

Bulletin

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Maintenance Forum

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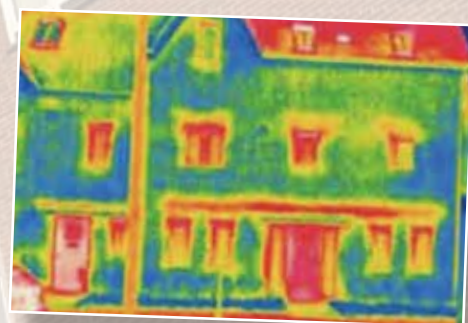
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Welcome

Liz Circuit, Deputy Secretary (National Housing Maintenance Forum)



The UK's economic climate at the start of 2012 was not significantly different to that of 2011. However, it does feel tougher because of the realisation that it will not improve quickly. We have gone from hearing that, regardless of the urgency of the project there simply wasn't the funding, to knowing twelve months later, that there is still no money available. This means we have to respond in two quite different ways simultaneously.

On the one hand, we have to go back to basics and make sure our current operations are as efficient as they can be, while on the other, we need to be strategic, forward thinking and more innovative than ever before. Both demand the investment of time, which is the recurring theme of the articles in our NHMF Bulletin this year.

Project management begins with a clear objective and a certainty as to where the project sits in the triangle that balances the constraints of time, cost, and quality. If you are pressed for time you are more likely to spend money. Therefore, if you have less money, you must spend more time planning and researching to achieve your objectives within budget.

In this NHMF Bulletin our contributors urge us to invest time in the procurement of contracts and to involve stakeholders. They require us to examine the opportunities associated with the Green Deal, new technologies and performance management, and to minimise risk.

In contrast to project management, organisational management is a more fluid juggling act where the balls are time, money and people. Delegates attending NHMF training days usually conclude that the success of a

responsive repairs contract is heavily dependent on the people involved, underpinned by effective communication between both the individuals and teams. It takes time to gather the skills and information required to meet the objectives of the tender process.

Looking forward to 2013, the NHMF plans to continue to provide senior maintenance professionals with opportunities to share their skills and expertise to ensure that the basic standard of service is as high as possible. As well as hosting the ever-popular NHMF Maintenance Conference in January 2013, we are widening our horizons by:

- setting up an NHMF Contractor's Forum to provide a vehicle to explore new approaches to the procurement and management of contracts
- working with the CIH supporting the new event 'Homes 2012'
- launching an NHMF study tour to Europe
- running regular NHMF training days

We have developed very good practice in housing maintenance over a long period. It is important that we continue to build this resource through encouraging each other to view things from a different perspective. Conferences and training days provide the opportunity to hear from experts in relevant fields, to share knowledge and information, but above all to test ideas with colleagues who have practical experience in building maintenance.

On behalf of the NHMF I would like to thank all our contributors for their time spent preparing these articles for print and for sharing their views and expertise.

The National Housing Maintenance Forum (NHMF) promotes best practice in maintenance and manages the development of the M3NHF Schedule of Rates. For more information visit www.nhmf.co.uk



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Can we deliver affordable warmth?

David Orr, Chief Executive (National Housing Federation)



and damp to health and life, and creating jobs.

The social housing sector is already building on the excellent foundation it laid through the Decent Homes Programme (DHP) and striving to implement new aspirational energy efficiency programmes that will deliver affordable warmth. To list just a couple in what could be countless examples - the Gentoo Group is successfully piloting Pay As You Save (PAYS) schemes with its residents and Affinity Sutton's FutureFit programme is delivering low carbon refurbishments and energy lifestyle advice to reduce the bills of more than 150 households. Housing associations have a great desire to do more of this work and are constantly looking for new approaches that will facilitate it.

They are eager to use their expertise and supply chains for the Green Deal - the Government's flagship policy to improve the energy efficiency and reduce the bills of existing homes by repaying the upfront cost of works through energy savings.

In fact, if the Green Deal is really to take off and live up to its potential in delivering affordable warmth the Government needs to facilitate strong engagement from the sector for reasons of:

- Opportunity: there are over 4 million homes in the sector, 20 per cent of England's housing stock. Housing associations are substantial, professionally managed organisations, with a track record, above all through the DHP, of managing large scale improvement programmes. While on average social homes are more energy efficient than other tenures, there are still 1.2 million homes that could be further improved. The scale and concentration of stock provides the opportunity for economies of scale that could result in substantial reductions in carbon emissions and fuel poverty.



- Need: according to the latest Government figures (published 2011, but measuring 2009), 762,000 social households were in fuel poverty - a higher proportion than in any other tenure. With the spiralling gas and electricity prices it is clear the problem is only widening and deepening.

Recently there have been some positive developments showing that this is being to some extent understood and Federation and sector concerns around the initial Green Deal proposals are being listened to. Access to ECO subsidy, which will be vital in assisting with Green Deal programmes, has been significantly widened for the sector. The ECO pot focusing on expensive hard to treat properties will now include property types that are well represented in the sector. Sections of ECO targeted at alleviating fuel poverty will also now be partially accessible to the sector. In the wake of detailed discussions between Department of Energy and Climate Change (DECC) officials and the Federation, some of the overly-bureaucratic Green Deal provider arrangements and consumer protections have been amended and simplified.

Despite these positive steps, more still needs to be done to ensure the final policy better reflects the distinctive characteristics of social housing and its residents. Without this it will be much more difficult for the sector to take advantage of some of the natural incentives it has to offer in getting significant programmes of work under way. Unnecessary bureaucracy and costs will jeopardise projects where economies of scale could have been created. We are proposing some slightly separate processes around assessment, consent, installation and payment that, despite being relatively minimal in nature, could have a big effect in the numbers experiencing affordable warmth.

With simple changes such as these, together with a supply of low-cost finance and fair access to the £200m Green Deal incentive funding, social housing is eager and ready to build on its positive track record and deliver more affordable warmth under the Green Deal.

“the cheapest energy is the energy we do not use”



The Green Deal

Greg Barker, Energy & Climate Change Minister (DECC)



For the Coalition Government, tackling climate change, securing our future energy supplies and making an ambitious transition to a low carbon, high growth economy is an urgent and vital task.

Energy efficiency lies at the very heart of our strategy. It means being smarter about the energy we use – making the most of a precious resource and eliminating waste.

As families and businesses face rising energy bills, the cheapest energy is the energy we do not use. Growing numbers of families and households are struggling to pay their energy bills. We estimate this year up to 4.1m households will be in fuel poverty in England alone.

On top of this, the UK building stock is among the most inefficient in the world and responsible for 43 per cent of total UK emissions in 2009. Homes and businesses across Britain are wasting energy and money yet demand for energy efficiency measures remains low, as many people cannot afford the upfront costs or lack confidence in the quality of the work.

This is where the Green Deal comes in. It will be the biggest home energy improvement programme of modern times addressing the urgent need for a step-change in our approach to energy efficiency in existing domestic and commercial buildings. This will be critical to meeting our carbon emissions and fuel poverty targets.

The vision for the Green Deal and the new Energy Company Obligation (ECO) is an ambitious and far-reaching one. It is a world where the UK leads with a dynamic new energy efficiency market where the consumer is in charge, with nationwide brands, local businesses and community organisations competing to deliver the best proposition for the consumer. Under our plans, the Green Deal and ECO will support more significant energy efficiency improvements that have not been promoted before, and support green investment and economic growth. The results will be cosier, warmer homes with lower emissions and fewer families in fuel poverty.

To make sure the Green Deal gets off to a flying start, we need to ensure three things. Firstly, that we have the demand there in the first place, so we are making £200m available when the Green Deal starts to provide introductory offers. Our legislation also provides a voice for residents living in poorly insulated, draughty homes or operating from energy inefficient businesses. We will get tough, so that by 2018 the poorest performing rented housing and business stock is brought up to a decent energy efficiency standard. This will provide another market for installers.

Secondly, that consumers can trust in the service and products. Trust is important when it comes to having work done in homes, so consumer protection will be built in from the word go. There will be proper accreditation, a quality mark and insurance-backed warranties to prevent against rogue traders.

“The Green Deal will be a bigger national effort than putting on the London Olympics”

Thirdly, that the very organisations which have grass roots knowledge of homes and communities, like social landlords and local authorities, are working in partnership with the private sector.

We want to see more collaborative working, not just between Green Deal providers and local authorities but neighbouring councils working together, charities, voluntary organisations and community groups getting involved to come up with innovative solutions to rolling out energy efficiency on a street by street basis.

The Green Deal will be a bigger national effort than putting on the London Olympics. Just as the Games are closing in the summer, we will be getting ready to kick-start an energy efficiency overhaul of homes and businesses across the country. It is an exciting time in the world of energy efficiency, and we are on the brink of a revolution to make homes across the country cheaper to run, cosier to live in and ultimately fit for the future.



What's on the policy horizon for housing management and maintenance?

Michael Clegg, Head of Existing Stock (Homes & Communities Agency)



The Green Deal

With Decent Homes under the belt for many in the sector – at least as a catch-up programme – the attention of asset managers and directors of housing has turned

to improving the energy efficiency of stock as the next big challenge. This chimes with Government thinking where fuel poverty, notably through the Hill's Fuel Poverty Review, and energy efficiency, in the shape of the Energy Act 2011, are key elements. The Government's approach, though, is very different to that seen with Decent Homes. Changes relating to energy efficiency within regulatory standards are unlikely, as is capital funding to support works. Instead, the Government's main mechanism for delivery is the Green Deal version of pay-as-you-save, with the Energy Company Ob-

ligation, as a replacement for CERT (Carbon Emissions Reduction Target) and CESP (Community Energy Saving Programme), embedded within that.

Bodies such as the National Housing Federation and Local Government Association have pressed DECC on aspects of the design of the Green Deal, in particular to recognise where the asset management skills and interests of a social landlord can simplify Green Deal delivery to tenants, and DECC is considering responses to its consultation. More generally, it is clear that Government is most interested in creating markets and in innovation from the bottom-up to achieve energy efficiency objectives. Green Deal finance is one element of this, but in some circumstances other solutions might be right, such as integrating energy efficiency works into existing asset management programmes, complemented by bespoke finance mechanisms such as retrofit guarantee funds alongside Pay As You Save structures.

The Government Construction Strategy

Meeting the Government's environmental goals will mean embedding low carbon construction in capital works. Low carbon construction itself represents one of two planks in the Government's approach to an effective and efficient construction industry. The other is reform of procurement across the wider public sector, to create a more consistent and intelligent client. HCA and DCLG both sit on the Government Construction Board overseeing delivery of the Government Construction Strategy, and this is an agenda which will have a significant impact on social landlords in the next few years, both for new build and for works to existing homes. Government is looking for significant savings – 15 per cent to 20 per cent across departments – achieved in ways which allow for a healthy and sustainable contracting industry. Cost-led

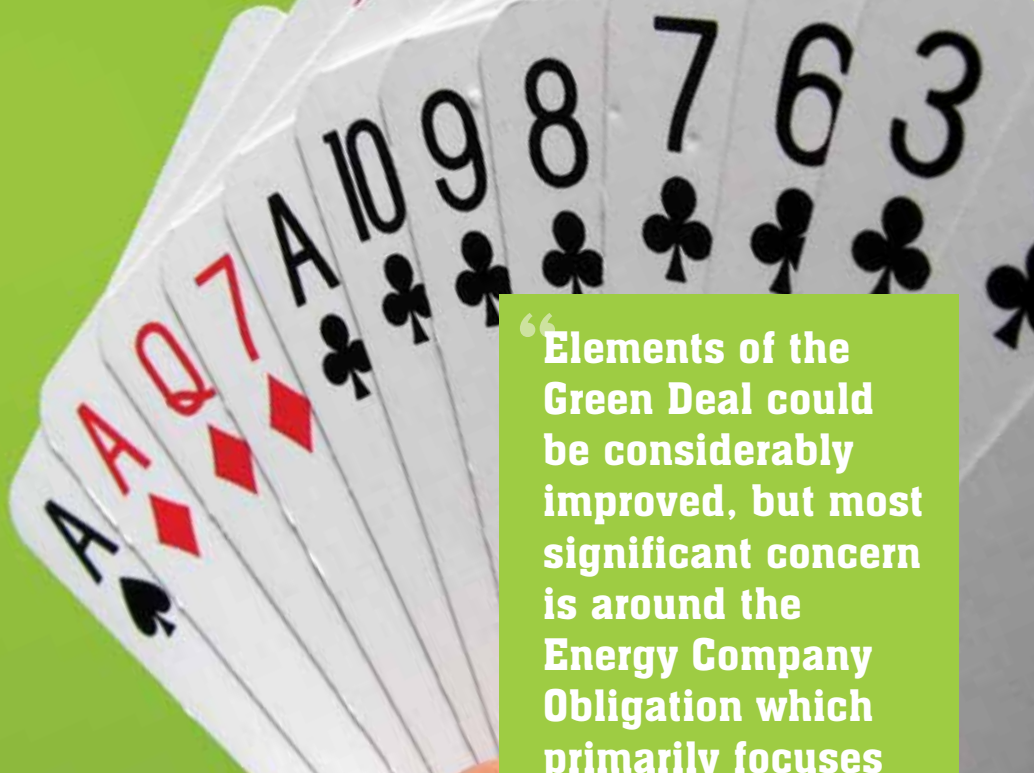
procurement, supply chain integration, and building information modelling are all ideas in the frame.

The housing sector already has a good story to tell. The network of procurement consortia established under the Decent Homes social housing efficiency programme, and listed on the HCA website, continues to deliver impressive savings as well as wider social benefits, as do other sector specific procurement organisations. The current challenge is to bring average performance towards that of the best.

“With Decent Homes under the belt for many in the sector, the attention of asset managers and directors of housing has turned to improving the energy efficiency of stock as the next big challenge”



Deal or no deal?



“Elements of the Green Deal could be considerably improved, but most significant concern is around the Energy Company Obligation which primarily focuses on solid wall measures”

Andrew Eagles, Managing Director (Sustainable Homes)



The Green Deal policy, which allows consumers to have energy-saving measures installed in their property at no up-front cost, is expected to trigger the take-up of energy efficiency measures in 14 million homes by 2020, generate

£7bn of investment annually and create as many as 250,000 new jobs.

The Energy Company Obligation (ECO) is expected to provide around £1.3 bn/year of additional support. 75 per cent of the subsidy is expected to be assigned to energy efficiency improvements for “hard to treat”, largely solid wall homes. The remaining 25 per cent of the ECO subsidy is assigned to “affordable warmth”. The consultation showed an intention to restrict associations from access to the “affordable warmth” element (25 per cent) of the ECO fund.

“The Green Deal is a significantly interesting prospect”

Elements of the Green Deal could be considerably improved, but most significant concern is around the Energy Company Obligation which, at the time of writing, primarily focuses on solid

wall measures. It may be that a large subsidy for a measure, which is often likely to go to the “able to pay”, is not as efficient as focusing more on fuel poverty and the hard to reach. There are also issues of consent in housing blocks and potentially unnecessary regulatory requirements for registered providers looking to become Green Deal Providers.

Despite these issues the Green Deal is a significantly interesting prospect. It is likely to pull millions of pounds of private sector investment into an area that needs focus – reducing fuel bills. In the process, with the right marketing and protections, it has the potential to ignite interest in energy efficiency in the homes. Affordable housing providers have an opportunity to be a part of this, at the least helping to galvanise interest. Now that might be a deal worth investigating.

When is this going to happen?

November 2012 is the kick off and from this date affordable housing residents may receive calls or pamphlets offering green deals. Organisations may already be asking registered housing providers if they would like to partner to provide the green deal service.

What part could registered providers play?

Registered housing providers could take a range of roles in the Green Deal:

a) Becoming a Green Deal Provider

The Great British Refurb campaign found that the Green Deal was attractive at around 4.5 per cent APR but people lost interest as the APR went up to around 7.2 per cent. Due to their strong financial standing and credit rating, housing associations and local authorities can raise finance at more attractive rates than the private sector leading to greater uptake.

But becoming a provider also brings a number of risks and liabilities. Energy efficiency is not always an easy sell: good marketing and

attractive incentives will be vital and could be costly with uncertain returns. Green Deal providers many need to take on the default risk with Green Deal charges. They will also be liable for any guarantees and warranties put in place.

b) Providing the Green Deal Service in partnership with others

Associations might like to assist in marketing the Green Deal. Having a trusted name of a local housing association may help to increase uptake of a Green Deal offer.

Alternatively housing associations could assess homes or install measures in properties. Associations often have supply chains in place to carry out works and the Green Deal may be an opportunity to grow this aspect of their business. One advantage of this approach is that associations are able to maintain more control of the information about their homes and the measures implemented.

c) Delegating to other providers

We are also seeing a number of associations saying to us that they are not currently looking at the Green Deal as a business opportunity. These organisations are not looking to play a part in delivery of the Green Deal service or measures undertaken through the Energy Company Obligation. It may be that the extent of their involvement is an assessment of the potential Green Deal providers in their area and accepting them as their providers.

Housing associations and local authorities have a range of options. Whichever your approach two things are certain; all organisations will need to clearly communicate the Green Deal and the improvements provided to their residents, and have a strong understanding of your housing stock including the geographical spread, type, age and liability of having void homes.



Delivery: the choice is yours

Andrew Millross, Partner (Anthony Collins Solicitors LLP)



The TSA's single conversation identified repairs as the top priority for residents, with "decent homes" work coming in as a respectable third. The demise of Connaught, Rok and Kinetics, coupled with the 20 per cent VAT rate, has encouraged housing organisations to reconsider their maintenance arrangements. So what are the options?

In-house maintenance operation

It normally makes business sense not to out-source core business. Running your own DLO or in-house maintenance team gives maximum control, but this comes with the practical and financial delivery risk - responsibility for health and safety, and ensuring that all registrations (e.g. Gas Safe and NICEIC) are maintained.

Control over recruitment enables you to create jobs and training opportunities for local people, subject to following equality law and any TUPE transfers from previous contractors. TUPE and pensions costs and risks should be assessed before setting up a new DLO.

A DLO based in a subsidiary must carry out 90 per cent or more of its work for the housing organisation or others within the group. If not, the contract with the DLO must be tendered via OJEU. No such restrictions apply to work for other housing organisations when the DLO is based in the housing organisation itself. VAT grouping must also be considered where the DLO is in a separate organisation.

Shared services arrangements

European case law allows housing organisations that are not in the same group structure to set up a shared DLO without tendering this via OJEU. This can make a shared DLO viable for smaller housing organisations.

With these arrangements, you should consider:

- Which housing organisation will have day-to-day control over the DLO and which decisions will need wider approval
- How central costs such as finance, HR, IT and legal are apportioned

- Whether any surplus will be shared or retained
- Whether the workforce will be employed by the DLO, seconded, or have joint contracts of employment
- VAT (pending the new VAT "shared services" arrangements)
- Withdrawal options, e.g. if the arrangements no longer represent value for money.

Contractual joint venture

Insufficient experience of running a DLO has encouraged some housing organisations to buy-in external support. This could involve:

- A management services contract where the contractor is not responsible for the DLO's overall performance, only for the services they deliver, or
- A contractual joint venture, where the contractor has some responsibility for the DLO's performance

Setting up a contractual joint venture requires detailed negotiations, usually within a competitive dialogue process, regarding:

- The control the contractor requires in return for accepting responsibility for the DLO's performance
- KPIs and how performance is to be assessed
- Risk allocation, including balancing the risk passed to the contractor with the reward given

Joint venture organisation

Here the housing organisation and a contractor create a joint venture organisation ("JVO") to deliver maintenance.

The governing documentation for the JVO, the maintenance contract with the JVO and the management contract between the contractor and the JVO are all agreed through an EU procurement, invariably using the competitive dialogue procedure. The JVO is 'for profit', so not subject to OJEU for its purchases. In order to form a VAT group, so as to save VAT on labour costs, a registered provider must have control over the JVO.

Key issues to be considered are:

- The protection given to the each party through the JVO's governance arrangements
- The payment mechanism under the maintenance contract with the JVO (price based, target cost or cost reimbursable)
- Risk allocation between the housing organisation, JVO and contractor – particularly in relation to services provided by the contractor and/or housing organisation to the JVO
- TUPE and pension costs and risks from staff transferring to the JVO
- KPIs and performance measurement
- Exit arrangements for insolvency, breach or poor performance

“Given that maintenance is your core business, how you structure it is an important decision”

External contract(s)

Whilst this option is familiar, there are still important decisions to be made regarding:

- The packaging, size and duration of contracts and/or framework agreements
- The extent to which you want a partnered (hands on) or traditional (hands off) approach
- Whether to use a price or cost (target) based payment mechanism
- How far contracts can be standardised across work streams

The choice

Given that maintenance is your core business, how you structure it is an important decision. Your choice depends on your capability and appetite to run a DLO, the size and scale of your operation, the VAT costs of external contracts compared to the set up and running costs of a DLO or joint venture, and the employment costs and risks, particularly from TUPE and pension liabilities.

Contract mobilisation

Procurement options



“Early establishment of a dedicated mobilisation team makes a huge difference to the smooth running of the project”

Paul Reader, Director (MITIE)



Effective mobilisation, implementation and transition are vital to the long-term success of any repairs and maintenance contract. Unlike refurbishment projects, getting mobilisation right first time on a repairs contract is vital as it

is unlikely you will have the opportunity to stop work and put things right before starting again.

“a one-size-fits-all approach does not make for more effective mobilisation”

In reality the beginning of the procurement process is the start of the mobilisation period. Placing the OJEU notice sets a fixed timescale and we have found the most successful mobilisations are those where the client has clearly scoped the outcomes they hope to achieve prior to placing this notice and have programmed in sufficient time for each stage of the procurement.

The actual contractor's post-award mobilisation is when the client and contractor will work together particularly closely; especially with client side specialists such as IT who may not have been involved up until this point, and who often have different line management to those procuring the repairs service.

Establishment of a dedicated mobilisation team and involvement of relevant specialists from an early stage in the whole process can make a huge difference to the smooth running of the project. We also find that getting the right people involved early on from both the client and contractor side encourages a consistent approach and creates a real sense of partnering which continues all the way through to contract delivery.

It goes without saying that planning is essential to the mobilisation process, but a one-size-fits-all approach does not make for more effective mobilisation. A good plan should be built around the client's and customers' needs, where key deliverables and timeframes are set with the client and incumbent contractor and not tagged on as an afterthought to a standard mobilisation process. Plans should also allow for an element of flexibility particularly on timescales, for example, changes to business structures may affect delivery processes and will need to be addressed before you can move on. Building a phased handover of work be-

tween the existing and new provider into your plan helps with the transition and assists in avoiding the build-up of incomplete repairs, to the benefit of residents.

TUPE also has a vast effect on mobilisation and cannot be ignored. Accurate TUPE information from the existing service provider is crucial for contractors to not only be able to price the contract effectively, but also to identify what resources are transferring and what positions they will need to recruit for. Good practice is for clients to retain up-to-date TUPE information throughout the contract term.

Finally, let us not forget the most important element in the mobilisation process: communication. It is crucial in gaining continued support throughout the project and making all stakeholders aware of the key objectives and timescales. Communication check points should be built into the mobilisation plan using the relevant stakeholder communication channels. Knowledge is power, and whether you are communicating with the existing provider, client and contractor staff, or residents, keeping everyone up-to-date at relevant stages is the key to successful and effective mobilisation.



Batten down the hatches

Alison Brown, Director (Dharl Ltd)



There are some housing organisations and procurement consultants who are leading the way in innovation and risk-based approaches to procuring maintenance services. But this is the exception rather than the norm. After

the very public collapse of a number of maintenance contractors over the last few years and increasing concerns over potential service failure and legal challenge on procurement decisions you could be lulled into thinking that organisations would adopt a 'batten down the hatches' mentality to procurement activity. In reality maintenance businesses sadly go into administration on a regular basis but just with less press coverage. Although the initial fuss has evoked some changes there are plenty of lessons to be learnt. When asked, most individuals seem all too aware of the potential outcomes of getting procurement wrong but there is still a desire to demonstrate we are off the starting blocks by getting the formal procurement process underway too quickly. So a slightly confused approach of wanting to play a 'captain cautious' role, yet still rush in.

Time is a wonderful commodity when used wisely. To help manage risk before entering into formal process, organisations should spend more time on pre-procurement activities (PPA). This can be the most challenging and most influential stage but is often the most neglected and poorly executed part of the procurement process. To make effective use of PPA organisations need to consider some key points:-



Your approach

The maturity of your organisational approach to procurement needs to be understood. The Danish Purchasing and Logistics Forum (DILF), a non political, not-for-profit based association which aims to improve the professional standard of purchasing and logistics in the private and public sector, has conducted research on procurement in the UK. Their research into reframing procurement strategies suggests it is helpful for organisations to understand the different types of sourcing and supplier value management (SVM) initiatives that they are actually using. Is the primary focus on tactical sourcing, concentrating on the delivery of contractual value; strategic sourcing, concentrating on the delivery of improvement value; or transformational sourcing, concentrating on the delivery of breakthrough value. Understanding your level of maturity will help inform the delivery model.

Your resources

What skills and knowledge do you have internally to procure or manage a service? If you have not got it in-house then, stating the obvious, an external resource will be needed. You as an organisation need fully to understand what your starting point is around quality and costs, being very clear from the start about what are you looking to achieve. Make sufficient time to consider the approach you will take and how you will evaluate success.

The marketplace

What does your organisation know about the housing maintenance marketplace and how you can use this knowledge to help inform your procurement decisions? Market analytics can be a very useful element of your pre procurement activities but not a pursuit that appears to be widely utilised in the sector.

The social housing market is estimated to be around £9 billion per annum and has remained at this level for a number of years. Only 60 per cent of this work is outsourced and we are seeing a growing number of housing organisations explore the option of delivering services in house. The 10 largest maintenance contractors are responsible for delivering around a quarter

“Time is a wonderful commodity when used wisely”

of this outsourced work and remainder is being delivered through a plethora of regional and local maintenance businesses. But what do procuring organisations really know about their potential bidders and their supply chain partners? Who are they? Who do they currently work with? What have they won recently? What type of work are they winning? What is the value of the contracts? Where is the work located? What types of contract are being procured elsewhere? Is anyone talking to them about market trends and activity? The answers to these and other questions will help mitigate risks around understanding capacity, capability, quality and cost within the marketplace.

The Government's efficiency reform group highlighted that 'increased, more focused, early engagement with providers will significantly improve process, VFM and the quality of outcomes'. So pull back the shutters, open the windows and make greater use of strategic market intelligence as part of your pre-procurement activities.

Pleasing residents and the bottom line



“the new approaches to contract pricing must not neglect leaseholder interests”

Mark Robinson, Associate & Dr David Mosey, Partner (Trowers & Hamlin LLP)



In recent years housing organisations have been developing new ways to improve value and save money. Increased take-up and use of competitive dialogue has helped identify best value solutions and the use of joint ventures and wholly owned subsidiaries has improved controls and cost savings. A rise in performance-based contracts with clear measures of resident satisfaction has been implemented alongside innovative pricing models and increased contractual requirements for local training and employment commitments.



The basic framework within which repairs and maintenance are to be delivered, remains familiar - the requirement to follow an OJEU compliant tender process in most instances coupled with the need for leaseholder consultation: it is vital to get both right and some tricky issues arise around timing when it comes to the need to consult with leaseholders.

Although there is pressure to save money any where we can, it is essential to work closely with leaseholders throughout the procurement and implementation of repairs and maintenance contracts. Newer procurement and contracting models can address residents' concerns and deliver savings, as long as due care is taken to:

- demonstrate cost certainty without increasing the administrative burden

- ensure levels of accurate historical repair data are available
- provide clarity around inclusions and exclusions
- set the correct price review mechanism - by annual indexing or some other mechanism
- ensure incentives are properly balanced with core service and works requirements

There is scope for open book profit and overhead accounting so as to identify and reduce the cost of workforce/supplies and subcontracts while also addressing SME opportunities and local training and employment, but detailed contractual mechanisms for “supply chain reengineering” need to be clearly spelt out and understood. Also, flexibility in new pricing mechanisms is needed to recognise the particular interest which leaseholders have - for example a ‘price per property’ approach may not be acceptable to leaseholders if no work has been done to their properties in the relevant year.

Schedules of rates can be used to deal with leaseholder works and indeed to pick up other

exclusions when a price per property model is developed. Schedules of rates provide certainty for leaseholders and cover a wide scope of planned as well as responsive works - enabling contract duration to be maximised by ensuring it is not restricted to the EU maximum four-year duration of a framework agreement. However, a schedule of rates in a long-term contract is only the first step and the contract should also include supply chain reengineering mechanisms by which the client and service provider can jointly obtain savings against those rates and can combine these with benefits such as appointment of local businesses and/or training and employment opportunities for residents.

In summary - the new approaches to contract pricing can achieve savings, but must not neglect leaseholder interests which require price certainty and compliance with Section 20 consultation requirements. Robust performance driven long term contracts can use a “mixed economy” of price per property/per void together with a schedule of rates in order to address leaseholders' consents.



Is a DLO the way to go?

Daniel Milnes, Head of Business Law (Forbes Solicitors)



There are organisational, cultural, technical and financial issues when considering whether to establish or maintain an in-house resource and they are rightly prominent in the assessments undertaken by registered providers (RPs)

and local authorities. You need to plan ahead and not drift into either model through inertia. Direct labour organisations (DLOs) work well for some organisations, while others prefer the outsourcing model. Either way, forward planning and revision of contracts can go a long way towards making the chosen model work better. So here are the two key legal issues to consider...

Employment transfers

You will need to think about the potential arrangements for after an outsourcing or replacement external contract before the text of that contract is put out to tender. It is natural to focus on sorting out the terms that would apply to taking up or taking over the contract, but the process of handing the contract back or handing it on to a successor contractor at the end of the term (however it ends) is equally important.

The big legal issue is the TUPE Regulations which apply whenever there is a "service provision change". That definition covers taking a service back in-house. The starting point is that TUPE will move all staff engaged in the contract over to the new provider with their terms and conditions intact. So where a public body decides to dispense with a contractor on quality grounds or concludes it can do a better job itself, the likelihood is that any planned improvement is going to have to be achieved with exactly the same staff, doing the same jobs, on the same contracts.

Is it possible to avoid TUPE? Parties to a contract cannot agree that between themselves but some contractual terms can mitigate the potential costs and head off abuses of the TUPE rules. For example, contractual indemnities from outgoing providers for live claims or grievances passed over with staff can address costs. And provisions dealing with advance disclosure of employee information can at least clarify costs that a prospective DLO manager will assume. A fundamentally different delivery model for a service might prevent TUPE from applying but the requirements of the organisation and its residents may require consistency



of delivery rather than an artificial change aimed at TUPE.

Maximising resources

If a public body uses its own resources to undertake a task, there is no procurement and so no need for OJEU compliance. For a DLO or equivalent to meet that test it must be controlled by the public body and predominantly work discharging its public functions. With the costs of a DLO, how best to get value? Off-setting some of the operating costs by hiring out the DLO's skills and experience may lose its legal in-house status if overdone and require tendering against external providers.

There are increasing numbers of public-public resource sharing schemes that allow services to be operated between providers within groups and beyond. European Commission guidance and UK courts at the highest level have endorsed that approach.

Contract management

To ensure value for money and to guard against contractors failing, it is vital to draw up robust contracts. This comprehensive guide is a must-read for anyone involved in procuring or managing contracts.

- Contract management and procurement strategy
- Procurement preparation and process
- Contract signature, mobilisation and administration
- Performance monitoring and incentivisation
- Change procedures
- Dispute avoidance and resolution
- Termination and reprocurement

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Also available as part of the Federation's **Asset management pack** – visit our website or email us for more details.

To order: www.housing.org.uk/publications or call 020 7067 1066
Further info: bookshop@housing.org.uk.

Contractor Forum

The inaugural meeting of the NHMF Contractor Forum was held on 17th April, with representatives from 22 contractors that provide repair and maintenance services on social housing. It will act as the trade body for contractors working on social housing, and will promote good practice in the procurement and management of repairs.

Membership is open to any contractor working in the sector. The initial membership includes some of the largest contractors, with a good cross-section of medium and smaller sized firms, and specialist sub-contractors. The forum will be chaired by Paul Reader (Mitie) with Neil Watts (Breyer Group) as deputy chair, and Daniel Leckey (Morrison) as secretary. It will be serviced by M3.

The next meeting is on 20th June, hosted by CLC Contractors in Loughborough. Any contractors interested in joining the forum should register via the NHMF website at www.nhmf.co.uk. The agenda includes setting standards for handling TUPE, and a guide to some of the pitfalls of procurement aimed at reducing some of the costs of tendering whilst promoting effective competition. The forum will assist with the development of the M3NHMF Schedule of Rates that is widely used in the sector.

Paul Wenham (Southern Housing Group) NHMF chair, welcomed the formation of a Contractor Forum, and looked forward to working with them in developing training and good practice publications and new approaches to the procurement and management of the repairs service that is so important to residents.

Solar PV what next?

John Kiely, Director (Savills)



The solar PV sector remains in a state of uncertainty until the Government review and appeal against the recent court judgements has been resolved.

The critical issue for social landlords remains the burning question of which FIT rate will apply – 21p per Kilowatt hour or 16.8p. At the moment, the race is still firmly on to complete installations by the 31st March 2012 in order to secure the 21p rate. What happens to FITs after July becomes the next outstanding question.

Is PV viable at 16.8p or lower? The key consideration here is the price point of panels and inverters as the cost of installation is already relatively low. PV is a global market driven by global demand although the price of panels has reduced significantly over the last 4 months.

However, the proposed tariff reductions mean that from an investor's perspective, low volume solar PV in social housing will be relatively unattractive, generating IRRs of circa 7-8 per cent which represent low returns compared to other renewable energy projects and therefore project finance will only be available for high performing schemes in the south of the country.

Nevertheless, these returns may be attractive to social landlords investing directly for a small financial return and for the benefit of their residents. The true calculation from a social landlord's perspective needs to take into account the cost of funds, the opportunity cost and maintenance costs for the duration of the FIT.

A proper maintenance regime is essential and will:

- Maximise system performance and hence FIT revenue
- Provide immediate feedback on system failure or underperformance
- Assist in proving non-performance in the event of any warranty claims

The use of pyranometers is essential in this regard although they appear to be seldom used when social landlords have self installed.

Key considerations of a maintenance regime include:

- Labour and access costs which are usually excluded from warranty cover
- Availability of spares to minimise downtime
- Sinking funds for inverter and panel replacements

“Payback periods are likely to be about 20 years and therefore caution is needed before embarking on large scale schemes”

- Periodic cleaning
- Monitoring growth of nearby trees and undertaking necessary pruning
- Setting up a call-out regime with access protocols
- Insurance cover potentially including income protection/business interruption

A comprehensive remote monitoring system is essential to deliver this.

Undoubtedly, solar PV should remain an intrinsic part of any sustainability strategy of social landlords. It provides a good source of clean renewable energy and directly benefits residents through reduced electricity bills. Although it can still be financially attractive, in pure commercial terms the payback periods are likely to be about 20 years and therefore caution is needed before embarking on large scale schemes as the consequences of a poorly established project will remain a burden for 25 years.

Back to the future

Dominic Higgins, Project Manager
(Rand Associates)



The RetroFit phenomenon continues to grow with ever increasing use of new, exciting and often untried technologies. The social housing sector is in a strong position to spearhead the Government's drive, and obligation, to reduce energy use in domestic dwellings and has taken the mantle in becoming the example to the rest of the nation. We have seen the Government's dramatic reaction to the sector's ability to skill up, scale up and challenge the cost of new technologies in their handling of the PV Feed in Tariff scheme.

“The RetroFit phenomenon continues to grow with ever increasing use of new, exciting and often untried technologies”

As these new technologies are embraced new skills and lessons are learnt. This is true of any innovation, the term learning curve quite rightly suggests that the learning never stops it just becomes more gradual. The sharp increase up the slope is where the costliest of lessons are learnt and this is something Rand Associates and the NHMF would like to investigate and minimise.

What we know now about building components and their performance has been learnt through years of use, continual processes of trial and error and this knowledge is continu-

ally built upon. It is this type of learning that must be fast tracked if Government targets are to be met and the inhibitive costs are to be challenged and made viable in the short term creating and encouraging the volume that will ultimately make the difference.

Rand Associates has created a brief questionnaire with the aim of understanding the extent of green technology use in social housing, and sharing the lessons, challenges and successes that have been experienced by those at the cutting edge of this movement. We are looking to collect and pool the data collected from a number of retrofit case studies over time in order to create a resource for future projects.

More participants are required, so for more information on the study and to take part please email dhiggins@rand-associates.co.uk

Passive renovation

Chiel Boonstra, Managing Director, Trecodome



The global CO₂ emission reduction target is 80 per cent by 2050. Though 2050 seems far away the reduction target needs to have a clear impact on decisions made today - most buildings will live beyond 2050.

While construction and renovation costs tend to increase at inflation levels, energy prices have increased well above average inflation levels. Dutch statistics show a yearly 6 per cent increase over and above average inflation rates in the last 15 years and there are no indications that this process has stopped. In the UK, households spending more than 10 per cent of their income on energy are considered to be in fuel poverty. Significant numbers already fit this criteria and the number is likely to grow. It seems wise to ensure that energy demand reduces significantly, in order to help manage the total cost of living.

Most renovation aims to conserve or retrofit to original standards, or to marginal improvements in energy efficiency. 20 to 30 per cent improvement in energy efficiency is commonly achieved by adding some insulation, low E glazing and some moderate retrofits of heating systems.

“UK households spending more than 10 per cent of their income on energy are considered to be in fuel poverty. Significant numbers already fit this criteria and the number is likely to grow”

Unfortunately, the building energy labelling systems in some EU countries have been designed to only steer towards these 20 to 30 per cent improvements. Both in the UK and the Netherlands for instance, passive renovation schemes cannot be properly assessed using the existing official benchmarks and calculation methods.

Passive renovation is a well-balanced re-design of an existing building, and offers real solutions for carbon reduction in existing buildings. It combines rethinking and re-designing buildings for the future with a sustainably low energy bill and CO₂ emissions, and can achieve 80 to 90 per cent reduction in heat demand. Typical measures include insulation at U values between 0.15 and 0.10 W/m²K; airtight window frames with triple glazing, avoidance of thermal bridges and unwanted air leakages, and last but not least good mechanical ventilation with heat recovery of otherwise wasted ventilation heat losses. From an energy point of view a continuous insulation layer around a building must be created.

Further renovation methods are being developed. A good example is the use of prefabricated timber elements. The concept is based on a project and site specific solution, which is industrially produced to ensure the quality of the elements. Using prefabricated timber, an envelope can be created around an existing building, providing increased energy efficiency and better architectural qualities.

Even listed buildings can adopt passive renovation solutions. A box-in-box approach was successfully used for a front elevation, combined with external insulation solutions for the rear facades. The external rear solution may even include new, well performing extensions.

Trecodome has been involved in a number of passive renovation schemes in the UK and the Netherlands. Monitoring results show that the real energy performance is as low as predicted, in some cases up to 90 per cent better than before. Residents pay as little as a total of €20 (£17) per month for heating and domestic hot water combined (less than €1 per day). Even with the initial investments, the total cost of living is lower than using a standard renovation.





Using carbon technologies

Prof Mike Riley & Prof Ahmed Al Shamma'a', (Liverpool John Moores University)



The Government has committed to achieving an 80 per cent reduction in greenhouse gas emissions by 2050. Those creating and managing the built environment will be key players in delivering on this ambitious target. In the UK buildings are responsible for around 50 per cent of the country's total CO₂ emissions, along with 50 per cent of all water consumption, 33 per cent of landfill waste and the consumption of nearly 15 per cent of all raw materials. The impact of construction, occupation and disposal of buildings will be key to achieving Government sustainability targets.



Around 30 per cent of current carbon emissions result from the construction and occupation of homes. Attention must be directed to carbon reducing strategies for the 90 per cent of housing stock that will still be here in 2050. 20 per cent of all UK housing stock is social housing, so the sector must respond.

To deliver the required results, a combined approach is needed.

• Technologies

The use of advanced efficiency measures and renewable energy must become more cost effective. The process of selecting and implementing such measures must be carefully considered to avoid the current potential for high cost and long pay-back.

• User participation

Users must be engaged in order to establish behaviour that reduces energy use at source. Around a 50 to 60 per cent reduction in emissions is possible through simple, cost effective interventions centred on EPC rating improvement and Decent Homes initiatives, but this falls short of the 80 per cent Government target. It is essential that we ensure a shift in behaviour and lifestyles to maximise the effect of the advanced technologies that are emerging.

At Liverpool John Moores University, The Built Environment and Sustainable Technologies (BEST) Research Institute has developed a series of technologies based on sophisticated remote sensing to aid in the design, development and implementation of innovative systems. These systems:

• Self-diagnose

Smart sustainable wireless sensors provide self-diagnostics of problems leading to reduction of response time and repair. This helps reduce the high energy, maintenance and repair costs required for social housing stock. This will also help address the whole-life costing issue for maintenance based on the 'Carbon pound'.

• Embed sensors

The Smart Brick, embeds sensors within the bricks to record, in real time, various parameters within the room and building structure. Sensors are wireless and battery-less and can pick and download the information via a phone line, mobile phone, PDA, iPad or PC.

“Around 30 per cent of current carbon emissions result from the construction and occupation of homes”

• Monitor structural health

The maintenance condition of any building against a range of parameters can be detected and monitored in real time.

• Monitor energy and emissions

Building performance, in terms of energy and emissions, can be monitored and displayed in real time.

Potentially complex technologies must be used to deliver housing stock that adheres to the Government's carbon reduction targets. But maximising the potential benefits of these technologies will rely on successfully engaging residents so that the most appropriate measures are adopted, and exploited, to best effect. User participation in design, alongside accurate evaluation of the carbon reducing technologies is essential.

A post FIT future



Anthony Morgan, Managing Director, (Newform Energy)



With the gold rush for FITs now firmly behind us, our focus is on how costs and efficiencies can be improved within the PV market. The introduction of the Renewable Heat Incentive (RHI) also means it may now be time to

take a fresh look at solar thermal technologies.

Research into next generation photosynthetic materials suggests that we are a long way from PV optimisation. Conventional silicon wafer technologies are nearing the bottom of their cost reduction curve, and supply prices look set to increase. Bad news for those hoping to make a quick buck, but PV products using alternative materials look set to take centre stage, keeping the price trend in the right direction. Technologies such as CIGS (Copper Iridium Gallium Selenide) are catching up with silicon based products in terms of efficiency too, and they have the capability of being manufactured in volume at very low prices.

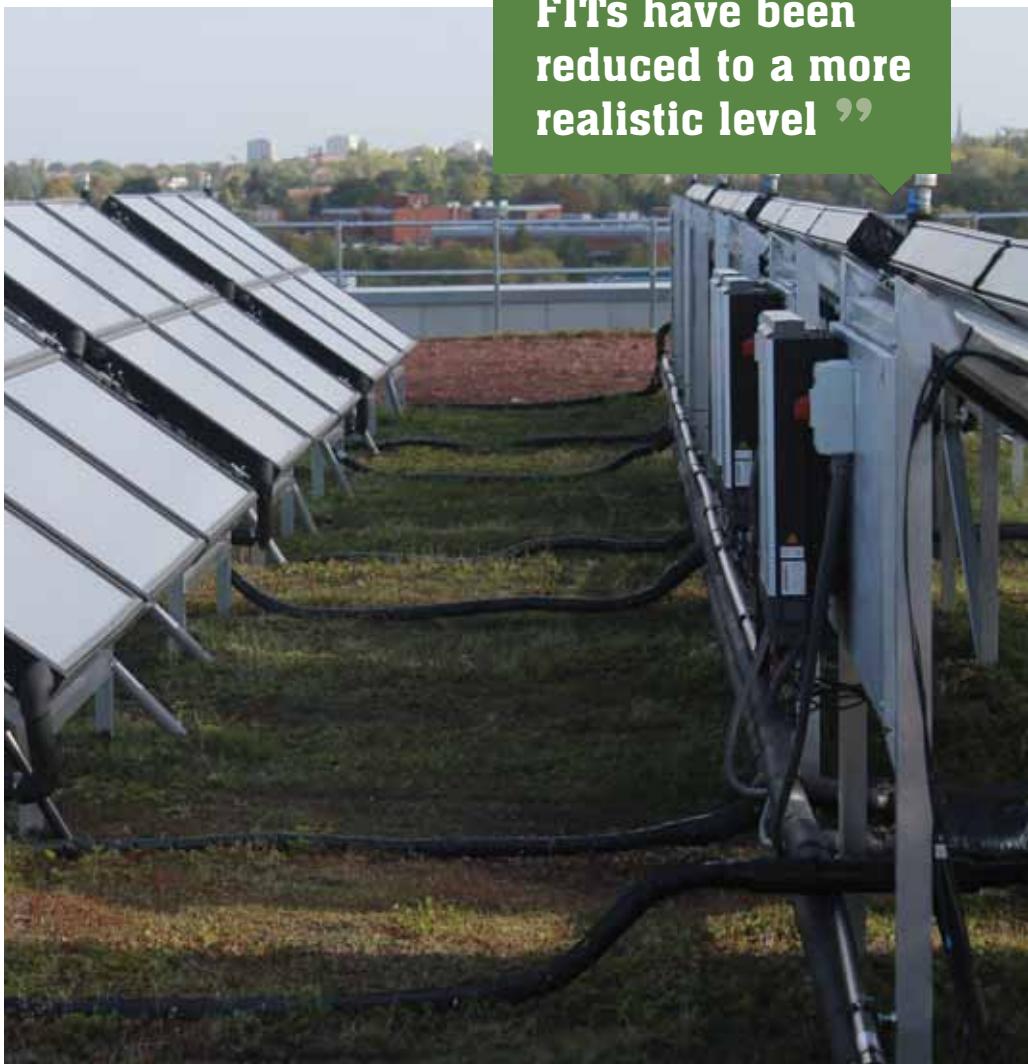
An interesting PV development is quantum dot, also known as hot electron PV. We are a few years from true commercialisation but promising conversion efficiencies of over 30 per cent and theoretical efficiencies of up to 60 per cent look set to continue the cost reduction, providing higher energy density at lower costs.

Thermal-based technologies have not changed too much in recent years but with the emergence of PVT (Photovoltaic Thermal) and new solar hybrid technologies we are starting to see a new breed of thermal systems that are capable of making a far greater carbon impact, with higher utility value. These products generate electricity like PV but can also heat our homes and provide us with year-round domestic hot water. In terms of payback, some PVT products offer the opportunity to earn income from both FIT and RHI.

However, any solar thermal type installation is expensive to install and on a retrofit requires considerable disruption. The utility benefit to the building occupier and long term reduction in energy usage should off-set the start-up costs - typically systems are low maintenance and provide long service lives when well maintained.

So the immediate push to PV may be over, but the longer term investment opportunity from solar technologies is far from dead. The global solar market is vibrant and alive so expect to see much more innovation and competition now FITs have been reduced to a more realistic level.

“The global solar market is vibrant and alive so expect to see much more innovation and competition now FITs have been reduced to a more realistic level”



Getting the basics right

Improve your performance



Steve Osborne, Service Improvement Manager (Mears Group)
Joanne Kent-Smith, Senior Policy & Practice Officer (CIH)



Responsive repairs are one of the most important services provided by a landlord. It is the service that affects the greatest proportion of residents, and also the most highly valued. It can have a huge impact on residents' quality of life.



In recent years there have been massive changes to the way responsive repairs are delivered. Different contractor and partnering arrangements, advances in technology and new procurement methods have all contributed to the transformation and improvement of responsive repairs services. However, repairs remains the service most landlords receive the largest number of complaints about and vast differences still exist between good and bad service providers.

The Cinderella service?

Although repairs are often the number one priority for residents and the area of biggest spend for landlords, strategically it is not always recognised as one of the highest priorities. The prioritisation of the repairs service requires buy-in at a senior level if this core service is not going to be overshadowed by other activities, such as development, regeneration or social investment activities.

The campaign

Getting the basics right is a campaign by CIH, Mears Group, the NHF, a range of other national organisations and landlords aiming to engage the sector in open discussion, provoke debate and challenge the way responsive repairs services are currently delivered. The end result will be a set of core principles and building blocks for delivering an effective responsive repairs service, regardless of landlord size, type or delivery arrangements.

Longer term, Getting the basics right will produce a sector-owned responsive repairs charter made up of a set of six commitments that landlords may sign on a voluntary basis. The charter will include a range of practical guidance supporting the six commitments, to help landlords focus on the core elements of an effective repairs service. The Charter will be launched at the CIH Conference in June 2012.

For further information see www.cih.org/repairscharter.

- TSA National Conversation: phase one findings, 2009

“Although repairs are often the number one priority for residents and the area of biggest spend for landlords, strategically it is not always recognised as one of the highest priorities”



What's your home's MPG?

Improve your performance

Liz Reason, Director (Green Gauge Trust)



Ask someone how many miles per gallon their car uses, and 9 out of 10 people can give you an approximate answer. What is more, they know that if the answer is 12mpg, then that is a bit embarrassing. And if it is 70mpg, it is something to be quite proud about. But ask the same question about the buildings people spend their time in – their office, school or home – and they probably do not have a clue.

But in a time of escalating fuel prices, the size of fuel bills is beginning to matter. With further 80 per cent rises predicted by 2020, there must be a focus on how to deal with the growing levels of fuel poverty. Housing associations need to get to grips with how they are going to improve the energy performance of their buildings cost effectively.

The regulatory focus on carbon requires a balance between finding low cost ways to make buildings warm in winter, cool in summer and with excellent indoor air quality and low running costs, with reducing carbon emissions. Invest in low or zero carbon technologies and you risk using high-cost solutions to deliver low carbon homes that residents do not know how to use and which pose future maintenance problems.

Work undertaken by Leeds Metropolitan University over the first decade of this century has demonstrated for the first time just how variable the energy performance of new homes can be, even though they are built to the same fabric standard. Figure 1 shows first, that none of sixteen homes tested complied with the energy requirements of the Building Regulations and the heat loss of some homes was double what it should have been.

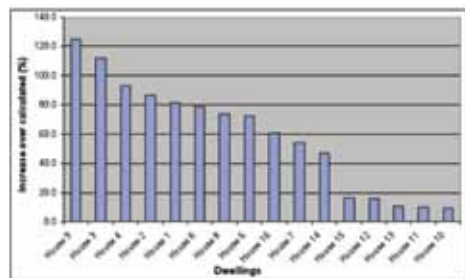
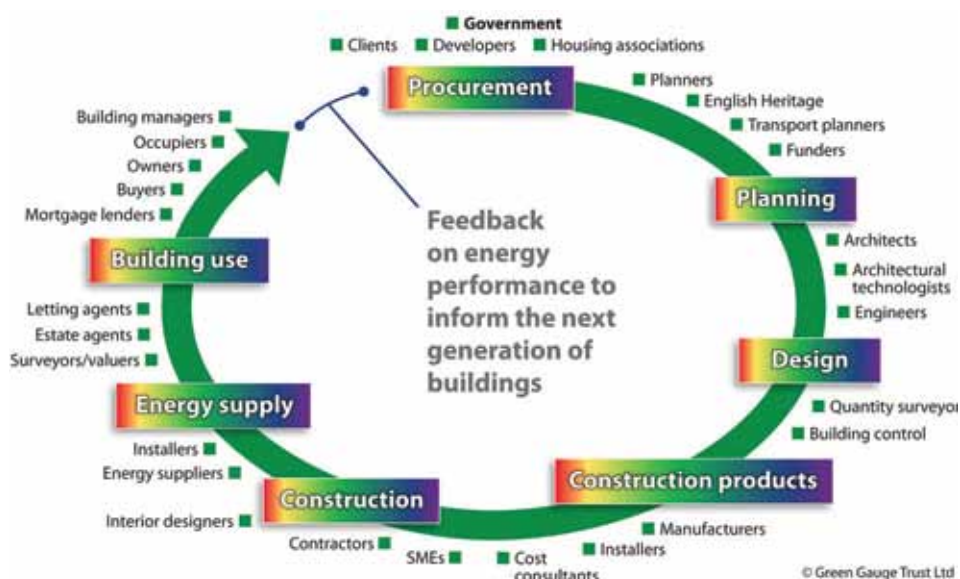


Figure 1



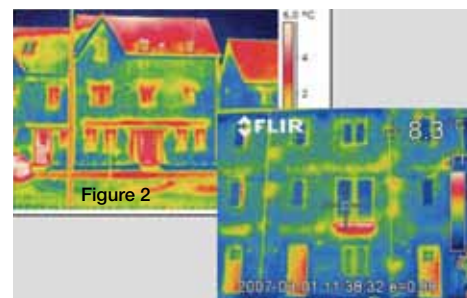
So why do people know the energy efficiency of their car, but not their house?

Perhaps building energy has not featured in people's list of expenditure priorities. Some will know how much they are paying by direct debit per month, most will not. A very small number could report their energy use in kWh/m²/yr - the language of the Energy Performance Certificate and Display Energy Certificate for non-domestic buildings. But then maybe the problem is confusion - home appliances are rated A to G, and there are point scores attached to those bands. New buildings have a code level or a BREEAM rating, or a percentage reduction in emissions compared to a building built to a given set of building regulations.

The many stakeholders involved in any building need to have a common language to describe what they have or what they would like. All contributors to new carbon efficient homes need to understand how buildings work as complete energy systems – the building fabric must be right and the right kit installed. The thermal images show reasons for the heat loss very graphically – cold bridges, poorly installed insulation and air leakage. Figure 2

All in all, this is recipe for confusion, and if we do not know the energy outcomes we want, we are unlikely to achieve them.

The challenge is for people to ask themselves the question: "How many miles per gallon does your building do?" and to learn to be able to give a reasonably accurate answer.



“All contributors to new carbon efficient homes need to understand how buildings work as complete energy systems”

Getting the best from your teams

Nancy Downing, Consultant (NaKeD Development)



The term 'performance management' is usually used to refer to a staff member who is not meeting expectations. But line managers should acknowledge that performance management starts the very

first day that a new employee joins the team, and continues throughout their employment.

Why doesn't it happen like this? Because it requires effort, time investment and ongoing communication to ensure that managers are fulfilling their role. It requires focus and dedication to keep it a priority amongst other critical business needs.

Done right though, performance management will maintain individuals' and teams' motivation, which in turn will bring enhanced productivity and effectiveness and longer term benefit to the bottom line.

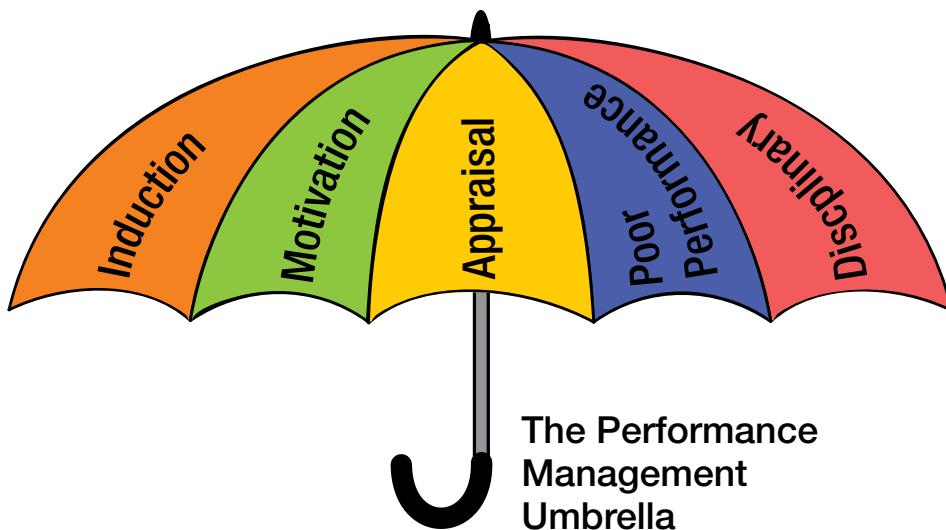
The Performance Management Umbrella

Induction

Those first three months are critical to setting the ground rules about 'how things are done around here'. If this is not established, on both technical and personal aspects of the role, managers run the risk of having to face these issues arising as the employment continues. If teams are already in place, use a team meeting to help staff create a team charter specifying how they think things should be done. This will encourage buy-in and commitment to the standards they have helped to introduce.

Motivation

Do not underestimate the need employees have for recognition. Any occasion when recognition could have been given but was not, for whatever reason, is a missed opportunity for you to provide a payoff for good performance and to increase motivation. One of the simplest and most effective ways for a manager to reinforce a staff member's good performance is to 'recognise' them - to provide motivational feedback by telling them they did a good job and why. This type of feedback encourages the staff member to repeat the performance.



The Performance Management Umbrella

Appraisal

This is the systematic element of the umbrella and should happen at least twice a year to be beneficial to both parties. Three-month discussions are even more effective in seeing whether individuals are on track and providing appropriate, timely support.

The key to making the performance management umbrella work is by helping managers to manage their teams with a range of skills and practical techniques that they can use in the real world.

Organisational priorities change throughout the course of a year, so an individual's objectives and targets may need to change to reflect this. To discuss performance only once a year, undervalues the positive impact of the appraisal process and the individual's contribution.

Poor Performance

Managing poor performance can be an informal process, giving an individual the opportunity to get back on track. Discussing the situation early and getting the individual to decide and agree a way forward will tackle this in the most effective way. Effort will also need to be made in maintaining improved performance too. Regular monitoring and review of capability, performance and behaviour will help.

Disciplinary

This is the formal stage in performance management, and usually results from one of two occurrences:

- An area of misconduct has been identified which requires a formal investigation and hearing, and strict adherence to organisational processes and policy.
- Insufficient or no improvement has been made following informal performance management.

“Line managers should acknowledge that performance management starts the very first day that a new employee joins the team, and continues throughout their employment”



Asset management strategy

Richard Woolfall, Head of Asset Management (Wirral Partnership Homes)



An effective asset management strategy aligns the asset base with the organisation's corporate goals and objectives, ensuring that the land and buildings are optimally structured. The core objective of an asset management strategy should be to maximise customer benefits within the financial parameters of the housing provider's business plan. In the current financial climate it must be innovative and forward thinking, providing the best possible service to its customers, while replenishing and increasing the organisation's stock.

The Wirral Partnership Homes (WPH) Strategy provides a framework which allows stock to be managed effectively and support the business plan objectives. It also assists in ensuring that resources and funding for maintenance and investment activities are concentrated on meeting customer needs delivering high quality housing that will be attractive to both existing and future customers requiring social housing or at affordable rent.

Key aspects of the WPH asset management strategy are to:

- Define strategic objectives within an effective and flexible environment
- Manage the risks associated with successful strategy execution
- Consider key areas which, when combined into a cohesive plan, form a clear and coherent asset management methodology

and can be developed in four steps:

Stage 1 - Stock classification and strategy development

This stage sets out the investment future that each property has within the business plan and this supports the corporate vision. It also outlines the strategy to facilitate this investment and the timescale for review.

Stage 2 - Business plan development

Having established the nature, volume and cost of investment, consideration of affordability is needed. Stage 2 outlines how the business plan is reviewed, revised and remodelled to ensure that it is affordable, fit for purpose and capable of delivering the vision.

Stage 3 - Stakeholder consultation

Once the future of the stock is known, the nature of future investment quantified and the limitations of the plan have been established, feedback from stakeholders is collated and incorporated into the strategy.

Stage 4 - Implementation and performance measurement

At this stage resource plans and procurement strategies are established and implemented to support the delivery of the Vision. Performance measurement tools such as stock condition data and option appraisals are used to ensure that the delivery process remains in line with the vision and within the parameters of the business plan.

All social housing providers need to have greater focus on their asset management strategies to ensure that the performance of their assets is maximised to support the common corporate vision.

In the current economic climate it is clear that all social housing providers will have to have greater focus on their asset management strategies, to ensure that the performance of their assets is maximised to support the common corporate vision of growth of housing stock and improved services.

WPH has developed its asset management strategy to incorporate clearly defined strategic objectives within an effective and flexible environment. It also manages the risks associated with the strategy execution and has implemented a cohesive plan incorporating all key aspects of the business.



NHMF best practice award winners 2012



Best client Winner: Bromford Living

Homes that don't break down

Bromford Living operates in over 52 local authority areas providing a wide range of accommodation from new builds to Regency listed buildings, for a wide range of customers including the visually impaired, and general needs. They have developed a holistic approach to maintenance based on what is important to the customer, and the results have been exceptional.

Commended for excellent projects:
Great Places Housing Group, The Wrekin Housing Trust



Best DLO Winner: Parkway Green Trust

A well managed DLO delivering a customer-focused service

Parkway Green made improvements to their working practices, saving £278,000. Service to customers was improved by using text messaging to remind them of appointments, Tailor Made to get more sensitive customer feedback, and improving the turn-around time for major adaptations.

Their employment initiatives, such as PG Turnaround and PG Gateway, have helped ex-offenders and local students gain access to employment.

Commended for excellent projects:
Domus Maintenance Service LLP, Willow Park Housing Trust



Best contract Winner: Amicus Horizon

Warm homes for Love Lane

Love Lane Estate is a development of 60 homes in Faversham, East Kent, described by the residents as cold and looking like army barracks. Talking to residents, while resolving some maintenance issues, revealed that Amicus Horizon needed to do much more than just improve the look of Love Lane.

With Carbon Emissions Reduction Target (CERT) grant funding for improving the insulation a three-way partnership with contractors and energy suppliers was set up. Using a well-managed contract to deliver innovative solutions using external insulation Amicus Horizon delivered homes that residents could be proud of.

Commended for excellent projects:
Harvest Housing Group, Orbit South Housing Association



Best use of IT Winner: Bournville Village Trust

A well managed asset management database

Bournville Village Trust has a proud heritage of providing some of the highest quality homes within the sector. But maintaining this reputation requires a holistic strategy that ensures that standards of housing continue to improve.

Bournville Village Trust used cutting edge IT systems based around ECMK's Integrator to achieve incredible results in customer satisfaction, financial management, and efficient communication.

Commended for excellent projects:
Gedling Homes, Merlin Works

Best innovation

Winner: Willow Park Housing Trust



Employment and training initiatives

Willow Park Housing set up the Willows Future Academy to create training and employment opportunities in and around Wythenshawe. The project was entirely funded from the £400,000 p.a. efficiency savings arising from the increased productivity of their DLO and includes 10 new apprenticeships in 2012, three NVQ placements, and 24 job trainees, all of whom had personal development plans and six of whom got jobs at the Trust.

With other local partners, Willow Park ran Get Hired events, where local employers could showcase their vacancies. 1,700 people attended and 101 were employed.

140 people have come off benefits as a result of this work, at a saving of £475,000 to the public purse.



See p22 for the full article.

NHMF best practice awards 2013

Proud of yourself? Nominations for the NHMF awards 2013 are now open. The NHMF will be presenting five awards.

Best client:

The client organisation that was best at meeting residents' needs in the provision of a maintenance service

Best DLO:

The direct labour organisation providing the most cost effective maintenance service

Best contract:

The best managed external contract for maintenance

Best use of IT:

The best use of information technology for maintenance

Best innovation:

In the provision of a maintenance service

Nominations open in June 2012 and should be submitted by Friday 23rd November. Trophies will be presented at the Awards Dinner in January 2013.



Providing more than houses

Rob Mannion, Head of Property Services (Willow Park HT)



Willow Park Housing Trust is a large scale stock transfer in the South Manchester area with 7,870 homes. The Trust is more than just a landlord it is an agent for regeneration in the Wythenshawe area providing additional features such as two community /sports centres, extensive CCTV coverage, warden service and employment initiatives.

Property Direct is the internal delivery team for the maintenance operations of Willow Park and an intrinsic part of Willow Park's operation. They are simply part of the team in the same way that the rents or IT teams are. They also deliver the caretaking and grounds maintenance operations and 40 per cent of the improvement programme. In 2010 and 2011, Property Direct developed into new markets, delivering 30 per cent of the improvement programme including £1,000,000 of PV installations.

It is Property Direct's contribution that has allowed the wider Trust to fund some innovative new projects.

1) The Willow Futures Academy

One of the Trust's aims, is "...to contribute to improving the quality of life in the area". Educational attainment and unemployment are the biggest factors contributing to social deprivation and quality of life in this area, so Willow Park decided to do something about it.

The Futures Academy is the umbrella of all Willow Park's employment. The main objectives of this project are the intangible benefits of employment on the health and well-being of the community and the local economy.

The project is funded by efficiencies achieved by Property Direct - recurring savings of around £400,000 have been generated through improved productivity, reduced overhead percentages through increased turnover and improved supply chain arrangements. A total of over £1,000,000 savings have been achieved in the last five years. The Willow Futures Academy used £300,000 of these savings to establish a number of employment initiatives.

Willow Park has employed ten additional apprentices in Property Direct this year - more than originally planned. Eight were recruited from local high schools, nine are now in construction disciplines and one is in administration. An ICT trainee, a further five trainee managers and surveyors and two apprentices in housing management were recruited early in 2012. Three mature students from the Manchester College and Forum Learning are gaining work experience to support their NVQ studies, two undergraduates are completing work-based projects for their theses and 32 students undertaking construction-related studies are acquiring the necessary 'on site' experience. 24 Future Jobs Fund trainees all gained useful experience at the Trust and five secured roles within Willow Park as wardens, CSOs and administrators.

Willow Park also created its own replacement version of the Future Job Fund, offering 30 placements per year. The roles offered include housing management, grounds maintenance, administration and street cleansing. Up to six positions will be used to develop skills relating to environmental technologies such as fitting PV panels and cavity wall insulation. Get Hired events, run with local partners, also give other local employers the opportunity to showcase their vacancies. These events have been at-

tended by over 1,700 people and have resulted in over 100 of them starting work.

In order to encourage local employment Willow Park maintains a list of work ready local people known as the Talent Pool. Originally set up in conjunction with the Local Employment Partnerships, the Willow Futures Academy has continued this work. Over the last twelve months, 66 per cent of entry level jobs at Willow Park have been filled using people from the Talent Pool.

The work of the Willow Futures Academy through its diverse approach is addressing not only direct and immediate needs by supporting apprenticeship and training programmes, but also raising aspirations, confidence, skills and knowledge through its support mechanisms, thereby improving the prospects of not only those who get a job but all those it touches and the local focus gives a direct impact on local residents and neighbourhoods.

There is also a business perspective in that the age of the work force is such that in next 10 years a considerable number of Property Direct employees will be reaching retirement age and the lack of investment in training within the construction generally over the last 30 years means that there simply are not enough suitably skilled people available. The initiatives undertaken now by the Willow Futures Academy is helping to plan for the future and ensure we will have enough suitable skilled staff available not just in the trade but also in the professional disciplines.

The costs associated with setting up and funding the various aspects of this work are close to £600,000, though £200,000 of this has been part of the budget for ten years. In addition the

“The Trust is more than just a landlord it is an agent for regeneration in the Wythenshawe area”

money used to support these activities has been generated from efficiencies elsewhere in the service without any reduction in performance or service delivery.

The trainees deployed on the Willow Park Job Fund activities are delivering additional services or enhancing the services already provided. For example the team of street cleansers are supplementing the work undertaken by the City Council, producing a dramatic improvement in the environmental appearance of our neighbourhoods but at a fraction of the cost. This is evidenced by the compliments received from local residents.

During the current financial year some 2,000 local people will be touched by the work of the Willow Future's Academy, this equates to just £200 per person or £2,700 per new job compared to the £3,000 likely to be paid to the Primes delivering the work programme (these figures exclude the apprentices.)

2) Business Enterprise Centre

A further £100,000 of the efficiency savings was used to convert surplus office accommodation into a Business Enterprise Centre. The new facility provides an opportunity for the existing business enterprise services to create business incubation space.

Part of last year's surplus funded the re-design of the space and the majority of the work was delivered using Property Direct management and technicians. Using apprentice and trainee labour provided a unique and interesting variation of work for them.

The centre has immediately addressed a demand issue for local people seeking incubation space. Whilst the centre only opened in September 2011, 14 of the 25 units have already been let. Five of the businesses have won work from the Trust, supporting local employment. With current occupancy levels, the project will break even during its first year and will pay back on the investment within three years, after which time it will generate a surplus.

The relationship with businesses at the centre also ensures that trainees received advice from Willow Park, along with other practitioners who have actually gone through the process of setting up their own business, recently, and from a variety of different backgrounds, perspective

and business types. For local residents there are further employment opportunities with new, local businesses, and a positive and effective use of a building that otherwise would have been empty and a target for vandalism.

3) Change to operating hours

A repairs policy review in 2010 suggested increased operating hours from 8am to 6pm Monday to Friday and 8am to 3pm on Saturdays were needed. The existing work pattern was inefficient and led to operations being curtailed to accommodate the end of the shift rather than to suit the job requirements. Longer hours, giving full service cover across all responsive repairs, including voids and gas servicing should be provided. However, with staff and technicians working a 35 hour 5 day work pattern it was difficult to achieve the new requirements within the existing work pattern framework.

In response a series of new work patterns have been introduced that are based on a longer working day but working only four days a week. Nearly unique within the housing and construction sectors, this is providing not only improvements in service, performance and cost saving but also improvements in the work life balance of staff.

The costs associated with implementing this initiative were negligible and largely relate to management time and stationery, in reality less than £10,000. The reduction in overtime will lead to a saving of around £25,000. The move of four technicians from responsive to planned works has saved in the region of £110,000. These savings are intended to be used to support further investment in the Willow Futures Academy.

4) Learning from the Willow Park example

These projects exemplify the benefit of having a DLO that is an integral part of the organisation not one that is remote, arms-length or in any way excluded.

Housing companies, particularly those with a regional perspective will recognise aspects of the Trust's work that they would aspire to. Whilst it may not necessarily be funded or driven by the DLO, the ethos is at the heart of what the social housing sector do. Housing organisations are the main agents for regeneration in their area - it is just a matter of scale and most of all a willingness to try.

Willow Park's expertise is home grown, developed from an ability to communicate, a desire to succeed, and a passion for the work they do. Good communication is the key to their success. They spoke to as many people as possible who are already doing this kind of work. They invested time in building teams that were receptive to change. Willow Park was open and honest with their staff developing a trust from them by saying what they meant and doing what they said.



Effective resident participation in procurement

Mary Bennell, Consultant (Amaben)



Over my 20 years working with residents on procurement selection panels, the extent and quality of their participation has been variable. The nature of the contracts, the commitment of the

residents and the commitment of the project team to involve the residents in a meaningful way, have all played their part.

The key to successful resident participation is advanced planning. A resident engagement strategy should be developed at the outset of the procurement process. It should set out:

- How residents are to be involved in the whole process
- How the panel will be recruited, including a rationale for the numbers and profile required
- The timetable and amount of time that residents will have to spend taking part in the process
- A statement on how residents' efforts will be acknowledged or rewarded if appropriate
- A training plan covering overall procurement principles, details of the specific project and the timescales for carrying out the training
- A communication strategy for the wider resident body

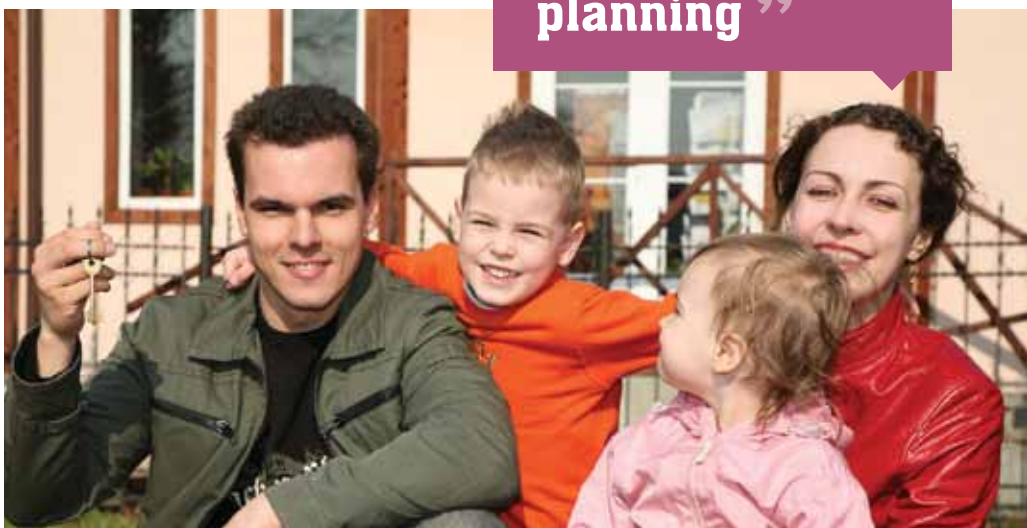
TSA standards

The Tenant Involvement and Empowerment Standard, published in 2010, required social housing providers to support co-regulation with tenants by providing a wide range of opportunities for them to become involved in the management of services and ensure that capacity building is provided so that residents can do this effectively.

The standards have been reviewed and an updated version was issued in March 2012. A key amendment is that, residents must understand and have the tools to evaluate the VFM aspects of the housing provider, meaning that the financial benefits of the outcome of a particular procurement exercise are understood by all residents.

Localism

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Public contracts

Contracts procured by social housing providers will fall under the scope of the Public Contracts Regulations 2006. As such they will be required to adhere to the principles of equality and transparency.

Methods for unsuccessful bidders to challenge procurement outcomes have also been strengthened since 2009. Reported challenges reaching court have increased from two in 2006, to 18 in 2010. Anecdotal evidence tells us that challenges to procurements which are settled outside court have also increased.

The current economic climate and recent changes in the regulatory and procurement environment increase the risk of challenge making it increasingly important that all parts of the procurement process (and the people involved) conform to all compliance requirements.

Resident involvement in procurement is vital, and must be undertaken within the scope of

“The key to successful resident participation is advanced planning”

the regulations, else housing providers risk judicial challenge from unsuccessful contractors. The reputational and financial consequences of a procurement challenge can be extensive and may mean that a procurement exercise has to be recommenced.

Challenges

The basis of any challenge centred on resident involvement will relate to the competency of decision making by residents on the selection panel especially after Aquatron Marine where a procurement decision was challenged on the basis of the competence of the evaluation panel to assess the tenders.

In order to guard against challenge all panel members should:

- Understand what they are evaluating and only evaluate those areas
- Understand the scoring mechanisms
- Apply consistent evaluation methods to all tenders
- Provide adequate feedback as part of the panel on the reason for scores
- Not be influenced by bias or conflict of interests

Mary Bennell is currently developing guidance and a toolkit for resident participation in procurement and is keen to talk to organisations that have recently carried out a procurement exercise and would be willing to contribute a case study. Please contact mary.bennell@btinternet.com for further details.

Imagine a world without colour!

Lisa Pilley, Senior Colour Designer (Dulux Trade)



It is very easy to stick to the safe option of neutrals and magnolia, but adding colour to an environment is having an opportunity to give something towards improving people's lives. Introducing an alternative design to a community or steering group requires reassurance and explanation.

Engage users

As a starting point engage the client, community or group in the benefits of adding colour to their project, at this time the final colour selection is irrelevant. Get a clear idea of end use and users and gather dislikes from your group.

When beginning to select colours for a particular space, firstly always consider the use and end users, type of light available, redecoration timelines. Secondly settle on a style or look which your group are aiming to achieve. Agree this and you will now have a platform to build colours around. Aim to work with an absolute maximum of five colours and remember a couple of these colours may come from other substrates or natural elements in either an internal or external environment. Always think beyond your own scheme and consider how the colour you are considering specifying will sit with adjacent schemes and remember textures can affect the colours, such as the grain of timber and the pebble of render.

“It is very easy to stick to the safe option of neutrals and magnolia, but adding colour to an environment is having an opportunity to give something towards improving people's lives ”

Resident involvement



Colour proportionally

Colour is only successful if used in correct proportions. A simple example of this would be to accent and frame signage on a clear entrance wall with a deep jewel shade, while keeping other walls a soft warm neutral. A deep colour used across further walls would be too heavy. Adding a flash of colour introduces a dynamic focal point. This may improve attention to the signage, get the redecoration program noticed and will have injected character to a previously bland space.

All considered, offer a maximum of three ideas with robust explanation of how you arrived at the colour selection. The previous consultations should support this and result in a positive outcome, ensuring no last minute colour decisions. Imagine a world without colour? Not possible? It enhances almost every aspect of our lives and can often be the forgotten hero in even the most simple redecoration programmes.





Innovation in training

Paul Butterworth, Assistant Director Property Services (Parkway Green)



Parkway Green owns 5,729 properties in Wythenshawe, South Manchester and in January 2008 they conducted a survey to determine customer satisfaction with their repairs service. It turned

out that only 78 per cent of residents were happy with the service they were receiving, and the antiquated bonus system that focused on productivity, was standing in the way of delivering a quality repairs service.

Changes were needed in the way repairs were provided to residents, so In July 2008 Parkway Green transferred the DLO from the local authority Manchester City Council, tasking them to carry out the responsive repairs, voids and gas breakdown service and kick-started the Repairs Excellence Project.

Innovation

The Trust took a different approach when delivering the repairs service, by applying a bespoke service to residents and building it around their needs and feedback.

Numerous efficiencies have improved the way the service is delivered, and residents are getting what they want and need. Constant improvement opportunities are explored on a monthly basis and challenged internally by all managers and executive members.

There is also heavy resident involvement with regular estate based performance review meetings, creating opportunities for improvement and delivery of a bespoke service around customer needs.

Client and contractor IT systems have been integrated using Open Contractor and an in-house management system (IBS), with operatives using PDAs. Text reminders are proving to be an effective tool in the collection of customer satisfaction, reducing no access from 9 per cent to 2 per cent.

Social enterprise

Parkway Green has also developed two social enterprises which have already had considerable impact on the local community.

PG Turnaround helps local ex-offenders gain experience and secure permanent employment. The team carry out grounds maintenance work and gain employability skills, interview techniques and assistance with CVs and as part of their contract.

The scheme has already helped 16 individuals back into the work place and this project has equated to public savings of £1.3 million by reducing re-offending costs.

PG Gateway is an employment and training scheme initiative, in partnership with a regeneration consortium. It has already given eight local students the opportunity to gain practical, on-the-job experience whilst completing their education. The students, who are specially selected for the initiative, work with the organisation's fencing team, learning transferable skills such as time management, communication and reliability which will ultimately help prepare them for the world of employment.

They can also complete an Edexcel Work Skills qualification, equivalent to two GCSEs, and through the regeneration consortium are guaranteed an interview for a training contract with one of its framework partners on completion of the programme.

“Numerous efficiencies have improved the way the service is delivered, and residents are getting what they want and need”



Virtual customers

Dave Bailey, Marketing & Business Development Manager (Proludic Ltd)



Effective consultation is at the heart of sustainability. The best way to reach your audience is to talk their language and start talking early on. Proludic create outdoor play, sports and fitness areas, and so need to consult with a wide demographic of the community, from under ten year olds right through to senior citizens. They have developed a number of ways to engage service users and had particular success with using technology to talk to teenagers.

Technology can be a great way to not only capture the attention of this age group, but also showcase ideas. People tend to stick to what they know, so with play areas, that means classic swings and roundabouts. Changing this perception was easily achieved with the use of 3D, video and even augmented reality to bring ideas to life.

Recently Proludic developed a Virtual Coach element to their play areas so visitors can use quick response (QR) codes to access 'challenge' videos using smartphone technology. Supported by a social media campaign driven through YouTube, Twitter and Facebook, it encourages users to take on the challenge set by a celebrity, video themselves having a go and share in our online community.



Whatever format your consultation takes, it has to be fun and should be promoted as so!

“Effective consultation is at the heart of sustainability. The best way to reach your audience is to talk their language and start talking early on”



Making the most of the M3NHF Schedule of Rates

NHMF training courses help clients and contractors use the M3NHF Schedule of Rates and its additional specialist works modules more effectively. Each training day involves a mix of plenary sessions and interactive workshops, and you are welcome whether you are currently in contract or still considering running responsive repair contracts under the M3NHF Schedules.



Implementing a contract under M3NHF Schedule of Rates

Wednesday 11th July 2012 10am-4pm
The Lowry, Manchester

Get a clear understanding of the M3NHF Schedule of Rates contract process and how to implement your own contract.

Evaluating and reviewing a contract under M3NHF Schedule of Rates

November 2012 10am-4pm
Birmingham

Understand the processes involved, and a set of guidelines by which to evaluate your contract and consider options for termination.

Tendering a contract under M3NHF Schedule of Rates

March 2013 10am-4pm
Birmingham

Get a better understanding of the process, and a set of guidelines by which to tender a M3NHF Schedule of Rates contract and identify the areas of particular concern.

Managing a contract under M3NHF Schedule of Rates

May 2013 10am-4pm
Venue to be confirmed

Get to grips with the process of managing a contract under the M3NHF Schedule of Rates and understand how to evaluate and improve your own contracts.

To find out more and book your place visit www.nhmf.co.uk/training

22-23 January 2013
Holiday Inn,
Stratford upon Avon

Book your place
[www.nhmf.co.uk/](http://www.nhmf.co.uk/conference)
conference



NHMF Conference 2013

The annual NHMF conference is devoted to housing maintenance and run by maintenance professionals. It covers strategic issues, practical solutions to current challenges and provides a focus for networking and promoting best practice. The next conference will be held in Stratford-upon-Avon on Tuesday 22nd & Wednesday 23rd January 2013.

In a time of change, when the regulation of social housing sector provision is being re-evaluated, the important job of providing safe and decent homes remains essentially unchanged. What is different is that the responsibility for managing the risk associated with the task is assigned to the providers. The risks involved fall into two categories. The first is that of safety which is paramount, including fire safety, asbestos removal and fuel servicing. The second is financial and includes the financial security of the landlord, its residents and its suppliers. Social housing landlords have to address questions of fuel poverty, affordable rents and appropriate pricing. Speakers from the Homes and Communities Agency (HCA), Department of Energy and Climate Change (DECC) and National Housing Federation (NHF), resident providers, contractors and experienced consultants and professionals will contribute to the debate on how social housing maintenance can be funded and manage the associated risks in the future.

Booking for delegates opens in September. For all enquiries, suggestions and sponsorship opportunities please see the website www.nhmf.co.uk

“A number of sponsorship opportunities are available. To find out more visit www.nhmf.co.uk/conference”

Supporting Homes 2012



14/15 November 2012
ExCeL London

repair
maintain
retrofit
sustain



**National Housing
Maintenance Forum**

About the NHMF

The NHMF is the social housing sector's leading source of good practice in the fields of maintenance and asset management. The NHMF manages the development of the M3NHF Schedule of Rates to make sure it is kept up to date with the changing needs of maintenance practitioners. The history of the NHMF dates back to 1994. To find out more visit www.nhmf.co.uk

NHMF Contractor Forum

The Contractor Forum seeks ways to raise the standards of contract management in managed housing. To find out more visit www.nhmf.co.uk/contractor

Membership

Subscribers to the M3NHF Schedule of Rates (SoR) are automatically members of the NHMF. From 2012 contractor organisations working with the SoR can join the NHMF Contractor's Forum www.nhmf.co.uk/contractor Members of the NHMF Committee are elected at the AGM.