

National Housing Maintenance Forum

Best practice awards 2012

Orbit South and MITIE

RMI Partnership

When Orbit East and South announced in January 2011 that it was entering into a 10 year partnership valued at an estimated £150 million delivering services to over 15,000 homes in East Anglia and South East England, there was some comment in the sector about the potential risks of appointing a single contractor in this economic climate.

However, the expected benefits of the partnership with its **focus on continuous improvement, innovation and a commitment to delivering 1% of turnover on community projects** have been met and exceeded despite the fact that we are only 7 months into the partnership.

We feel that there is much that we can share with colleagues in the sector. At a time when improving efficiencies and reducing cost is at the forefront of all housing professional minds, this partnership has taught us that it's not necessarily about working harder; it's about working smarter.

Introduction

Orbit East and South became a single legal entity in 2011 managing 3,400 properties in East Anglia and 11,700 homes in the South East. Our mission is 'Building brighter futures for people and communities', and to deliver excellent customer service and maintain high quality homes for our residents. We want to be much more than a social landlord by making a real difference to people's quality of life.

MITIE Property Services (UK) Ltd has a proven track record of delivering an excellent service for residents. They employ over 3,000 people and work with over 70 Housing Associations and Local Authorities across the UK. They handle approximately 250,000 repairs each year with a turnover of £200 million per annum. They are part of the MITIE Group Plc which has a turnover of £1.8 bn and is a leading FTSE 250 strategic outsourcing and energy company.



The RMI (Repairs, Maintenance and Improvement) Partnership

The RMI partnership is worth an estimated £150 million over the next 10 years (with provision to extend for a further 5 years at an additional value of £75 million) The estimated annual programme includes:-

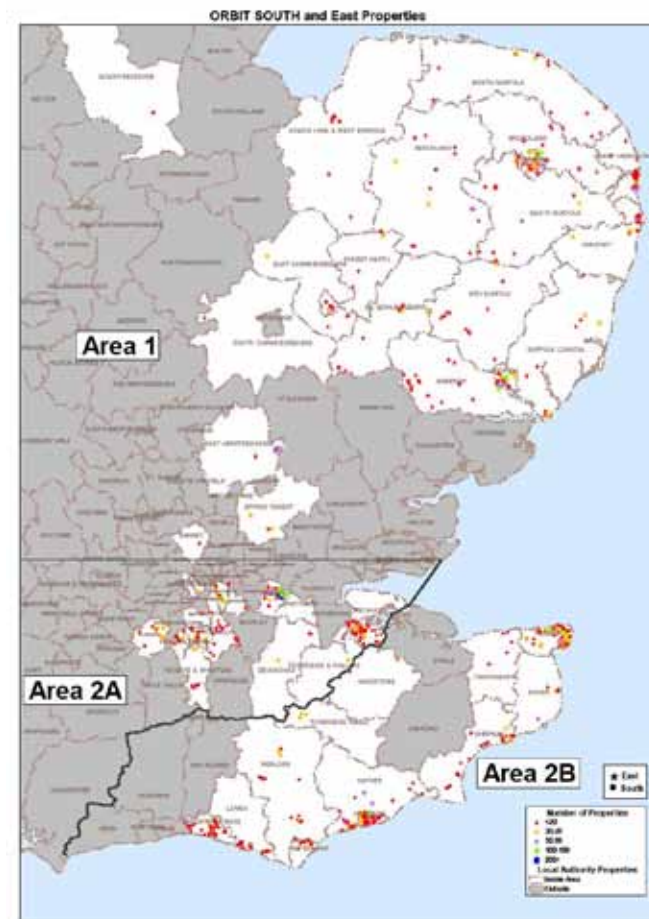
Response & Void Property Maintenance	
Repairs	40,500
Voids	1,100
NICEIC tests	1,540

Internal Refurbishment	
Rewires	600
Central heating	150
Kitchens	900
Bathrooms	360
WCs	120

MITIE has committed to employing one apprentice for every £1m turnover, and providing a community fund of 1% of turnover per annum for a range of projects along with work placements, DIY workshops and other training and support for local people.

The RMI areas

Area 1 commenced in April 2011 and the plan was to mobilise areas 2a and 2 b in April 2012 however due to the success of Area 1 the team agreed to mobilise Area 2a 6 months early in October 2011 to maximise the benefits of the new arrangements.



1. What is innovative about the service provided?

The aim of the contract is to:

'Deliver a resident focussed service that meets and exceeds all the targets set and is regarded as amongst the best in the sector.'

There are three key ways in which this contract can be seen as innovative:

1. The use of best practice in the development and delivery of the partnership and a shared commitment to continuous improvement.
2. The scale and type of the employment, training and community benefits being delivered.

3. The partnership utilises a 'cost per property' model for all household repairs and fixed rates for planned improvement works. This will develop into an 'open book' arrangement with efficiency savings shared between Orbit & MITIE.

In order to shape the initial requirements for the service, Orbit researched best practice and incorporated this into the partnership contract conditions. Orbit also stated clearly that they wanted to work with a Service Provider to propose and develop innovations to improve all aspects of the service.

The term of partnership was chosen to demonstrate Orbit's commitment to long term sustainable, quality services and investment to achieve our ambitions.

A culture of service improvement has been promoted amongst all those involved in the service so that there is continual challenge to improve, innovate and work together on delivering the new ideas to improve customer experience.

In order to achieve this aim, it has been recognised that high quality staff at all levels will be employed and that there will be significant investment in training and development.

The best practice ideas developed through this partnership will be of benefit to other contracts operated by Orbit and MITIE, enhancing the reputation for both together with financial and community benefits.

To further enhance the service improvements and partnership working MITIE and Orbit staff will shortly be sharing a central office where the key personnel from each team will be able to further develop relationships to ensure efficiencies and best practice are maximised through the life of the partnership

We believe that whilst the partnership is still in its early days there is much to celebrate and share with other organisations at this stage. It is not so much that any specific part of the partnership itself or the delivery of it is radically different from others in the sector it is the systematic way in which the 'best bits' have been used and improved on and the commitment from all parties to deliver a best in sector service for residents. The length and value of the partnership provides an opportunity for the team to develop and grow a single identity with shared values focused on providing the best service possible. All parties have great ambition for the success and further development of the service and its expansion to other areas.

Deciding on the length of the term and the scope of the contract

This contract, one of the largest in the social housing sector for repairs and maintenance presents an almost unique opportunity to develop and deliver best practice services in a post Decent Homes era.

In the spring of 2010 Orbit carried out a review of their existing repairs contracts. At the time repairs were delivered by 5 different contractors on different contracts of varying lengths with different price structures and specifications. This led to difficulties for the client team in administering the contracts and more importantly in ensuring that all residents received an equally high and consistent standard of service. The programme of improvement works to achieve Decent Homes had also been largely completed; therefore it was time to come up with a new way to deliver the repairs, maintenance and improvements.

Orbit itself was also going through a period of significant change merging what had been two separate organisations (Orbit East and Orbit South) into one association with one governance structure and a requirement to streamline the service over a large geographical area.

The decision taken was therefore to consolidate the service and procure all the requirements in a single contract with the potential for it to be delivered by a single provider:

Orbit's aims were to:-

- Achieve consistency in the service
- Achieve best value and economies of scale
- Streamline the service and delivery teams
- One stop shop for residents
- Allow more time for staff to be customer facing
- Adopt a simple price framework to reduce administration

The contract was procured initially as three geographical lots and three categories of work. Bidders were given the opportunity to apply for one or a combination of lots. MITIE's offer based on a price and quality evaluation was selected to provide the full range of service across all areas.

Staff and the residents on the selection panel were impressed with MITIE's commitment to high quality, community sustainability and their values which closely matched those of Orbit.

End to end reviews

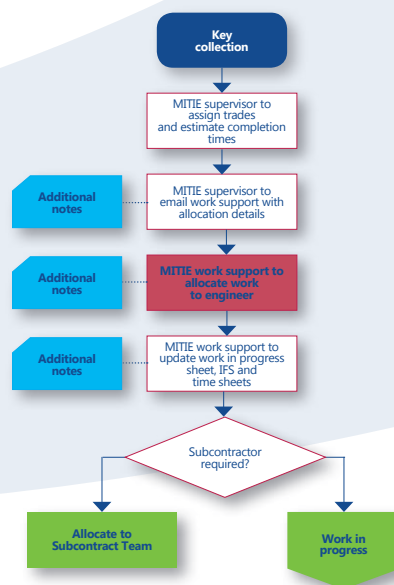
The ethos of continuous improvement and improving performance is central to the partnership. There are a number of mechanisms that were set out in the initial contract as part of the TPC 2005 conditions including a performance

management framework, incentives for achieving target performance levels, use of performance improvement groups, core group mechanism and annual value engineering and workshops.

At the very start of the mobilisation in January 2011 a programme of end to end process reviews was started, putting into reality the commitments to continuous improvement from the outset and at the core of the service. Much of the processes have used expertise from MITIE on the systems thinking approach which works by first understanding the 'purpose' of the service from the customer's point of view. It is an approach that MITIE have used in contracts with other clients with great success. The first service to be reviewed was the delivery of the repairs service and from that has come some significant changes in how the service is delivered.

Some of the significant changes are -

- Repairs are now delivered by a dynamic scheduling system to ensure that jobs booked are completed on the agreed appointment date, limiting the risk of deferrals. The system allocates one job at a time to operatives so that overruns are minimised. Operatives assess the time required to complete the works when arriving at the residents home and then contact the operations team to confirm the timescale, this ensures that the job can be done at first visit, and if the works are likely to take longer than planned another operative is allocated to the next appointment to limit the need to reschedule appointments later in the day.



- Communication introduced to reduce no access cases and ensure all operatives time is productive by phoning the resident 20 minutes before the operative arrives on site to ensure they are at home.

- All the processes once agreed are recorded on electronic commissioning hand books that are available to all operatives and staff.

Maintaining our decent homes

A second major review has been how to integrate the repairs and improvement service and to ensure that there is a partnership approach using all team members' expertise. All Orbit home's met the Decent Homes standard by December 2010 so the requirement is now to carry out planned maintenance and component replacements to maintain homes to a new high standard and implement phased improvements as they become necessary. The partnership set the requirements for delivering the internal improvements required in a way that integrates with the repairs functions. The Orbit and MITIE team have 'rolled their sleeves up' and process mapped the whole improvement process from setting the programme through to completing the improvements. What is notable is that this was done as a joint exercise rather than being the responsibility of one party alone, demonstrating the team are committed to finding the best most effective and efficient solution.

Some of the key benefits of this approach are:-

- A common supply chain for components used for repairs, voids and improvements.
- The ability to manage the peaks and troughs in requirements by switching labour resources if required.
- A single point of contact for the client for defects and post improvement works
- Focus on longevity and sustainability of materials rather than cost.
- Minimising repairs to properties by implementing 'Just in Time' replacements
- A focus on planning and programming based on data from many different sources to provide a full picture of the future requirements which will lead to fewer repair works and the high attendant costs.



“

The model will establish our best and most innovative ideas to improve services to achieve excellence for our customers. It encourages the people responsible for delivery to develop real operational strategies and build these into tangible measures for improvement.”

*Vivien Knibbs, Managing Director
Orbit East and South*

Service Delivery Framework

The service delivery framework is a model developed to assess whether the partnership is delivering on a number of key indicators measuring the success of the partnership, relationships and achievement of common objectives. Assessments are carried out by the whole team and action plans developed to work towards achieving the Orbit Optimum Standard and industry best practice.

The items measured are; the partnership Strategic Direction and Leadership; Team Collaboration and Communication; Customer and Stakeholder Consultation; Service Sustainability; Financial Management; Value for money; Workflow; IT Systems; Quality Assurance; Performance Monitoring; and Empowerment. The first workshops were held in October.

Price Framework and profit related payment mechanism

One of the key objectives of the contract is to have a price framework that is transparent, provides value for money and minimises the administration processes.

This has been achieved by using a price per property for repairs, not a new feature in the sector but the experience of others has been used to craft a minimal list of exclusions. To date there has been no need to discuss what is in or out of the price per property, a discussion that has caused much disagreement and ill feeling on contracts in the past. Improvements and 'major' voids are paid on a schedule according to property type and the minor voids will move to an average cost per type during 2012. MITIE's overheads are paid separately minimising the risk of failing to deliver services due to lack of effective infrastructure.

The great advantage of a price per property fee for a client is that there is an inbuilt incentive for the contractor to get it right first time and to keep the number of visits per property to a minimum.

Use of IT and Integration

Repairs are ordered by the Orbit Group Customer Service Centre and transmitted electronically to MITIE's system, completion dates are entered onto the system by the operatives via their PDA's and this is in turn transferred back to the Orbit systems to enable real-time management and performance monitoring. As well as the electronic transfer of job information and completion dates the interface also provides the exchange of diary information meaning that users can view progress of a job at anytime.

MITIE will receive a single monthly payment for all work carried out. The Orbit IT systems generates a valuation based on all the orders at 'ready for payment' status, this is then sent to MITIE to raise an invoice for that amount and 1/12 of the cost per property, overheads and calculated profit margin.

There is no need for client side staff to spend unproductive time checking invoices and approving payments as this is done automatically and has led to significant efficiencies.

PDA's are standard issue for MITIE operatives and Orbit's surveyors and front line staff have all been issued with iPads providing a full mobile working solution.



Recent developments

Mobilisation of the East Anglia region was so successful, for many of the reasons described above (the will to jump straight in and get started and the common aspirations of all parties for it to be a trailblazing partnership) that Area 2a covering Bexley, Chatham and Redhill (6350 properties) has been mobilised six months early giving residents in these areas the benefit of the enhanced services and employment and community opportunities earlier than originally planned.

The Partnership has now finalised arrangements for joint accommodation for both the MITIE and Orbit management and administration teams. A

total of 40 staff will be coming together enhancing collaborative working and building positive relationships for the benefit of the partnership and residents.

The future

The service improvement process does not stop once the end to end reviews and all the electronic commissioning handbooks are in place. The plans for 2012 are already in place and being shaped.

The scale and type of employment, training and community benefits that are being rolled out

Community benefits

1% of the partnership value of turnover is being given back by MITIE for community benefits equating to approximately £150,000 per annum. The commitment to provide a specific amount annually for community benefits will provide benefits to the wider areas beyond those residents who directly access the repairs and improvement services. MITIE is working closely with Orbit's community and regeneration team to develop the most effective way of delivering this commitment and the innovation here is that through the ongoing nature of these projects will make a real difference to the lives of Orbit residents and the wider communities either through physical or social benefits.

There are three levels of projects:

- Small projects of up to £1,000 that resident groups can bid for;
- Medium sized projects of up to £25,000 also bid for by residents and delivered with assistance from the Orbit surveyors;
- Legacy projects – large physical project that will benefit not just Orbit's residents but also the wider community.

Provision of training and employment opportunities

Offering employment and training opportunities is common practice on many repairs and improvement contracts. What is innovative about this contract is the 'ride along programme'. The empty seat in an operatives van is offered to a resident who is interested in an apprenticeship / employment. The residents can see first-hand what the job entails whilst they are still in receipt of their Job Seekers Allowance. It allows MITIE to see whether the person is going to have the necessary work ethic and behaviours to be successful in the apprenticeship scheme. A selection process takes place and a number of residents receive an offer of an apprenticeship – in reality those who feel the job isn't for them usually make that decision themselves in the early stages.

MITIE will also hold DIY workshops and community days to assist residents in some basic household first aid, repairs, decorations and improvements.

MITIE's commitment is to provide each year for 15 new or on-going apprenticeships directly targeting local Orbit residents. **Seven** residents have been recruited to date and more will follow as we continue to mobilise the partnership.

Current performance and measurement

MITIE is the best performing contractor currently working for the Orbit Group, based on customer satisfaction and completion of repairs in target. They have improved the customer satisfaction rating by approximately 6% in East Anglia since they commenced delivering the services in April 2011. We have also seen improved 'right 1st time' and 'appointments made and kept' performance compared with our previous contracts, which we believe is due to the dynamic scheduling system and collaborative working we have implemented.

Performance is continuing to improve as the partnership matures.

Performance is measured by a suite of KPI's that are set out in the 'performance management handbook'. It contains all the definitions, the calculation, methodologies and targets for the next 5 years. This formed part of the Invitation to Tender documents so that contractors bidding were aware of Orbit's initial targets for the partnership.

A significant number of the KPI's are linked to MITIE's profit valuations which creates a real incentive to provide the very best services possible. The conditions state that if MITIE meets or exceeds the profit linked KPI's, a performance bonus will be paid of up to a further 20% extra profit.

We are delighted with the performance of the partnership to date, MITIE have achieved 8 out of the 10 repairs targets set.

Report	Target 2011/12	Score achieved	Target met or exceeded
Resident satisfaction - overall service	84.0%	86.7%	✓
Resident satisfaction - standard of work	93.0%	92.2%	
Resident satisfaction - work area tidy	93.0%	96.8%	✓
Resident satisfaction - conduct of service provider	93.0%	96.3%	✓
Right first time	80.0%	84.5%	✓
Speed of response - emergencies (As and AAs)	99.30%	99.2%	✓
Speed of response - urgent	87.0%	96.4%	
Speed of response - routine	97.5%	98.3%	✓
Void period - minor works	14.0	12.4	✓
Void period - major works	28.0	28.0	✓



2. The benefits

The client

Orbit East & South, now working with one service provider (MITIE) can ensure service improvements and changes in processes will be easy to implement and agree. The service reviews to date have produced real progress and achievement amongst the team.

The improvement in performance in the areas where the partnership has been mobilised has been significant, with customer satisfaction ratings increased by 6% in the East.

The move to working with one service provider fits nicely with the recent re-structuring of Orbit East and South Property Services team. It has had a positive effect on their development as a single team, providing a consistent approach with a local focus through the three local area teams led by Maintenance Managers.

A new small central administration team and manager has been set up which is a change from locally based administrative support. This is focused on further improving the partnership and providing an expert administration team with sustained commitment to the service excellence ethos.

The price framework gives cost certainty, perfect for our finance team; it is easy and quick to administer payments so the technical teams can focus on important things like quality of service, customer enquiries and satisfaction.

Transparency of improvement costs through use of pre prepared payment sheets covering all items and composite rates agreed for each property and work type.

Client side surveyors have been issued with iPads that link directly to the repairs and maintenance system so that they can access all information when they are in the field – including reviewing job progress, raising new orders and making appointments. The introduction of these mobile devices have also enabled our surveyors, customer service and neighbourhood teams to manage resident interaction through the 'customer relationship module' of the IT system, which records all contact with residents and tracks progress on enquiries.

The move to shared office space with MITIE will provide further opportunities for close communication and joint working to streamline the service and improve quality of service delivery.

The contractor

“What we like is that the Orbit team is really prepared to work with us to streamline processes in an open and honest manner.”

*John Lewthwaite, Regional Partnering Manager
MITIE*

The shared goal of making this contract an exemplar contract in the social housing sector and developing a best practice reference model is a real positive for MITIE.

The commitment to joint client / contractor systems thinking / end to end reviews

A long term contract with assured cash flow over 10 years or more and the community investment this length of contract has allowed us to make clarity over targets and expectations as they were set out in the contract documents.

The rewards/incentives that can be gained for meeting and exceeding targets.

Price certainty as set out in price framework and a simplified single monthly invoice payment process.

The opportunity to work with the residents and clients to improve performance and productivity over a long period.

The move to shared office accommodation exemplifies true partnership working”.

Residents

“A massive thank you for organising the fence to be replaced between me and my neighbour. I really appreciate the effort that Duncan, the MITIE operative went to - he was quick and polite and the standard of the work is very good.”

Miss Rigby, Orbit East Resident

Service delivery

Residents have been involved since the start of the partnership playing an active part in the selection of MITIE during the tender evaluation period as equal stakeholders and now sit on the Management Teams for the three regional areas.

Right first time and first time fix at the appointed time

–Tenants can be confident that repairs will be done at the appointed time. This is also evidenced by the rise in customer satisfaction since April in the East.

Employment and training benefits

MITIE's commitments are:

- 15 residents per annum employed/on training schemes
- DIY- commitment is to deliver at least 2 workshops in each of the three areas per annum.
- Work Placements – minimum of 24 weeks per year

To date 7 Orbit residents have been given employment.

- David 21, recently taken on as an apprentice plumber in Norwich says, *"I feel overwhelmed to be given this opportunity as I wasn't sure I would get it. I knew I had a good knowledge of the trade but there were a lot of candidates and I didn't know what they were like. The supervisors have been great – really helpful and to the point."*
- Callum, 17 who has been taken on as an apprentice electrician says, *"It's been really refreshing to be out and about helping people."*
- Alex, a slightly older resident was also taken on to work in the Orbit East area. He had completed some training as a plumber but was out of work for quite a while. Alex said, *"I'm very pleased and excited to be given this opportunity at my age to finish my training as a plumber. MITIE are a very good company to work for and I hope I can stay on after my training and continue to work for them as I am really enjoying my role. I would also like to say thank you to Orbit for helping to set this opportunity up for me in what had been a very difficult time in my life."*



Neighbourhoods

With 1% of turnover committed to Community Investments the benefits of the partnership extend far beyond those receiving repairs and those who are lucky enough to gain employment. As described above, residents have the opportunity to bid for community grants for schemes or work. The first projects planned are to benefit residents living on estates in Great Yarmouth and Wooten where there are homes but no facilities for the children to play. A whole governance structure, bidding and delivery process has been developed to ensure that the funds are allocated in a fair way that reflects resident's priorities. The commitment to carry out at least one legacy project a year for the next 10 years will make a considerable difference to the neighbourhoods where Orbit residents live.



3. The financial costs and cashable benefits

Savings through re procurement

The initial procurement savings have achieved an estimated saving of 13.8% on the 11/12 budget. On this basis if the budget remained the same over the next 10 years savings would be £35 million. The streamlining of the client side administration functions due to the new price framework mean that 3 fewer client administrators are needed for the contract resulting in a saving of approximately £75,000 per annum. The reduction in the administration of invoice processing has also produced significant savings, an estimated £25,000 per year.

Cashable savings and benefits (£) pa	
Community benefits	£150,000
Contract sum savings	£3,500,000
Client administration saving	£100,000
Total financial benefit	£3,750,000

All the costs of IT integration, new accommodation and employment and training initiatives were included in both Orbit's and MITIE's original budgets and there are no resulting additional costs.

Costs per property /value for money

The average cost per property for all repairs and internal improvement works out at an average £1000 per property per year with the annual basic cost per property for repairs paid to MITIE being less than £200 - far below the HQN average quoted figure of £360 per property per year.

Non cashable benefits to date

The workload of the Orbit technical team has been reduced, for example MITIE are now responsible for all void property pre work inspections which enables surveyors to focus more on the quality of the service and to be more customer facing. In addition they are being given responsibilities to deliver minor improvement schemes working closely with local neighbourhood teams, residents and forums.

Providing employment for 15 apprentices a year with the saving in benefit payments and enabling them a future and career.

4. An example to be followed by other organisations

There are many features of this partnership that can be shared with other organisations in the housing sector in particular :-

- The way of delivering the community projects using an annual investment fund in an efficient and effective manner.
- How to work together to carry out end to end reviews and the service delivery framework process.

The reason for the successes to date is that the aspirations for the partnership, outcomes and the performance targets were clearly set out in the contract documentation.

The length of the term offered, demonstrated clearly to the marketplace that Orbit were prepared to make a long term commitment and this is clearly a factor that has been critical in the positive outcomes to date.

The determination of the whole partnership team to undertake a programme of service improvement from the outset and not have a 'mobilisation holiday' has certainly helped in delivering the benefits to date.

MITIE's experience in developing a 'systems thinking' approach has also been of great benefit to the teams and interested parties would be recommended to review this approach as a way to bringing about service improvement.

The offer of a 1% community fund, community initiatives and apprenticeships has also been of great benefit and will see significant improvements made to the families and communities we serve over the next ten years.

If you're interested in the approach and progress of the contract please contact:

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