

NATIONAL HOUSING MANAGEMENT FORUM

BEST PRACTICE AWARDS 2009

National Housing Management Forum Best Practice Awards

Submission for Best DLO: the direct labour organisation providing the most innovative maintenance service.

Mendip Housing Limited joined the Aster Group on the 1st January 2006. The joining of the Group followed a period of turmoil resulting in the Company being placed into supervision and the decision to join an existing Group structure.

The Aster Group already included a Direct Labour Organisation (Aster Property Management (APM)) working for other members of the Group, Sarsen Testway and Ridgeway undertaking a mixture of response, servicing and planned works. Mendip Housing as a Local Stock Voluntary Transfer (LSVT) had a DLO under its previous incarnation as Mendip District Councils Housing Department. However this had been abandoned some time in the 1980's.

Following an review of the Executive Team within MHL, a new direction and impetus was envisaged with regard to the Property Services team. Initially this did not include the use of the DLO for planned works. It was the vision that a number of new long term contracts procured through a partnering ethos would be created. Reservations over the proximity of APM operatives, the nearest depot being 40 miles distant, and ongoing internal issues within the then structure resulted in the possibility of APM undertaking work in the Mendip Portfolio being discounted for the foreseeable future.

However, changes in the various structures necessitated the provision of some works going to APM. It was agreed that the long term contracts be procured but that two contractors would work side by side. In this way productivity, resident satisfaction, costs and other agreed Key Performance Indicators (KPI's) could be monitored and measured to gain an accurate picture of the effectiveness of APM measured in real time against two contractors from the private sector. It was in this environment that APM commenced work alongside Connaught on our kitchen and Bathroom programme and ALHCo on our Heating Installation programme. Work commenced on both programmes in November 2007.

Prior to the commencement on site a number of discussions and group meetings were held. These meetings would create the background of how work would be undertaken. Creating risk registers, communication plans, specifications, information packs for residents. Whilst both contracts had the same client (Mendip Housing Limited), the DLO (APM) however had members of the delivery teams greatly altered, as did the membership of the resident representatives. Three representatives were included on each body of work. Each Group was left to evolve its own identity, producing documents and procedures based upon its own strengths and characters.

Question 1- What is innovative about the service provided.

We feel that the way in which our contracts were created, in allowing a measure of competition between the internal DLO and external contractor, allowed open comparison. Both contractors were party to all decisions, with no separate meetings or exclusions, meaning everything was open. Individuals could choose to excuse themselves from meetings. The initial stages enabled the creation of the background

from which all the contracts would grow. Fundamental to that ethos was the need to be consistent across the packages and the creation of our resident's information packs.

The consistency was imperative if we were to gain any meaning full data from which to compare the two organisations. It was therefore essential that both contractors utilised the same:

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

As far as possible properties were evenly distributed providing similar types of properties by age and built form. This was not always possible due to the nature of our housing stock.

Following Mendip Housing Limited's troubles and lack of track record in the use of DLO's it was essential that the confidence was gained between the two organisations. A natural coming together could be produced rather than a simple throwing together of two disparate organisations and told to deliver a £2,000,000 investment programme. It was a stage by which the organisations could build the reputation and relationships essential to deliver a successful programme.

It was of concern to one contractor that all work would eventually be provided to APM. This resulted in vastly differing attitudes in both site management and senior management. It was always the intention to benchmark both external contractors against APM, making a business case for the continuation of the arrangement or the movement one way or another.

It was also a concern that the ability of APM to service a contract in the region of £2,000,000 from no presence would set them up to fail. Not knowing the locality, the properties or indeed the Mendip staff.

The eventual decision as to which way the contract would go was always going to be based upon the KPI's agreed at the outset. The KPI's were jointly set and agreed upon, and in essence jointly reported. With each organisation able to inspect each others work and performance through the monthly core Group meetings. Membership involved residents, clients, contractors and some suppliers and sub-contractors.

Question 2- What are the benefits?

A The Client

Essentially this enabled relationships and trust to be formed by the two organisations. The initial slow process of the partnering workshops enabled the fit to be better than a simple throwing together of two organisations. The slow transition from initial distrust and reluctance on nearly all parties to the provision of a million

pound improvement programme achieving exceptional resident satisfaction and cost certainty. The building of working relationships from nothing was a challenge especially as both organisations went through a period of change with staff turnover higher than it should have been. Financially the organisation has made cost savings not only in keeping money within the Group but also in the reduced levels of VAT which are attributable to this form of in-house contracting.

B The Contractor

The same process and benefits occurred. It was also important that the DLO had the ability to grow into the area, establishing them and winning over the residents and client. The benefits for APM was also that it opened up an additional income stream as work had never been undertaken by them anywhere except in the other Group members areas. It was a natural progression for them to undertake works for the new member of the Group, and the practicalities of setting up the Depot and recruiting to deliver the programme were worked through.

C The residents

At first the residents had been resistant to the use of the Group DLO to undertake our planned works. Historically MHL had used local contractors and some larger national concerns to undertake the planned maintenance needs of the Company's housing stock. So this was a major divergence to what the residents were used to. It did enable the Group to heighten its presence in the wider area with the fleet of vehicles being seen around the area. This was an advantage as MHL had recently joined the Aster Group and this was also an opportunity to have the brand seen around the area.

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 APM have openly supported and embraced. I have included a copy of our KPI's for both of our programmes.



APM have supported our annual Resident's Day for the last two years whilst they have been working with MHL, with the highlight of there first being the attendance of the APM bear wandering around the site giving out sweets and taking part in all the activities on offer. The activities included dancing, drumming workshops, story telling crowd control and signing in. This did culminate in the bear being nominated and being awarded the Aster Group Passion for Excellence award. This is a celebration of staff that go the extra mile in their dealings with our residents and customers. For the second year the APM team provided a number of outside games along with the APM bear and supported the day by setting up, tidying up throughout the day and helping to clear the site at the end of the day. Not just for their own areas, but supporting the other residents groups and MHL teams by providing vehicles and operatives to lift and be involved.



The APM bear getting involved in circus skills

It is now expected by our residents that APM will attend each year and that they will attempt to outdo the previous year by improving on the overall involvement.

Table of KPI's for year

KPI	Area	Target	Actual	Notes
Actual Construction Time	Kitchen	10 Days	10.55	97 kitchens complete issues with estate at commencement of year led to additional works
	Bathroom	5 days	5.63	36 Bathrooms complete issues with estate at commencement of year led to additional works
	Wet Floor Shower	7 days	8.62	6 wet rooms complete
	Kitchen and Bathroom	12 working days	0	0 undertaken to date
% of properties handed over defect free	Percentage of properties handed back with no return visit following joint sign off	100%	100%	
Satisfaction	Resident satisfaction	100%	86%	Issues regarding communication at commencement of contract
	Internal	100%	100%	Carried out

KPI	Area	Target	Actual	Notes
	partnership survey			monthly through core group
	Employee satisfaction (site operatives)	100%	100%	Carried out monthly through team meeting
% of local labour used	Percentage of operatives from within MHL border	60%	59.9%	Would have been higher but for use of flexible APM from other area of group for cover following programme issues
Efficiency/Innovation	Examples of service improvement	None set	12	See attached log
Investing in youth	Opportunity for apprenticeships	1 apprentice and 1 trainee	2.5	1 full time apprentice. 1 full time trainee surveyor. 1 trainee surveyor split between MHL/SHA/TWA
Cost predictability	Kitchen budget cost	£4324	£4414	Higher costs caused by additional electrical works
	Bathroom	£3349	£4894	Higher costs caused by higher than envisaged electrical costs
	Wet Room DFG	£4800	£4800	
Sustainability	% of waste recycled	60	64	Precious metals weighed back into contract as benefit
Community Involvement	Attendance at resident Forum	3	2	Planned for review session of works so far
	Community Engagement	2	2	Participation at Alive and diverse day and children's play day

Question 3 Financial Costs

APM have, to all intents and purposes, been a start up company. They have had to recruit from scratch and establish a Depot in the area. We have been able to account for these costs through our open book arrangement. One of our initial goals was to go entirely open book. This is not only to see where the costs are incurred but to also have those difficult conversations about why costs are high and what we can do to reduce them. Both organisations are committed to this process. With the understanding that the budget is fixed and, should overspends occur, it is the responsibility of all parties to understand why and take appropriate action. Either in budgetary re-forecasting or the managing of the programme to prevent overspends. This has occurred this year in our kitchen and bathroom programme with operatives moved to other areas due to high costs at the commencement of the year. This provides a flexibility which is important in the undertaking of works such as this.

Over the first two years costs have been targeted. We see the need to reduce costs not only to meet the client's budgetary targets and decent homes requirement, but to also ensure efficiencies and innovations are sort to constantly improve our service. Any savings are re-invested in our programme enabling the continual employment of the site staff rather than the boom bust increasing and reducing staffing levels to suit increases and decreases in budgets.

Below are an extract of the open book process for boiler renewal in August

Area	Cost
Materials/Waste	34,424
Sub-Contractors	5,033
Direct Costs	5,621
Labour	18,126
Overheads	3,000
Profit 6%	4,212

All costs are supported by invoices. So materials and waste are itemised so that we can see how many operative trips occurred to various suppliers in the month.

For August

Supplier	Trips (Nr)	Cost (£)	Average (£)
Jewson's	14	144	10.28
Plumbcentre	35	30,100	860
Style Tile	1	434	434
Travis Perkins	18	401	22.27

Following this we agreed with APM that no visits were to be made to any suppliers other than from the supervisory team. It was important that the operatives realise that it is their responsibility to have the necessary products and suppliers to undertake the works. Should anything be missing they contact the supervisors who will deliver or organise a local operative to call. This greatly reduced the amount of down time in travelling back and forth to pick up minor elements. The cost of journey and time was often greater than the cost of the materials purchased.

The table below is an extract of our innovation log for our contracts undertaken by APM

Nr	Idea/Innovation	Saving	Action Taken
1	Change from regional supplier to regional procured supply through WestWorks	£250 to £300 per kitchen	Changed supplier
2	Omit sink through WestWorks arrangement source own	£14 per kitchen	Changed supplier
3	Change supplier of shower	£88 per bathroom	Changed supplier
4	Changed the model of bath and basin taps	£20 per bathroom	Now using Pegler Mercia
5	Kitchen changed from monoblock to deck mixer. Localities have some issues with water pressure. If we need to revert to pillar tap this is possible without sink renewal. Also means flexible connectors are now no longer required	£16 per kitchen	Changed specification
6	Sourced alternative and changed supplier of tile trim and corner accessories	10p per length of trim and a saving per pack corners	Sourced and changed supplier
7	Local source of decorators ancillaries	Approx £2 per tube of silicone	Using local supplier
8	Sourced new supplier for floor protector	Saving 35p per metre	Changed supplier
9	Set up direct debit with paint manufacturer	Delivered directly to site, nectar points awarded, no visits to trade centres, removal of empty paint tins	Contract set up
10	Admin assistant for site works	Frees up site supervisory staff to undertake surveys inspections and carry out contract duties	Appointed
11	Service agreement with specialist level access shower manufacturer	30 to 32% off shower decks 50% of accessories	Now in operation
12	APM contact cards	Left with residents at pre installation visit for direct contact with contractors supervisors	Now in operation- comments raised about inability to contact site staff
13	Asbestos surveyor emergency service		Cards available to contact asbestos service for any potential ACM found but not identified in survey.
14	Sign off cards	End of each day last operative sign out off property to say it is clean to residents satisfaction	Now in operation
15	Flow restrictors fitted to bathroom fittings	Cost £8 per property- savings to resident	Now being fitted

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

The possibility of replication of this is quite widespread. Any organisation joining a Group structure with a DLO can follow this process. This can even be used as a template for an organisation forming a DLO from scratch. The important thing is not the start point but the vision and drive as to how to achieve that result. With MHL and APM the vision was to quickly integrate the two organisations and establish an equal partnership, benefiting from each other in aiding the development of an in-house delivery team. Accepting that this would be seen as alien to an organisation and residents not used to a DLO. By simply trying to integrate the two organisations and fostering a partnering ethos enabled the creation of a delivery team achieving many of the joint KPI's set out at the commencement of the contract. What is more it is essential that senior management create an atmosphere whereby a partnership and team can be formed based upon mutual respect and not result to a blame culture. Taking responsibility for what goes poorly and what goes well enables the team to learn and grow.

The time and effort spent on the initialisation of the project, working through:

- the risk register,
- goals and objectives,
- communication plan,
- creation of the resident information pack,
- Mendip Standard,
- Open book process,
- KPI's,
- conflict resolution process

Was time well spent? Between the decision to carry out the works and the first works on site was almost 9 months. In this time all of the above documentation was created and signed up to. These documents are constantly reviewed and used to resolve any issues and create efficiencies and innovations

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