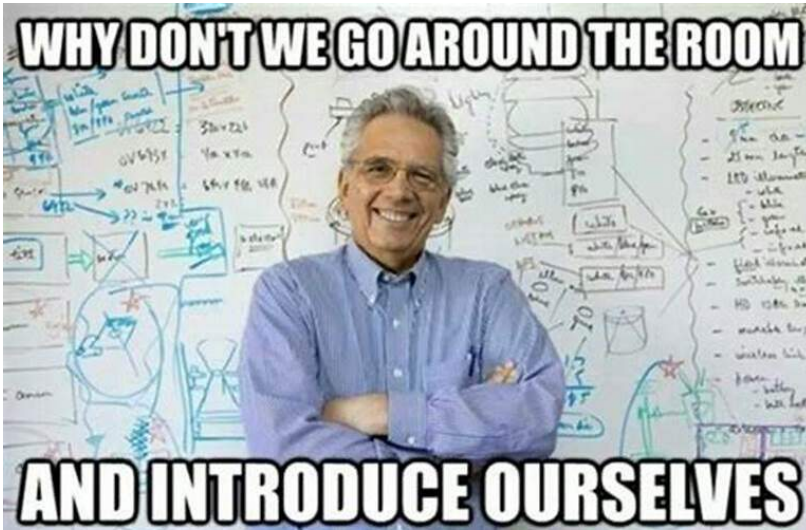
A number of actions were agreed during the workshop, summarised as follows:

Action	
1	A piece of work needs to be done on tenants who are not contacting SDC in particular Repairs
2	What impact does SDC being a Green Council have on the options being put forward?
3	The Council needs to work out who the prime relationship is for customers rather than being passed around departments.
4	There may be an opportunity to with Stroud College and develop a new NVQ for multi skilled operatives
5	There needs to be more self-service for customers (reporting their own repairs, viewing outstanding repairs etc.)
6	Pat would like a separate meeting to feedback on what is working well and what could be improved.
7	It was felt more work needed to be done on energy efficiency and communal areas

# SDC: Reactive and Planned Repairs Option Appraisal

24<sup>th</sup> January 2019  
Workshop

9:00am	Arrival and coffee	All
9:20am	Introductions	All
9:30am	Purpose of the day	DS
9:40am	Overview: Process and timeline	JM
10:00am	Overview: Existing service delivery	JM
10:15am	Discussion: Views on the service	DS / All
11:00am	Stage 1 findings	JM
12:00pm	Lunch	
12:30pm	Workshop 1 findings – drivers and outcomes	DS
1:00pm	Options available moving forward – long list	JM
1:45pm	Case studies (including feedback from site visits)	DS / JG
2:30pm	Long list to short list	JM
3.30pm	Next Steps	DS
4.00pm	Close	All



- Name
- Job Title
- Role
- Length of SDC Service

## Purpose of the Day

Understand: what SDC are trying to achieve

Review: the process and how it will be done

Discuss: existing delivery

Explore: all future options available

Propose: preferred short list of options

Define: next steps

## Process and Timeline

### Background and Context

- *Stroud District Council is a socially responsible landlord and want their tenants to live in their homes comfortably and independently.*
- *They want their homes and estates to be sustainable, and be a place where people want to live as a matter of choice.*
- *Social Housing providers are under increasing pressure to deliver better services for tenants, often for lower costs. As an organisation value for money is important to them and they want to explore every opportunity to deliver services which reflect this.*
- *The Regulator for Social Housing (RSH) Value for Money Standard 2018 came into effect on 1 April 2018, which puts a revised focus on landlords to ensure every consideration is commercial arrangements for the provision of services.*

# Process and Timeline

## Background and Context

In 2014 a report presented to Stroud District Council Housing Committee indicated that Tenant Services would look at options to in-source work streams as contracts came to an end.

In 2015 Stroud brought its Gas Servicing and repairs function in house.

- Increased levels of satisfaction
- Greater control
- Flexibility to deliver service suited to tenants needs

Provision of the repairs and maintenance service is currently split North and South across the district, provided by two separate organisations. SDC currently has differing arrangements with both - contracts can come to an end on 31 March 2020

While the internalisation of the gas service has been positive, SDC cannot look at this in isolation excluding what maybe other viable options including to continue delivery of the service using similar or existing models as present.

# Process and Timeline

## Background and Context

In October 2018 SDC commissioned Impart links to support in undertaking an options appraisal to explore the range of viable alternative/s for the delivery of service beyond the life of existing contractual arrangements.

### 3 Phase Process

#### Phase 1 (Oct 18 to Mar 19)

- Undertake an options appraisal, exploring a range self delivery or shared service models which may be adopted by the Council
- Development of a business case/s, and cost model/s which supports the Councils preferred approach

#### Phase 2 (Apr 19 to Mar 20)

- Take a leading role to implement the preferred option
- Lead on supply chain requirement, and procurement for any new service
- Develop the overall project plan, timetable, and have responsibility for delivery
- Identify critical success factors
- Oversee the mobilisation of the new service in conjunction with key stakeholders

#### Phase 3 (Apr 20 to Mar 21)

- Undertake Commercial and Operational reviews during year 1 of the service



# Process and Timeline

## Phase 1

Phase 1 is divided into **3 stages**

**Stage 1** – Review of Existing Service  
(15<sup>th</sup> October to 15<sup>th</sup> December)

**Stage 2** – Long-list of Options  
(15<sup>th</sup> December to 21<sup>st</sup> January)

**Stage 3** – Short list of Options  
(21<sup>st</sup> January to 31<sup>st</sup> March)

## Phase 1 – Stage 1 (6 Projects)

**Objective:** Understand and record the operational and commercial performance of the existing service as a benchmark for Benefit Analysis (BA) of future options

**Project 1: Current Service Providers**

Review of the commercial and operational performance of the existing service providers

**Project 2: Contract Services**

Review of current and future maintenance expenditure of Contract Services, staff involved, and the cost of the operation

**Project 3: Performance Data**

Profile of the service based on historic repairs data, indicating repairs and voids ratios, planned works, types of repairs, geographical spread and the demand on the service

**Project 4: Governance and Policies**

Review of policy that governs the service and may impact future delivery

**Project 5: IT and Communications**

Review of IT interfaces and suitability

**Project 6: Stage 1 Report**

Commentary on all findings: summarising the current cost and performance of the service as a benchmark for future options

# Process and Timeline

## Phase 1 – Stages 2 & 3

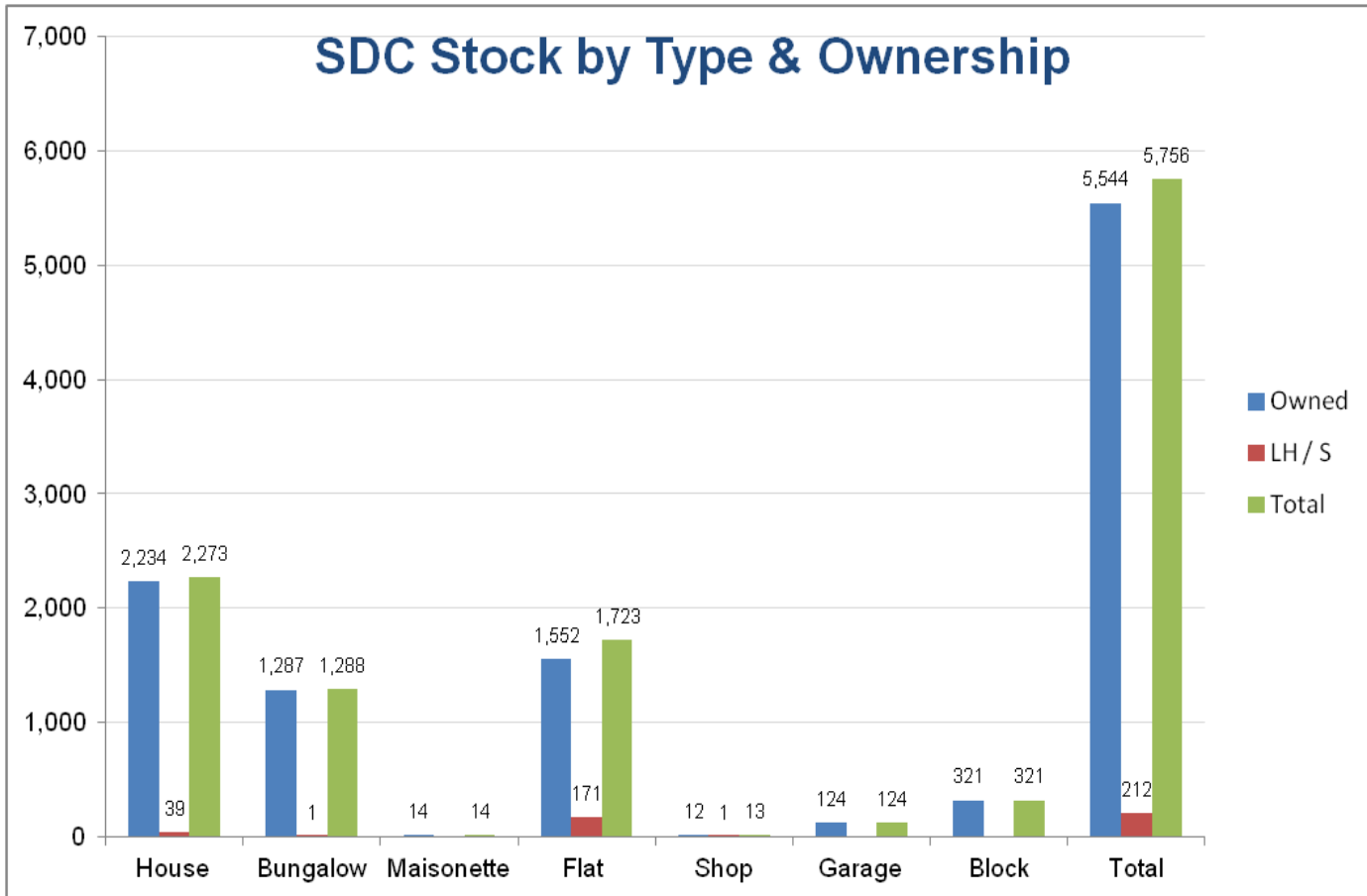
### Stage 2 – Long-list of Options

**Objective:** Through workshops / Site Visits and using the stage 1 findings as a benchmark, a long list of options will be developed, reviewed and rationalised to form a shortlist

### Stage 3 – Short list of Options (21<sup>st</sup> January to 31<sup>st</sup> March)

**Objective:** A final short list of options inclusive of a benefit analysis, risk appraisal, investment plan, procurement profile, mobilisation plan and recommendations for review and approval

# Overview of Existing Service Stock



SDC own 5,544 assets with a further 212 leasehold and shared ownership

# Overview of Existing Service

## Work Type Undertaken

Contract H1725 includes the following areas of work, funded through both Revenue and Capital budgets

<b>Revenue</b>	<b>Capital</b>
Responsive Repairs	Major Voids
Minor Voids	Kitchens & Bathrooms
Disabled Adaptations	External Works and Walls
Planned / Cyclical Maintenance	General Building Works
	Rendering
	Non Traditional Properties

## Who Delivers

In September 2015 SDC procured repairs and planned works through the tender “Responsive Repairs and Planned Maintenance Works Stroud District Council 2016 – 2026”. Mears Limited was the successful contractor in the Southern Region and NKS Contracts (Central) Limited was the successful contractor in the Northern Region

During 2017 SDC terminated the contract of Mears Limited and re-procured the work for the Southern Region. Mi-space (UK) Limited were the successful contractor

Contractor	No of Repairs	Type	Include in RR
Mears	4,271	Responsive	Yes
NKS	5,290	Responsive	Yes
Mi-Space	283	Responsive	Yes
Pearce Platford	89	Electrical	Yes
Kholar Mira	18	Showers	Yes
Glevum	817	Gas	No
Handy Person	467	Small RR	Yes
PC Moleing	14	Underground pipes	Yes
Proframe	15	Windows	Yes
Peter Goodhind	14	Structural Engin	No
Carpets of Yate	3	Carpets	Yes
Brown Bull	1	Landscaping	Yes

2017/18 Repairs Delivery

11,282

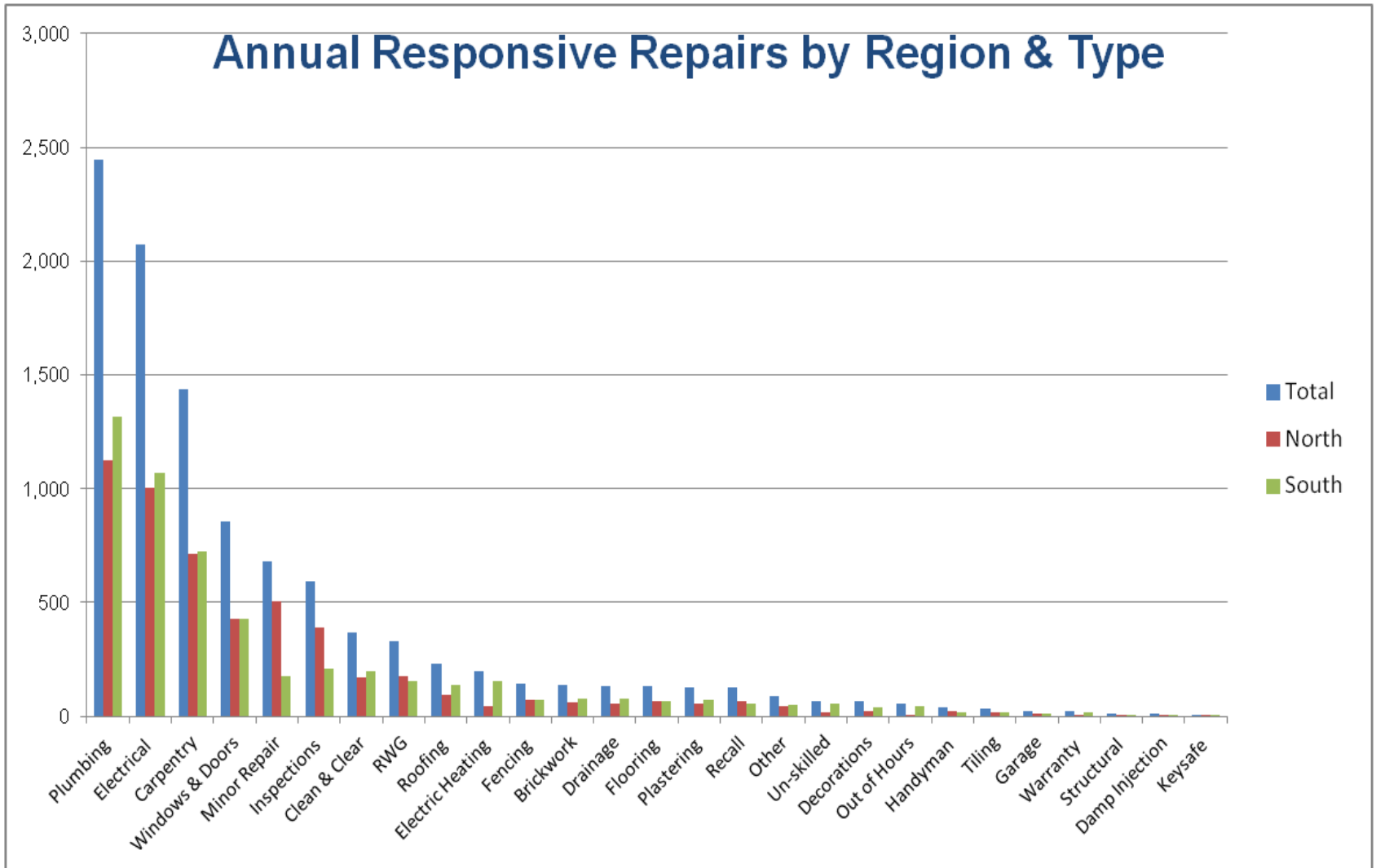
Total

10,451

Without Gas & SE

# Overview of Existing Service Repairs Delivery

The top twenty repairs by trade type make up 98% of all SDC repairs delivery and is summarised by region in the graph below (excluding gas repairs)

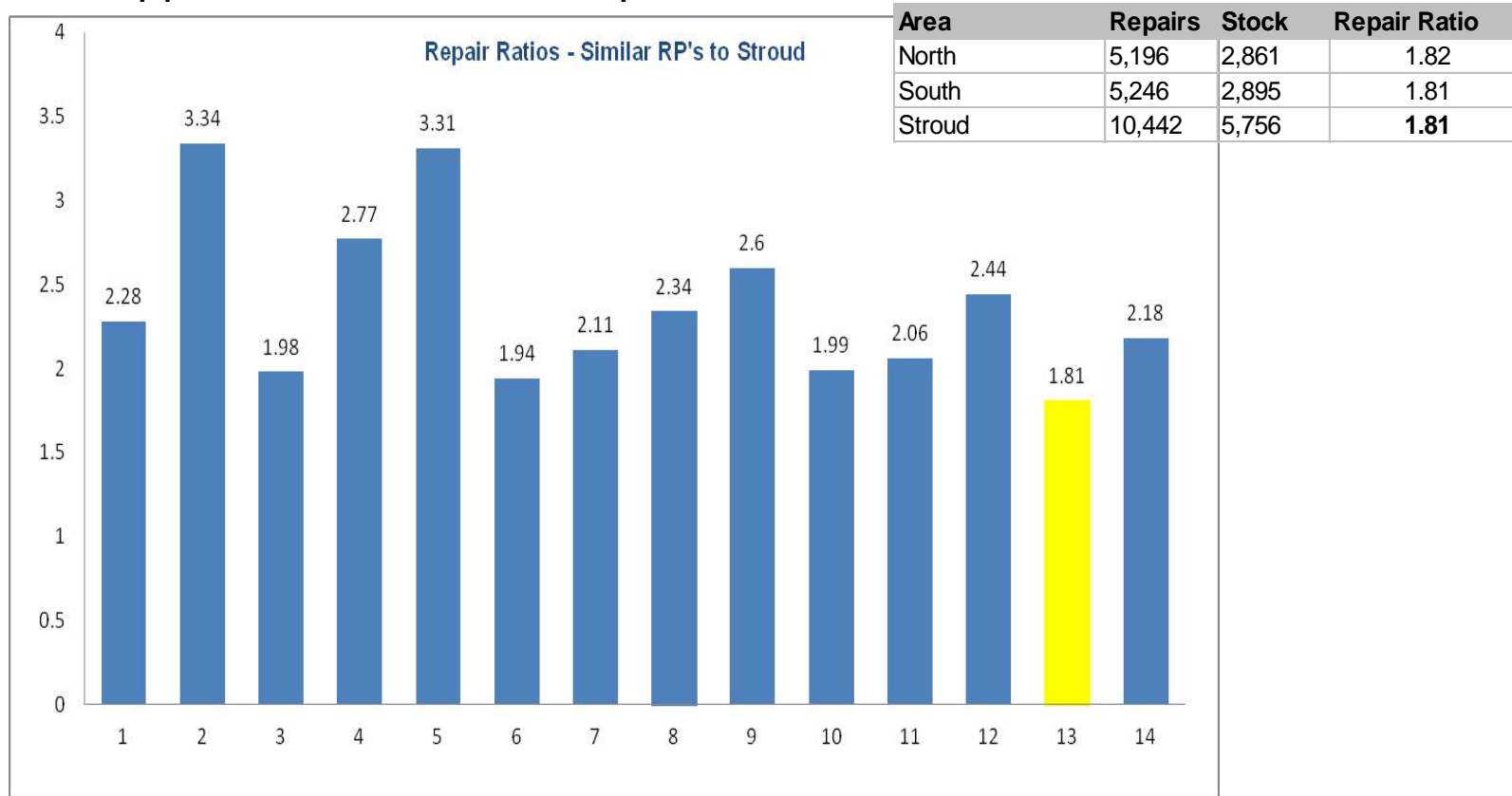


# Overview of Existing Service

## Repairs Delivery

The repair ratio (the average number of repairs delivered to each property per year) is an important statistics for calculating resources to deliver future repairs services. Stroud's repair ratio for 2017/18 was 1.81

The repair ratio is compared against impart links library of benchmark statistics and 1.81 appears to be low in comparison

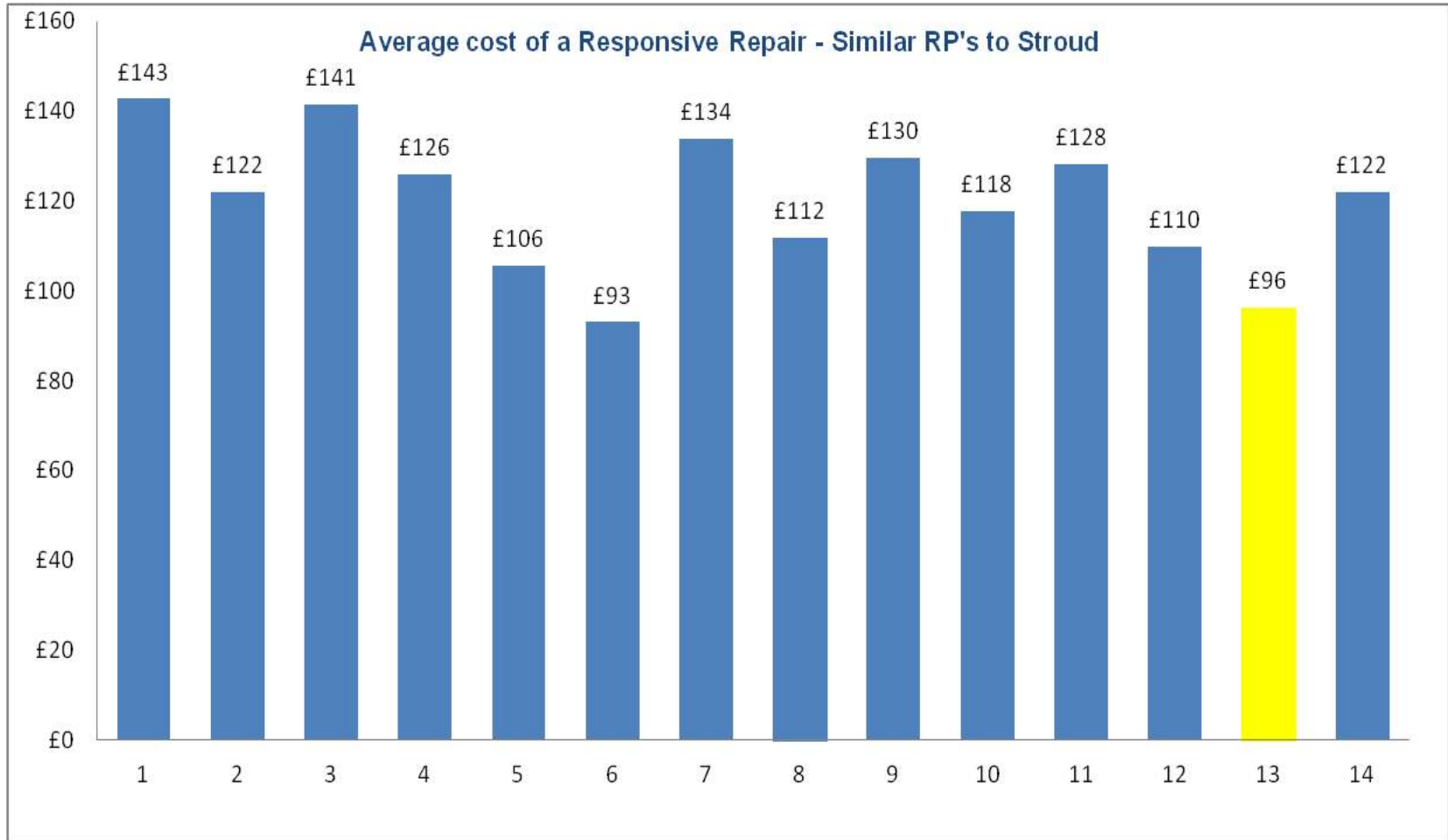




# Overview of Existing Service

## Average Cost of a Repair

The Average cost of a responsive repair excluding Gas Heating repairs is £96.63 which is statistically lower than most similar RP's repair costs within Impart links library of benchmark costs



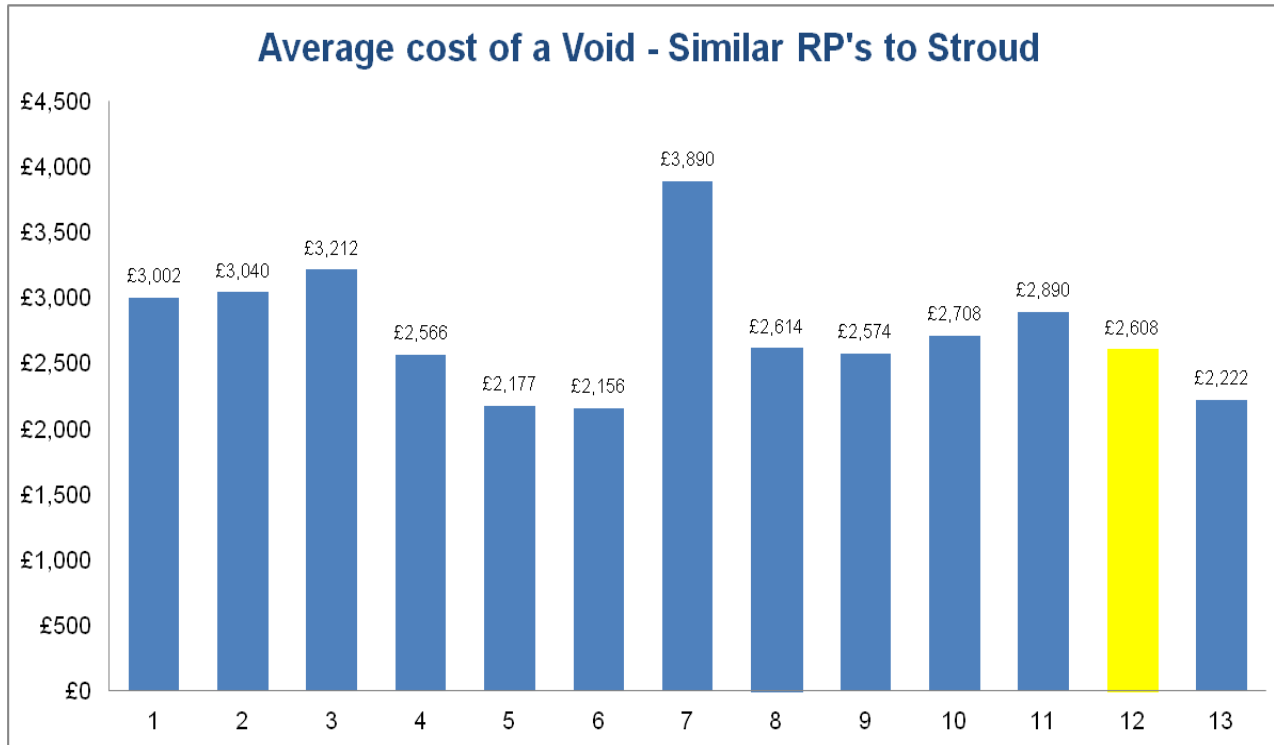
# Overview of Existing Service

## Average Cost of a Void

Based on the 2017/18 Voids Repairs Assessment:

277 voids have been completed which equates to a void ratio of 5% which is low in comparison to the market (IL benchmarks range between 5% and 15%)

The average cost of a void is £2,608 (£2,629 in the North and £2,589 in the South) which is average in comparison to benchmark data



# Overview of Existing Service Planned Work

Excluding gas central heating planned maintenance costs for 2017/18 totalled £2,735,151

Planned Work Type	Cost	Quant	Average
Asbestos removals	24,381	59	413
Asbestos Sampling	47,341	570	83
Bathrooms	615,343	201	3,061
Doors	228,292	324	705
Electrical works	212,145	386	550
General building	51,151	32	1,598
Kitchens	430,964	92	4,684
Rendering	350,866	44	7,974
Roofing	583,131	75	7,775
Windows	191,537	101	1,896
<b>Total</b>	<b>2,735,151</b>		

Costs are generally reasonable and in line with our benchmark data

# Overview of Existing Service

## Price per Plot

During 2017/18 SDC spent £4,465,933 on repairs, voids and planned. This expenditure equates to £326 price per plot (for repairs and voids) which is low within the market place

<b>Budget Heading</b>	<b>Annual Spend<sub>(1)</sub></b>	<b>Price Per Plot<sub>(2)</sub></b>	
Repairs	1,008,981	190	
Voids	721,801	136	<b>326</b>
Planned	2,735,151	515	
<b>Total</b>	<b>4,465,933</b>	<b>841</b>	

(1) Excludes all works relating to gas in repairs and planned (£81,839 & £732,938)

(2) PPP is based on stock of 5,756 less blocks and garages (321+124) = **5,311**

# Overview of Existing Service Contractors Prices

The repairs and voids work is currently commercially administrated via the NHF Schedule of rates version 6.2. Planned works are paid based on agreed tendered rates – there are variances between the prices paid to each contractor

Work Type	Current Rates			
	Commercial / NHF V6.2	Mi-Space	NKS	Variance
Responsive, OOH & Voids	NHF V6.2	+7%	+24.26%	17.26%
Major Voids, External Works, Roofing and	NHF V6.2	+9%	-19.66%	-28.66%
Extra over for Mira Showers	E/o Average	147	DNP	N/a
Dayworks	Hrly Average	47.08	16.07	-31.01
Mats, Plant & Subcontract uplifts	% Average	8.50%	23.19%	14.69%
Specialist Attendances	% Average	11.00%	33.90%	22.90%
Emergency Call Out Charge	Per Charge	75.00	53.96	-21.04
Kitchen	Average rate	3,915.14	4,817.19	902.05
Bathroom	Average rate	1,890.09	2,755.13	865.04
Electrical Rewire	Average rate	1,974.18	2,734.51	760.33
Electrical Upgrade	Average rate	1,310.42	1,408.90	98.48
Render	M2	119.53	DNP	N/a
Scaffold	Average rate	1,799.40	999.78	-799.62

# Overview of Existing Service Price Observations

NHF 6.2 is materially similar to NHF 6.1.

- 6.2 was introduced to include additional rates for renewable energy and DDA works.
- Many RP's who procure repair contracts on a schedule of rates still utilise 6.1 (with the descriptions and rates still the same for all elements other than renewable energy and DDA's).
- Up until 2014 NHF6.1 was usually discounted within competitive tenders between 5 and 10%. Current tenders do indicate that this has changed and 6.1 & 6.2 are commonly tendered at levels between 0 and +15%. Many factors impact the NHF variance

Geographical location / Volume of repairs / Stock type and spread / Other works within the contract such as voids and planned / Market forces / IT systems and infrastructure

Resources availability

Based on the above linked to the service undertaken for SDC we would not be surprised to see competitive tendered prices at +15% however NKS +24.26 is very unusual.

This discount is somewhat mitigated by the planned and major voids discount of -19.66% but could also lead to NKS becoming commercially orientated to deliver more repairs and less work within the Major Voids and other planned category

# Overview of Existing Service

## Other Findings

- KPI Performance is mixed but deemed satisfactory in comparison to similar Registered Providers
- Staff are dissatisfied with the current IT system. Processes are more difficult and take longer than could be if a cohesive system was in place
- There were no legislative non compliances found
- In regard to governance and policy there are no issues that would hinder or limit any potential administration options moving forward.

# Overview of Existing Service Summary

Category	Statistic	Benchmark
Price per Repair	£96.63	Lower than Average
Price per Void	£2,608	Average
Price per Plot	£326	Lower than Average
Repair Ratio	1.81	Lower than Average
Voids Ratio	5%	Lower than Average
Kitchens	£4,684	Higher than Average
Bathrooms	£3,061	Lower than Average
Mi-space NHF Repairs	+7%	Average
Mi-space NHF Voids	+9%	Average
NKS NHF Repairs	+24.26%	Higher than Average
NKS NHF Voids	-19.66%	Lower than Average

**Discuss** – In line with your view of the Service



# Workshop 1 Outcomes

## Perception of Existing Service

North		South	
<b>Perceived Performance Score</b> (whole Service)	<b>7 /10</b>	<b>Perceived Performance Score</b> (whole Service)	<b>4 /10</b>
<b>Stock:</b> 2,895 homes		<b>Stock:</b> 2,861 homes	
<b>Contractor:</b> NKS (SME)		<b>Contractor:</b> MiSpace (National)	
<b>Delivery:</b> Mainly direct with local labour		<b>Delivery:</b> Mainly sub-contract and not local labour	
<b>Commercial Management:</b> NHF version 6.2 plus bespoke planned work rates		<b>Commercial Management:</b> NHF version 6.2 plus bespoke planned work rates	
<b>Covers:</b> Stroud, Hardwick, Painswick, Stonehouse, Brockworth, Stanleys, Frampton, etc		<b>Covers:</b> Dursely, Wooton, Mitchen Hampton, Nailsworth, Berkley, etc.	
<b>Stock Condition:</b> Good, slightly better than South		<b>Stock Condition:</b> Good	
<b>Spread:</b> Homes closer together than South		<b>Spread:</b> Homes more dispersed than North	
<b>Scope of Work/ Work stream Performance</b>	<b>/10</b>	<b>Scope of Work/ Workstream Performance</b>	<b>/10</b>
<b>1</b> Reactive Repairs		<b>1</b> Reactive Repairs	
• Operational office	9	• Operational office	5
• Quality and delivery	6	• Quality and delivery	4
<b>2</b> Voids and major voids	9	<b>2</b> Voids and major voids	4
<b>3</b> Planned work; kitchens, bathrooms, electrical, heating (voids), aids and adaptations, environmental work	8	<b>3</b> Planned work; kitchens, bathrooms, electrical, environmental work	4
<b>4</b> Emergency lighting	8	<b>4</b> Emergency lighting	-
<b>5</b> Smoke detectors and fire alarms in sheltered housing	8	<b>5</b> Smoke detectors and fire alarms in sheltered housing	-

# Workshop 1 Outcomes - Drivers

Diver	Priority Score/ Priority	Short Definition	Current thoughts Influencing this Driver
1 Control	16 <b>1</b>	Visibility of: <ul style="list-style-type: none"> <li>• Cost</li> <li>• Quality</li> <li>• Customer satisfaction</li> <li>• Each workflow process</li> </ul>	<ul style="list-style-type: none"> <li>• Constrained by SDC and contractor's IT systems</li> <li>• Contractors dictate and control not SDC</li> <li>• SDC don't fully know what's actually happening</li> <li>• SDC are not able to influence outcomes effectively</li> </ul>
2 Partnership and Collaborative Working	9 <b>2</b>	Trust, openness, transparency and price; working together	<ul style="list-style-type: none"> <li>• Current arrangements, contract and commercial model do not encourage collaborative working</li> <li>• Currently silo working</li> </ul>
3 Value for Money	9 <b>3</b>	A balance of quality of service (for residents and SDC staff) and price	<ul style="list-style-type: none"> <li>• Current service is cost efficient but not necessarily cost effective</li> </ul>
4 Skills and Behaviours	8 <b>4</b>	To match the preferred delivery model; for SDC and the contractor(s)	<ul style="list-style-type: none"> <li>• Price paid and service required do not match</li> <li>• SDC and contractors are not collaboratively working</li> <li>• Skill sets probably reflect current arrangements but are not reflective of the actual approach/ culture required by SDC</li> </ul>
5 Customer Service	6 <b>5</b>	First-time fix and positive feedback	<ul style="list-style-type: none"> <li>• Quality of feedback is questionable</li> <li>• Disproportionate management/ intervention by SDC</li> <li>• SDC are managing expectation not the contractors</li> <li>• Communications are poor</li> </ul>
6 IT Systems	4 <b>6</b>	The right seamless systems (between SDC, contractors and the supply chain), "real-time", de-bugged and accurate	<ul style="list-style-type: none"> <li>• Too many systems</li> <li>• Functionality not understood</li> <li>• Systems not properly or fully integrated</li> <li>• System use is not managed effectively</li> <li>• IT is a secondary consideration and need to be primary</li> <li>• Systems are not 360°/ seamless/ not real-time</li> </ul>

# Long List of Options

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)
1	Out-sourced	Main Contractors	Traditional	NHF SOR	Two	Repairs & Planned	Repairs & Planned
2	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs & Planned	
3	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs	Planned
4	Out-sourced	Main Contractors	Traditional	Open Book	Two	Repairs & Planned	Repairs & Planned
5	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs & Planned	
6	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs	Planned
7	Out-sourced	Main Contractors	Dialogue	Open Book	Two	Repairs & Planned	Repairs & Planned
8	Out-sourced	Main Contractors	Dialogue	Open Book	One	Repairs & Planned	
9	Out-sourced	Main Contractors	Dialogue	Open Book	One	Repairs	Planned
10	Hybrid	DLO & MC	Traditional	Open Book	One	Repairs (DLO)	Planned
11	Hybrid	DLO & MC	Traditional	Open Book	One	Part Repairs (DLO)	Part Repairs & Planned
12	Hybrid	DLO & MC	Traditional	Open Book	Two	Repairs & Planned	Repairs and Planned
13	In-sourced	DLO	N/a	Open Book	One	Repairs & Planned	
14	In-sourced	JV (MOS)	Dialogue	Open Book PPP	One	Repairs & Planned	
15	In-sourced	JV (WHS)	N/a	Open Book PPP	One	Repairs & Planned	Specialists
16	In-sourced	PPP (Managed)	Dialogue	Open Book	One	Repairs & Planned	Management Agent
17	Out-sourced	Consortia	Traditional	Open Book	One	Repairs & Planned	Purchasing Consortia
18	In-sourced	DLO	N/a	Open Book	One	Repairs & Planned	Management Consultant

# Case Studies / Typical Drivers for Internalisation



# Case Studies / Typical Drivers for Internalisation

To have a recognisable  
branded delivery vehicle  
which resonates with  
residents

Develop a service that  
rewards tenants and  
incentivises them to make  
proportionate demands on  
service

**Service  
Excellence**

To incorporate the latest  
technology to effectively  
manage the repairs  
service

To have continuity of  
trades people to promote  
familiarity with tenants

To be a standalone  
efficiently run business  
with a healthy long term  
balance sheet

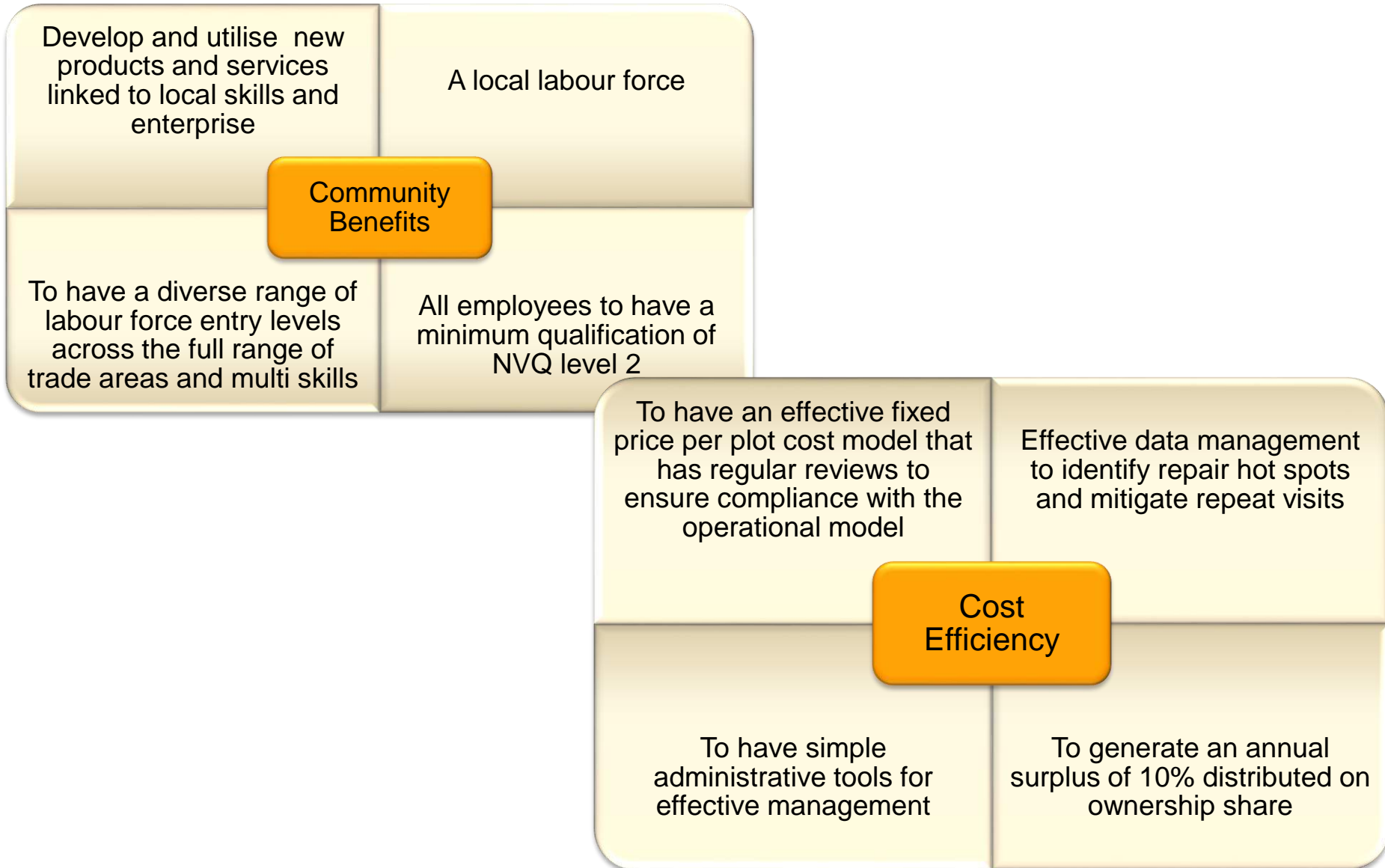
Self delivery that  
provides term certainty

**Risk  
Assurance**

Effective risk  
management and  
governance backed by  
up-front working capital  
investment

Transparent contract  
documentation and  
sensible exit  
mechanisms

# Case Studies / Typical Drivers for Internalisation



## Case Studies / Typical Drivers for Internalisation



## Case Studies

### Client Visits

**Cluid Works** (Dublin, Ireland) – 7,000 Stock, throughout the republic of Ireland. Developed an internal DLO to deliver all repairs and voids.

They did this gradually, at first delivering half the works (other delivered externally) and then over a phased process took over all works.

Heavily invested in systems thinking process and performance management

#### Key Features



- Open Book Cost Management
- “Systems Thinking” approach
- Gradual growth – 7 years in the making
- Improved customer satisfaction but increase in cost (customers are now using the service)

**SDC Feedback from Client Visit**



# Case Studies

## Client Visits

### **Family Housing Wales** (Swansea) – 3,000 Stock.

Operates a hybrid system where they have a small DLO that deliver a portion of the repairs and voids which is supported by external contractors that manage the overflow and also deliver planned

### **Key Features**



- Open Book Cost Management
- Maintenance works completed by external contractors supported by a very small DLO
- Re-procure every 5 years
- Good cost control, performance management and KPI's

**SDC Feedback from Client Visit**

# Long List of Options and Jargon Buster

Handouts

# Long List to Short List Workshop 1 - Results

## Options that are “non-starters”

Option	Type	Model	Procurement	Commercial Administration	Reason
7	Out-sourced	Main Contractors	Dialogue	Open Book	Dialogue not for SDC
8	Out-sourced	Main Contractors	Dialogue	Open Book	
9	Out-sourced	Main Contractors	Dialogue	Open Book	
12	Hybrid	DLO & MC	Traditional	Open Book	
13	In-sourced	DLO	N/a	Open Book	
16	In-sourced	PPP (Managed)	Dialogue	Open Book	Dialogue not for SDC and ambitious in the current environment
17	Out-sourced	Consortia	Traditional	Open Book	Insufficient control
18	In-sourced	DLO	N/a	Open Book	

# Long List to Short List Workshop 1 - Results

## Options 1, 2 and 3

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)
1	Out-sourced	Main Contractors	Traditional	NHF SOR	Two	Repairs & Planned	Repairs & Planned
2	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs & Planned	
3	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs	Planned
Does this option meet the requirements of each procurement driver?							
Control			N	Skills and Behaviours			N
Partnership and Collaborative Working			1N, 2 and 3 possibly	Customer Service			1N, 2Y, 3 Specific ownership
Value for Money - Service			1N, 2Y, 3?	IT Systems			N 3 feels a better option ? unsure. IT systems must be addressed
Value for Money – Cost			Y cost effective				
Benefits:		Cost efficient; Contactor can cover both areas; Commercial model in place; Balances resources between workstreams if repairs and planned let separately; Clear contract; Commercial risk is mainly with the contractor					
Risks:		3 feels risky – “eggs in one basket”; Less shared risk; Commercial risk management by the contractor at the expense of service; Not effectively balancing resources between workstreams; traditional relationships; closed book; Cost management visibility is limited; managing volumes to meet contractor needs is tricky; liner approach					
Preference Score/ 10		7 with opportunity to adjust to meet driver requirements					

# Long List to Short List Workshop 1 - Results

## Options 4, 5 and 6

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)
4	Out-sourced	Main Contractors	Traditional	Open Book	Two	Repairs & Planned	Repairs & Planned
5	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs & Planned	
6	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs	Planned
Does this option meet the requirements of each procurement driver?							
Control			Y, with separate contracts for RR & PM	Skills and Behaviours		Y, Possibly in the long-term	
Partnership and Collaborative Working			Y, RR could be Open Book; PM could be more traditional or price per plot	Customer Service		Y, with a long-term agreement and driven by CBC	
Value for Money - Service			Y	IT Systems		? unsure. IT systems must be addressed	
Value for Money – Cost			? unsure				
Benefits:		Working with actual cost; Not a new approach; Improved visibility and transparency; Disallowable costs; Can be incentivised; Helps shift focus from commercial recovery to customer focus; Facilitates use of Client knowledge; Allows for a Business Case structure for different solutions; Increased risk sharing;					
Risks:		May discourage SME's or those without this experience; May be a hard sell initially; Will need a 12-month period to bed-in; there will be issues; Still need to record actual work undertaken; Increased or different commercial management input required; The need for ongoing audits; Changing both SDC and contractors' behaviours; Creating issues; Contractors not opening-up their processes, systems costs, etc. Quality of SDC data; Increased risk (commercial) (over SOR).					
Preference Score/ 10		8					

# Long List to Short List Workshop 1 - Results

## Options 10 & 11

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)
10	Hybrid	DLO & MC	Traditional	Open Book	One	Repairs (DLO)	Planned
11	Hybrid	DLO & MC	Traditional	Open Book	One	Part Repairs DLO (Phased take-up)	Part Repairs & Planned
Does this option meet the requirements of each procurement driver?							
Control - Reactive				Y	Skills and Behaviours - Reactive	Y	
Control - Planned				Y	Skills and Behaviours – Planned	Y	
Partnership and Collaborative Working				Y	Customer Service	Y	
Value for Money - Service				Y	IT Systems	? unsure. IT systems must be addressed	
Value for Money – Cost				Y			
	Reactive			Planned			
<b>Benefits:</b>	Visibility, Flexible, Improved customer satisfaction; Choice; Confidence; Tailored service; Brand; Use of client Knowledge; Knowledge of stock and service improved; working with actual cost. Arrangements for migration can be clear.			Contractors are struggling with Reactive work in 2 areas due to volume of orders and commercial viability. Will attract a contractor skilled in planned work. Arrangements for migration can be clear. Can be contingent arrangements for Reactive Repairs cover.			
<b>Risks:</b>	Eggs in one basket; Feels “scary”; Union involvement; The need for skilled management support; will need back office support for HR, TUPE and other central functions normally managed by a contractor; Not being able to employ or retain the right skills; Ensuring the commercial infrastructure is right; Corporate liability and duty of care increases with DLO; Operational infrastructure (materials, fleets, stores, etc) required for a DLO; Value for money (purchasing power); Increased cost initially? DLO would operate under an SLA not an enforceable contract; the Repairs need is much bigger than that associated with the Heating DLO.						

# Long List to Short List Workshop 1 - Results

## Options 14 & 15

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)
14	In-sourced	JV (MOS)	Dialogue	Open Book PPP	One	Repairs & Planned	
15	In-sourced	JV (WHS)	N/a	Open Book PPP	One	Repairs & Planned	Specialists
Does this option meet the requirements of each procurement driver?							
Control - Reactive				Y	Skills and Behaviours	Y	
Partnership and Collaborative Working				Y	Customer Service	Y	
Value for Money - Service				Y	IT Systems	? unsure. IT systems must be addressed	
Value for Money – Cost				Y			
Benefits:		Still a contract; Can re-brand; Importing specialist management skills; Working capital investment; Like a DLO but with a partner; Shared risk; WOS = DLO plus specialists; Investment costs; Would be an SDC subsidiary company					
Risks:		UBICO perception of this type of model; Must get the shareholding right; Future value perception (where the companies value increases, and the partner has a share); Ha to be very open and transparent; Still need to procure the JV partner; Shared surplus; VAT; Investment costs from SDC					
Preference Score/ 10		6 or 7 (due to appetite for risk with SDC for this type of model)					

# Long List to Short List Workshop 1 - Results

## Preferred Option

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)	Score / 10
3	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs	Planned	7
6	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs	Planned	8
11	Hybrid	DLO & MC	Traditional	Open Book	One	Part Repairs DLO (Phased take-up)	Part Repairs & Planned	9



## Next Steps/ Way Forward