

## **National Housing Management Forum Best Practice Awards**

### **Submission for Best Run External Contract.**

#### **Question 1- What is innovative about the service provided.**

The major innovation for both MHL and Mi-Space was to enter into a long term contract for this type of works. The contract was carried out under an OJEU notice.

The contract was to source one contractor who could undertake all of the Company's external improvement works. This contract would parcel up all of the following works:

- Pre paint repairs
- Painting works
- Footpath repairs
- Window renewals
- Door renewals
- PRC over cladding
- Roofing repairs
- Re-roofing
- Fencing and wall repairs

The goal of this was to undertake a systematic approach to our cyclical painting and repairs programme, ensuring all properties were visited once every six years to have a full MOT to the external fabric of the property. It was also envisaged any Housing Health and Safety Rating System (HHSRS) issues were dealt with along side any issues identified through our 100% stock condition data base.

Previous to these works although most of the works were picked up through central contractors, the contracts were usually of short duration, with works often being undertaken throughout the area. This led to contractors working in the same towns and the same street in different financial years on different contracts. It was also the desire to work in all localities each year.

<b>Year</b>	<b>Nr of contracts</b>	<b>Properties</b>
1999/2000	46	1286
2000/1	35	825
2001/2	32	838
2002/3	27	911
2003/4	22	913
2004/5	9	1082
2005/6	10	1738
2006/7	8	1084

Often we would have contracts throughout the district with the same contractor and team but, to all intents and purposes, separate contracts with all the set up costs and preliminaries incorporated.

From this break point it was decided to base our future programme on an area by area basis.

<b>Year</b>	<b>Area</b>	<b>Properties</b>
2006/7	Glastonbury	517
2007/8	Street	713
2008/9	Wells	711
2009/10	Shepton Mallet	684
2010/11	Frome North	707
2011/12	Frome South	729

The means of procurement led to a very time consuming process. Each contract was subject to a full measure and creation of a JCT. With the inevitable claims and counter claims.

The vision was that the Company would appoint one contractor for an initial three year period with a possible extension of 2 one year periods. The procurement involved residents from a period of 18 months prior to any works commencing on site, with the creation of how they wished the works to be undertaken what involvement they wanted and how they saw the works progressing.

The residents were involved in the creation of the Pre Qualification Questionnaire, as well as the grading and short listing. The next stage was to design the tender package, both in terms of the quality and ideology questions to the pricing grid.

The returned forms were then again graded short listed and the successful contractors were invited to interview. Again the residents were involved in the writing of the interview questions and the presentation title. The interview panel consisted of two tenants and a leaseholder with each having equal points to award to the potential contractors.

With the appointment of Mi-Space the hard work now commenced. Although a south west region based contractor with offices in Exeter and Bristol, they had been unsuccessful in being awarded contracts in any quantity between the offices, with most of the works being North of Bristol or South of Exeter. Whilst it was accepted during the procurement phase we did not specifically need any one already undertaking similar works, we did, however, require a partner who understood our ethos and wanted to work and grow with us rather than bring a solution to the table.

The core group was formed and a series of workshops/meetings held to develop and evolve the works. The make up of the core group involved residents, MHL staff both directly attributed to the contract and support staff (Finance, Resident Involvement, Housing Officers) along with the contractors team. It also included directors to site management.

The core group created a number of documents. These included:

- Specification
- Information structure
- Sub-contractors where possible
- Suppliers
- Inspection procedures
- Resident sign off and satisfaction sheets
- Information packs
- Survey sheets

- Communication plan
- Meeting schedule
- Open book process

It was essential that MHL simplified the previously used procurement method, as this was both labour and time intensive which did not bare any efficiency or cost savings. The ethos was that once on site the traditional method of claim and counter claim was entered into. With the long term nature of the works it was possible to invest time and effort in achieving savings and efficiencies from which both organisations could benefit. It was a cornerstone of the agreement that no singular organisation or person should benefit from inducements or bonuses as part of this contract. Any savings should be reinvested back into the contract.

Ultimately it was seen that the contract had to evolve towards MHL and Mi-Space working closer together. No boundaries could be created, and any question had to be felt could be and should be asked. Through the open book process MHL had the ability to see right in to the Mi-Space finance system, with the ability to view any invoices and challenge any costs. This did not start well as several issues had to be raised over what MHL deemed unrecoverable costs. These varied from hospitality, to accommodation for temporary site supervisory staff staying over during the working week. These discussions were not easy but had to be undertaken to ensure the collaborative working of the agreement. The open book also enables client, contractor and residents to fully understand how the costs are achieved. In this way the core group have taken a hands-on approach to budget monitoring, seeing expenditure trends and ensuring budget compliance.

It has always been at the forefront of the agreement that all parties had to accept that each had needs. The contractors were to make profit and cover costs, enabling a team to be built and run to deliver the programme. For the client it was to ensure the contract was able to be undertaken to meet our financial budget and meet our decent homes commitment. These have all been captured in our Key Performance Indicators (KPI's). The satisfactory attainment of the KPI's would lead to the extension available through the contract. The extension was also by mutual consent, so should Mi-Space not wish to extend, this was accepted as a possible outcome. We are currently in the second year of our agreement with every expectation that the contract will be extended beyond it current three year stage.

The agreed KPI's have been monitored for the duration of the contract. These are reported to the Core group, MHL Board, residents and wider group for review discussion and action to be taken.

## **Question 2- What are the benefits?**

### **A The Client**

As a client the benefits are that we do not have to monitor measure and undertake a tender process on small numbers of properties or on minor works. All the issues are tied to one package with the discussion control and monitoring undertaken through that. A relationship is able to be built up between all layers of the team, with the assurance of the continuation of work. The long term nature also means that an operative or group are responsible for the properties they work on even after the property is signed off. Any defects or issues can be dealt with as the team and

supervisors are still employed in the area. This does lead to a buy in of the operatives from the client's point of view. The incentive is there to assist the client and buy into the ideals not just of the company they work for and with but also the residents upon whose homes they are working. They are not simply working to knock out numbers then move to another contract. This is long term with the ability to invest in the locality and see the important part they are taking in the delivery of the contract.

Whilst a contractor may state the ethos they try to engender into the workforce as a client, we are able to ensure training takes place, such as customer care, dealing with customers etc, as we are witness to it and joint fund. We are also in the position whereby we can gauge the workforce opinion through a staff questionnaire.

The ethos with MHL has always been towards resident satisfaction and customer service. With a bespoke team we have attempted to build this ethos into the individuals, building relationships with residents groups, ensure communication is maintained and that the operatives gain an understanding of the buildings they are asked to work upon.

## **B The Contractor**

The contractor's primary benefits were for a long term contract and establishing a contract in an area they have been keen to move into. They saw this as a prime possibility of gaining experience and proving they could work in an area previously not worked in. They could learn from MHL and together build a legacy both organisations could build off and sell to other organisations, proving that they could win and undertake contracts of this nature provided the springboard for other works.

From the outset the partnership was created to benefit all parties. To actually agree up front the profit level and overheads was key to being able to establish a working relationship. This, along with an open book process to ascertain actual costs, ensured all of the contractor's liable costs were covered.

## **C The residents**

From the initial vision that the Company would go along the route of long term contracting the residents witnessed the benefits. The involvement of the residents from

- the first tentative discussions regarding how the works should be undertaken
- agreeing processes which they wish to explore with the contractor,
- the creation of the PQQ,
- grading of the PQQ
- Short listing contractors
- Creation of the tender documents
- Grading the documents
- Short listing for interview
- Working out the interview questions and marking scheme
- Attending the interview, asking questions, marking and grading answers
- Final selection meeting
- Membership of core groups, monitoring and creating the contract
- To on going monitoring of the contract and review groups

has given the residents to be fully conversant of the how and why the Company does what it does. The residents are able to influence the decisions on site through the core group and are able to understand and involve themselves in the decision making process. Understanding the cost implications and the justifying of why decisions need to be made in certain circumstances. It has also been interesting in the discussions the residents ask of the contractor when elements have not been undertaken in line with the proposed processes. Often making the clients site team peacemakers when answers aren't forthcoming. Ultimately the contractor now has to deal with the resident's representatives as decision makers in their own right. This empowered the residents to take an active role in this contract which they have relished.

### **D The neighbourhood**

Our KPI's set out from the very start that we wanted any contractor to see themselves as part of the wider community. We included a requirement for local operatives to be taken on from the area, we included a commitment to recycling and sustainability, and we expected an investment into our community events. All of these things Mi-Space have openly supported and embraced. I have included a copy of our KPI's for both of our programmes.

Mi-Space have supported us by providing gifts to give out on our Resident's Days, sourcing a brand new bike as a raffle prize and freely attending and supporting our events. One operative even made the Housing Press as part of our press coverage for the Alive & Diverse Day for his African dancing. At our last Resident's Day Mi-Space supported the event by creating, managing and providing all the brushes, paint and safety equipment for a paintwall, for residents to simply paint and put graffiti on a section of wall on which they could paint



*Children from the Alive & Diverse Day training to be future painters and decorators*

Table of KPI's for year.

<b>KPI</b>	<b>Area</b>	<b>Target</b>	<b>Actual</b>	<b>Notes</b>
Zero Accidents	Measure of days since last reportable accident	Zero Accidents	75	4 reported incidents. One fall from height, one dog bite, one scuffed leg, one eye injury- dust
Smooth Programme	Number of properties completed per annum	700	581 YTD	Ahead of programme
	Number completed per week	24 per month to complete contract	34	Ahead of monthly schedule
	Down time on labour	0 lost to programming or weather	0 Programming 32 hours bad weather	Weather is outside the contractor or client's control. Alternative work are provided
	Number of properties with works in progress	46	25	25 is an average figure per month
	Time spent on each property	10days max	6.75	Average for year
Environmentally sustainable issues	Target for waste recycling	50%	73.1%	Sorted waste skips and paint tin recycling
High Standard of work	Number of defects	5%	0 call backs following joint sign off	Joint sign off with painter/operative/site staff and client representative
	Remedy of any defects	7 working days	None reported	
	Resident satisfaction	95%	97.2%	Satisfaction form handed to all signed off properties 34% return rate year to date
	Number of complaints	0	0	Nothing reported
	Use of information pack	100%	100%	Handed to all properties at commencement of works
	Happiness check	100%	90%	Residents contacted every other day to ensure satisfaction with on going works
Community Spirit	Support community events	2	2	Residents day and children's play day supported
	Training opportunities	1 apprentice	1 apprentice	
Innovation	Innovation log	1 item per month	28 YTD	

KPI	Area	Target	Actual	Notes
Involvement of supply chain	Attend meetings and assist	100% of invitees	100% of invitees	Support of local charities in donation matching and support at resident days
Open and honest approach	Internal survey	100% response	100%	Carried out monthly during core group meeting
Creation of dedicated team	Staff operative turnover	Yr 1 15% Yr 2 10% Yr 3 5 %	1%	Year to date total
	Shared training	40hrs per year	13.5hrs for each of 16 team members	YTD figure
Happy Workforce	Workforce questionnaire	100%	90%	Monthly 94% happy Reviewed at core group meeting
Local employment opportunities	Use of local contractors and suppliers	50%	98%	All staff from within area and local subcontractors utilised
Joint contribution to conferences and seminars	To present provide information at regional or national level	2 attendances in the first three years	50%	NHF conference Torquay attended with joint stand

### **Question 3 Financial Costs**

Initially the costs proved to be considerably higher than our original method of contract procuring and delivery.

#### **Trend figures Yr1**

<b>Month</b>	<b>Properties Completed and signed off</b>	<b>Monthly Invoice total</b>	<b>Monthly average (signoffs v cost)</b>	<b>Cumulative average cost of programme per property</b>
<b>April</b>	<b>48</b>	<b>£64988</b>	<b>£1353</b>	<b>£1353</b>
<b>May</b>	<b>45</b>	<b>£68621</b>	<b>£1524</b>	<b>£1436</b>
<b>June</b>	<b>56</b>	<b>£99338</b>	<b>£1773</b>	<b>£1563</b>
<b>July</b>	<b>16</b>	<b>£99686</b>	<b>£6230</b>	<b>£2015</b>
<b>August</b>	<b>38</b>	<b>£106716</b>	<b>£2808</b>	<b>£2164</b>
<b>September</b>	<b>26</b>	<b>£70973</b>	<b>£2729</b>	<b>£2228</b>
<b>October</b>	<b>32</b>	<b>£81405</b>	<b>£2543</b>	<b>£2267</b>
<b>November</b>	<b>102</b>	<b>£55126</b>	<b>£540</b>	<b>£1781</b>
<b>December</b>	<b>46</b>	<b>£66741</b>	<b>£1450</b>	<b>£1744</b>
<b>January</b>	<b>71</b>	<b>£70169</b>	<b>£988</b>	<b>£1632</b>
<b>February</b>	<b>113</b>	<b>£58556</b>	<b>£518</b>	<b>£1420</b>
<b>March</b>	<b>123</b>	<b>£100264</b>	<b>£815</b>	<b>£1316</b>

This gave us an average cost of £1316 for each property

Following a review of costs through the open book, investigation into site operations and recommendations by contractor, client and residents costs have significantly reduced.

Year to date our costs are

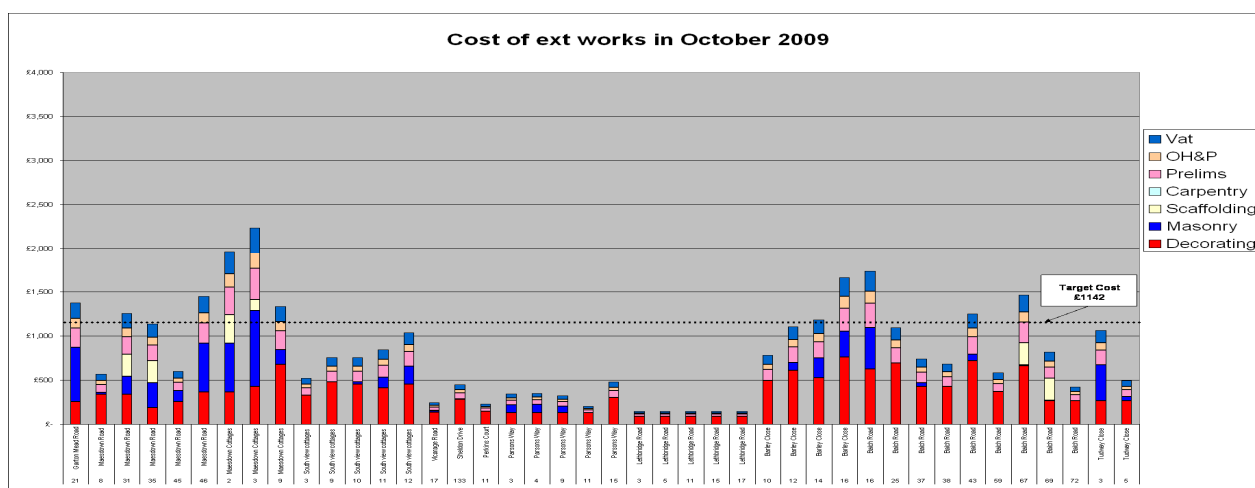
Month	Properties completed and signed off	Monthly invoice total	Monthly average (signoffs/cost)	Cumulative Average cost of programme per property
April	68	£78,224	£1150	£1150
May	69	£81,498	£1181	£1165
June	85	£65,828	£774	£1072
July	96	£90,723	£945	£994
August	119	£56,037	£470	£861
September	118	£85,565	£725	£825
October	34	£66,942	£1968	£891

The table below is an extract of our innovation log for our contract undertaken by Mi-Space

Nr	Idea/Innovation	Saving	Action Taken
1	Directly employed staff move away from sub contract and agency operatives		Staff taken on
2	Set up paint supply call of schedule	Bulk purchasing power	Contract signed
3	Use of specialist preparation equipment for glossed surfaces	Time for preparation reduced	Equipment purchased/leased
4	Rework survey sheet	Ease of use	Speed of survey increased
5	Use of paint driers	Speed up between coats	Reduction in disruption to resident- increase in productivity.
6	Use of ladder spurs	Reduction in need for footing	Purchased, in use
7	Nectar points collected on paint purchases	Reinvestment into resident supported events	Donations to local charities matched by other suppliers
8	Dulux donation match nectar points award	Doubles donation to local charity	Donation made
9	Set up open evening drop in session for general need residents	Information and communication passed to wider populace. Supported by core group residents, contractor and client	Held and attended by residents
10	Notification of paint price increase. Bulk purchasing at lower rate and call off rather than purchase at higher rate	7.5% saving	Paint purchased on pre paid list
11	Use of premixed paint for larger areas	Saving on time and resources	Mostly small areas and not suitable
12	Purchase of tower scaffold rather than hiring from local supplier	Cost recovered in 7.5 months	Purchased in April 09



Nr	Idea/Innovation	Saving	Action Taken
13	Use of extension poles for gables	Reduction in use of ladders and scaffolds	Purchased Feb 09
14	Undertake cost prediction during survey stage, forecast labour etc	Aiding with programming and few surprises to site staff	
15	Calling card with direct line numbers to operatives for handing out	Provides confidence in worker resident relations	Mar 09
16	Mendip logo to be included on all livery	Awaiting re-branding exercise	Dec 09
17	Set up drop in centre for all general needs residents	20 residents attended	8/5/9 disseminating information
18	Produce hire v buy spreadsheet to minimise costs	Work undertaken	Item by item considered.
19	Over clad fascias when large areas require renewing	Rather than undertaking localised repair	To be considered for future works
20	Train site assistant to SMSTS level to reduce requirement for temporary management	Course undertaken	Qualification awarded
21	All painters to gain NVQ	Commences Sept 09	Commitment to training
22	Create hourly timesheet	to keep accurate accrual of time	Sept 09
23	Cost of works graph to identify spend	Copy attached	Aug 09
24	Following successful completion of targets early finishes agreed	Incentive to site staff to meet targets	Early closing agreed
25	Ability to bank early finishes-similar to flexi time	To be taken in ½ day blocks for poor weather	Aug 09
26	Possible use of paint sprayers for fences and rendered properties	Discounted	Spray difficult to control not practicable
27	Look into use of an industrial cleaner for use in gutter emptying	discounted	Nozzles not appropriate equipment to heavy to use at height
28	Risk assessment folders for each property held in vans	Access to information on site not in office/site hut	



*The above information is used to monitor spend per property*

**Question 4 How relevant is this as an example that might be followed by other organisations**

Any organisation could copy this contract. It is essential that a vision is established and an ethos is followed. The key is to have individuals who believe in the process and are prepared to have the difficult discussions sometimes required and a desire to make this work. MHL provided no training specific for this contract. Individuals were appointed based on the desire to be involved in this contract. From inception to site works the same staff resident's operatives and site staff have continued to work together. In this way the individuals build a relationship and base the work on those strengths. Everyone learns together and is involved in the process, the most essential area is to have individuals who are not scared of making mistakes or going down blind alleys, but individuals who wish to learn and are not closed to new initiatives. Several members of the team have come from outside the building industry and are prepared to challenge perceived reasons for doing things.

For further information on this contract please contact  
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