

National Housing Maintenance Forum – January 2011

Developing Your Maintenance Service or Considering a DLO?


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Content

- Introduction to 4i Solutions
- Theory
 - Context
 - Data Capture
 - Strategic Development of Maintenance Services
 - Options Analysis & Procurement Strategy
- Practical
 - Rolling Out a New DLO
 - Case Study



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Introduction to 4i Solutions Limited

- Set up in 2007
- Specialists in social housing and its supply chain
- Services include facilitation, procurement, strategic cost advice, project management & interim support

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4i Solutions Clients



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Context – What is Happening in Our Industry?

- Faced with the most significant changes to social housing for a generation
- Extensive funding reductions
- Increasing costs
- Drive to reduce internal & external spend
- Changes to regulation
- External marketplace




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Context.....

Some of the repercussions for maintenance services:



- “How do we save the 2.5% increase in VAT?”
- “Why not reprocure the contract to reduce costs?”
- “Lets set up a DLO or JV!!!”
- “Either will do, I just need you to reduce costs!!”



“OK!”

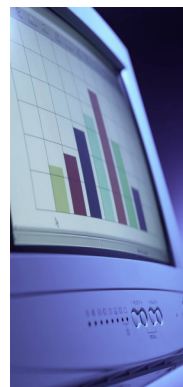
“Yes but...”

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Gathering Data – Some Questions

- Before deciding how to move forward – do you know what you currently have?
- Factual or shaped by rhetoric & opinion?
- When was your maintenance service last independently assessed?
- What do your Residents want from the service?
- What did your last Audit recommend?
- Do you currently have a Service Improvement Plan?
- How does your board exert good governance over the service?



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Gathering Data – Some Further Thoughts

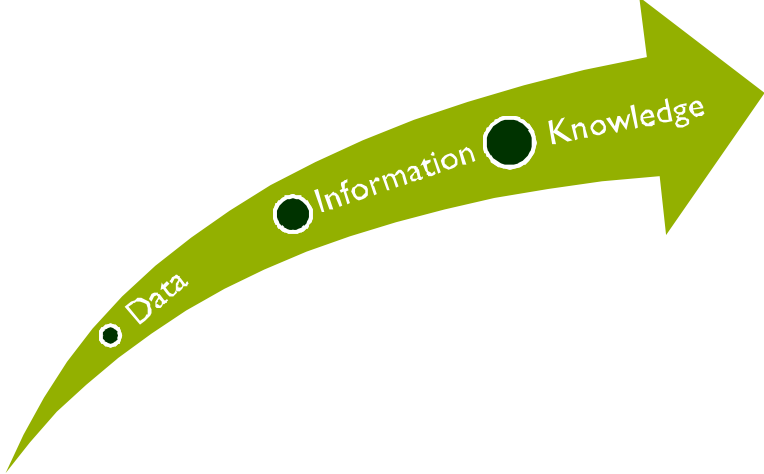
- Benchmarking – useful but.....
- Data on prices, costs, customer satisfaction, non-productive time, call-backs, quality of service.....
- Do you assess cost and quality consistently?
- Incorrect valuation, over charging & job building.....
- Consider a structured independent health check?

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Informing Your Strategy



Developing Knowledge About Your Maintenance Service



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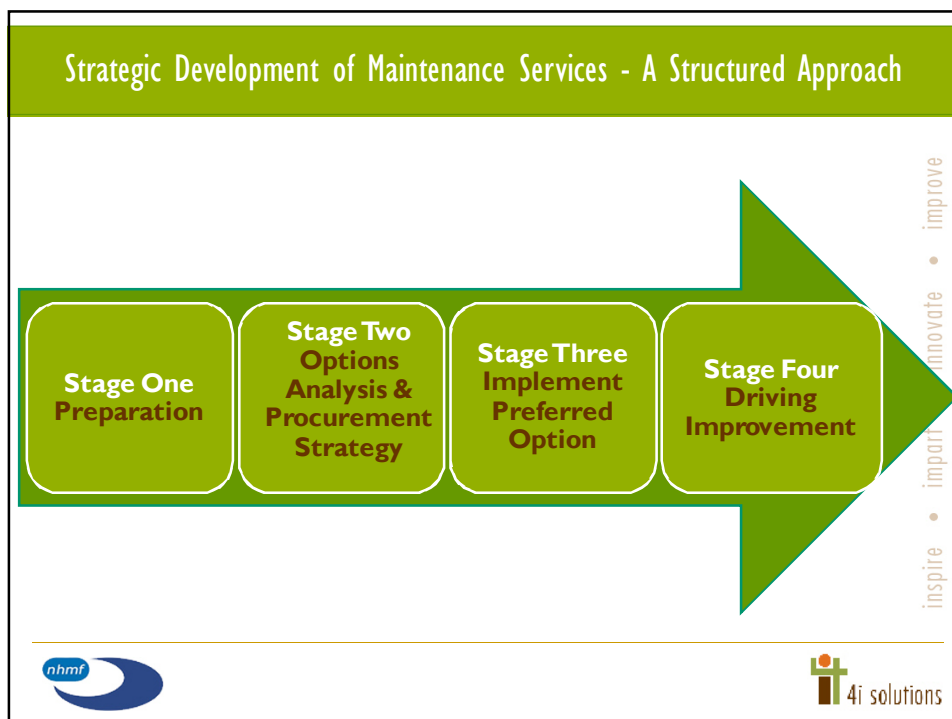


Strategic Development of Maintenance Services - A Structured Approach

A Structured Approach to
Developing a Maintenance Service
or Setting up a DLO

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Strategic Development of Maintenance Services

- **Stage One – Preparation**
 - Engage Stakeholders
 - Build capacity, understanding and ownership
 - Review what you currently have
 - Develop strategy for the Maintenance Service
 - Obtain support, approval and sponsorship for the strategy



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Strategic Development of Maintenance Services

• Stage Two – Options Analysis & Procurement Strategy

- Develop what you currently have
- Outsource
- Reprocurer
- Set up a new DLO
- Insource or TUPE transfer labour over
- Develop a Joint Venture with an existing or new Partner
- Partner with an existing service
- A mixture of the above for some organisations?



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Beware of the Risks & Opportunities within each



When Selecting Your Preferred Option

First Check:

- Do you have the appetite for it?
- Do your Residents want it?
- Do your staff want it?
- Do your board want it?
- Do you have the capacity, skills and expertise for it?
- Do you have the right organisational culture for it?
- Do you have short, medium and long terms plans for it?
- Do you have investment to support its development?
- Do you have a detailed business plan to develop it?



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Strategic Development of Maintenance Services

• Stage Three – Implement Preferred Option

- Develop a Plan
- Create a project governance structure
- Create momentum
- Focus on Communications
- Involve & debate, but drive it.....
- Work collaboratively
- Amend on the basis of factual feedback
- Assess performance toward your Plan



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Strategic Development of Maintenance Services

• Stage Four – Driving Improvement

- What needs to be improved?
- Why does it need improving?
- When does it need improving by?
- What tasks need to be delivered?
- Is there a culture of improvement or lack of responsibility?
- How will you respond to changing needs of regulation?
- Is there a Service Improvement Plan?
- Lead, Support, Measure, Learn and Apply
- Undertake regular health checks
- Listen and act on Customer & Partners feedback



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Rolling Out A DLO — Some Examples Based on 4i Solutions Experience

Rolling out a Direct Labour Service



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Why Develop of an in-house Maintenance Service?

The benefits are strong

Service Driven Benefits:

- Customer focused service
- Appointment led service
- Ambassadors of your organisation
- Empowered to make the right decisions
- Local labour and community bias



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Why Develop of an in-house Maintenance Service?

Commercially Driven Benefits:

- Reduces the need to re-procure
- No VAT on labour
- No profit or Contractors central overheads
- True Open Book
- More opportunity to evidence Value for Money
- You own and control it



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Development of an in-house Maintenance Service

Doing it yourself is easy

- Size the team correctly
- Design the infrastructure you require
- Develop a fully costed business plan
- Employ the right people
- Pay them the right money
- Get your terms and conditions right
- Ensure the infrastructure works
- Develop your policies and procedures
- Ensure performance is achieved
- Minimise waste
- Select and manage the right supply chain
- Manage and deliver the service - *Run it as a business*



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Development of an in-house Maintenance Service

Health Check:

- Do you have the appetite for it?
- Do your Residents want it?
- Do your staff want it?
- Do your board want it?
- Do you have the capacity, skills and expertise for it?
- Do you have the right organisational culture for it?
- Do you have short, medium and long terms plans for it?
- Do you have investment to support its development?
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Things to consider with an in-house Maintenance Service

- Do you know the scope of the service you want to provide?
- How many staff do you need, and can you attract the right ones?
- What resources will you need to support your in-house team?
- How much will it cost to set up the infrastructure?
- Do you have the resource required to set it up?
- How will you involve your stakeholders?
- Will an enhanced service cost you more?
- What's the lead in time?
- Do you fully understand the risks?
- What's your short, medium & long term objectives



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Developing any Maintenance Service is a fine balance



So what can we learn from others?

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Things to consider with an in-house Maintenance Service

Issues Found:

- We didn't have a fully costed business plan
- Our costs have increased
- We can't secure the vehicles when we need them
- I.T. haven't been able to keep up with the development we need
- We now have to pay for mistakes
- The larger value works are still going outside
- We have no idea where we are making a profit – *we just know we are*
- We now have a big range of different terms & conditions



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A Successful DLO — A Case Study



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Lewisham Homes A Case Study - Background

- An ALMO
- Set up in 2007
- 13,600 social housing tenancies, 5,100 leasehold and 3,400 homes on an interim management basis
- Board 7 Residents, 3 Councilors & 5 Independents
- DLO not originally part of the ALMO
- Two star promising prospects June 2010



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Lewisham Homes A Case Study – Shaping A DLO

- Board's strategic vision for Repairs Service
- Data gathering
- Health checks
- Hearts & Minds workshops
- Board debate and decision
- DLO transferred from the Council in 2009
- Service Improvement Plan created



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Lewisham Homes A Case Study – DLO Operations

Headline Stats

- Turnover £13.5 m in 2010/11
- Approx 140 employees
- Approx 100 trade and multi-trade operatives
- Approx 50,000 responsive repairs
- Approx 1,200 voids
- Forecasting a £650,000 surplus in 2010/11



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Lewisham Homes A Case Study – DLO Successes

Headline Successes

- Moved from deficit to surplus in under a year
- Reduced employee count by 50
- Introduced mobile working
- Introduced apprentice scheme
- New contact centre call technology
- Significantly reduced sub-contracting
- Strategic focus and evidence in delivering VFM



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Lewisham Homes A Case Study – DLO Performance Statistics

Headline Performance Stats

- % of calls lost 20 to 3%
- Repairs completed at first visit 83 to 95%
- Appointments made and kept 95 to 97.6%
- Emergency repairs on time 94 to 99.5%
- 93% of customers think repairs service is better than it was a year ago



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Lewisham Homes A Case Study – DLO Lessons Learnt

- Ensure that all stakeholders are involved
- Imagination and support required from the whole organisation
- Technology takes time to implement
- Learn from others who have done it
- Old habits are hard to break
- Ensure the right management information is available
- Ensure a robust business plan
- Involve unions early



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One Final Thought

Be Realistic & don't overload your DLO!



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Developing your Maintenance Service or Considering a DLO?

Thank you for Listening

Any Questions?

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