

# Reactive and Planned Maintenance Procurement Options Workshop

## Workshop Report



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## Contents

a) Background .....	3
b) Purpose of the Workshop .....	3
c) Agenda .....	3
d) Workshop Participants .....	4
e) Executive Summary .....	5
f) Agreed Way Forward .....	5
1. Purpose of the Day (from attendees) .....	7
2. Executive Summary – Stage 1 Service review Findings .....	7
3. The Current Service – Components and Review .....	8
4. What Repairs Work will be included in the Options? .....	9
5. SDC drivers for this procurement .....	10
6. Long-list of Options (Notional) for Re-procuring the Reactive and Planned Maintenance Work .....	11
7. Reducing the Long-List of Options to a Short-List .....	14
8. Preferred Procurement Option(s) .....	19
9. Way Forward/ Next Steps .....	19

### **Appendix 1: Workshop Presentation**

## a) Background

Impart links are commissioned by Stroud District Council to undertake an options appraisal to explore the range of viable alternative/s for the delivery of their repairs and maintenance service beyond the life of existing contractual arrangements.

To facilitate options appraisal, Impart links undertook a detailed service review and drafted a long-list of potential procurement options for consideration.

Following options appraisal, Impart links will develop a short-list of preferred options into fully detailed business cases and subsequently procure the preferred option.

## b) Purpose of the Workshop

The purpose of this workshop was to:

- Share the outcome of the detailed service review
- Agree the scope of work being considered
- Establish the drivers for the review and re-procurement
- Review a long-list of options
- Agree a short-list of options and way forward

The workshop was facilitated by Dave Sillitoe of Impart links.

## c) Agenda

	Description	Who
9.00	<b>Assemble</b>	
9.20	Introductions	DS
1	Purpose of the day	All
	Ice breaker	All
2	Executive summary - stage 1 service review findings	JM
3	The Current Service	All
4	What repairs work will be included in the options?	All
5	SDC Drivers	All
	Lunch	
6	Options available; Service constitution and commercial administration	All
7	Long-list of option to a short-list	All
8	Discussion on next steps	All
15.30	<b>Adjourn</b>	-

## d) Workshop Participants

Name	
Joe Gordon	Head of Contract Services
Kevin Topping	Head of Housing Services
Sara Weaver	Systems and Income Manager
Michelle Elliott	Principal Neighbourhood Management Officer
Fay Gorick	Planned Delivery Manager
Angela Carr	Services Manager
Helen Coughlan	Lead Scheduler
Talitha Burton	Neighbourhood Management Officer
Carl Mason	Maintenance and Voids Officer
Zoe Whitehead	Trainee Contracts Officer
Ashley Heal	Heating Contracts Manager
Tara Wheeler	Asset Information & Support Officer
Claire Bowman	Maintenance Advisor
Nathan Portlock	Business Support Officer
Nicholas Richardson	Site Officer
Elaine Booth	Planned Delivery Officer
Joanne White	Asset Information & Support Officer
James Manifold	Impart links
Dave Sillitoe	Impart links

### e) Executive Summary

Participants were asked to confirm what the drivers are for this procurement, why and to score each by priority.....

Drivers for this procurement			
Diver	Priority Score/ Priority	Short Definition	Current thoughts Influencing this Driver
1 Control	16 1	Visibility of: <ul style="list-style-type: none"> <li>• Cost</li> <li>• Quality</li> <li>• Customer satisfaction</li> <li>• Each workflow process</li> </ul>	<ul style="list-style-type: none"> <li>• Constrained by SDC and contractor's IT systems</li> <li>• Contractors dictate and control not SDC</li> <li>• SDC don't fully know what's actually happening</li> <li>• SDC are not able to influence outcomes effectively</li> </ul>
2 Partnership and Collaborative Working	9 2	Trust, openness, transparency and price; working together	<ul style="list-style-type: none"> <li>• Current arrangements, contract and commercial model do not encourage collaborative working</li> <li>• Currently silo working</li> </ul>
3 Value for Money	9 3	A balance of quality of service (for residents and SDC staff) and price	<ul style="list-style-type: none"> <li>• Current service is cost efficient but not necessarily cost effective</li> <li>• Price paid and service required do not match</li> </ul>
4 Skills and Behaviours	8 4	To match the preferred delivery model; for SDC and the contractor(s)	<ul style="list-style-type: none"> <li>• SDC and contractors are not collaboratively working</li> <li>• Skill sets probably reflect current arrangements but are not reflective of the actual approach/ culture required by SDC</li> </ul>
5 Customer Service	6 5	First-time fix and positive feedback	<ul style="list-style-type: none"> <li>• Quality of feedback is questionable</li> <li>• Disproportionate management/ intervention by SDC</li> <li>• SDC are managing expectation not the contractors</li> <li>• Communications are poor</li> </ul>
6 IT Systems	4 6	The right seamless systems (between SDC, contractors and the supply chain), "real-time", de-bugged and accurate	<ul style="list-style-type: none"> <li>• Too many systems</li> <li>• Functionality not understood</li> <li>• Systems not properly or fully integrated</li> <li>• System use is not managed effectively</li> <li>• IT is a secondary consideration and need to be primary</li> <li>• Systems are not 360° seamless and are not real-time</li> </ul>

Preferred procurement options from the workshop are as follows:

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)	Score / 10
3	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs	Planned	7
6	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs	Planned	8
11	Hybrid	DLO & MC	Traditional	Open Book	One	Part Repairs DLO (Phased take-up)	Part Repairs & Planned	9

#### f) Agreed Way Forward

- Meet with members and other key stakeholders to share and validate options
- Agree options for detailed appraisal
- Commence detailed options appraisal; the next stage of the review

## 1. Purpose of the Day (from attendees)

- 1 Clarity on where we are going
- 2 Understand the options available to SDC
- 3 Understand how we can improve on the service we are getting
- 4 Understand what our drivers are – for stakeholders and residents

## 2. Stage 1 Service Review Findings

Attendees were asked to describe their perception of the reactive and planned maintenance service “right now”. Responses were as follows

- 1 Mediocre
- 2 Quite poor
- 3 Room for improvement
- 4 Different views on the use of the Schedule of Rates
- 5 Poor communications
- 6 Chasing work
- 7 Trying to understand what work is done
- 8 Incomplete work

James Manifold presented a summary of Stage 1 Service Review Findings, the salient points being as follows:

Category	Statistic	Benchmark
Price per Repair	£96.63	Lower than Average
Price per Void	£2,608	Average
Price per Plot	£326	Lower than Average
Repair Ratio	1.81	Lower than Average
Voids Ratio	5%	Lower than Average
Kitchens	£4,684	Higher than Average
Bathrooms	£3,061	Lower than Average
Mi-space NHF Repairs	+7%	Average
Mi-space NHF Voids	+9%	Average
NKS NHF Repairs	+24.26%	Higher than Average
NKS NHF Voids	-19.66%	Lower than Average

### 3. The Current Service – Components and Review

North		South	
<b>Perceived Performance Score (whole Service)</b>	<b>7 /10</b>	<b>Perceived Performance Score (whole Service)</b>	<b>4 /10</b>
<b>Stock:</b> 2,895 homes		<b>Stock:</b> 2,861 homes	
<b>Contractor:</b> NKS (SME)		<b>Contractor:</b> MiSpace (National)	
<b>Delivery:</b> Mainly direct with local labour		<b>Delivery:</b> Mainly sub-contract and not local labour	
<b>Commercial Management:</b> NHF version 6.2 plus bespoke planned work rates		<b>Commercial Management:</b> NHF version 6.2 plus bespoke planned work rates	
<b>Covers:</b> Stroud, Hardwick, Painswick, Stonehouse, Brockworth, Stanleys, Frampton, etc		<b>Covers:</b> Dursely, Wooton, Mitchen Hampton, Nailsworth, Berkley, etc.	
<b>Stock Condition:</b> Good, slightly better than South		<b>Stock Condition:</b> Good	
<b>Spread:</b> Homes closer together than South		<b>Spread:</b> Homes more dispersed than North	
<b>Scope of Work/ Workstream Performance</b>	<b>/10</b>	<b>Scope of Work/ Workstream Performance</b>	<b>/10</b>
<b>1</b> Reactive Repairs		<b>1</b> Reactive Repairs	
• Operational office	9	• Operational office	5
• Quality and delivery	6	• Quality and delivery	4
<b>2</b> Voids and major voids	9	<b>2</b> Voids and major voids	4
<b>3</b> Planned work; kitchens, bathrooms, electrical, heating (voids), aids and adaptations, environmental work	8	<b>3</b> Planned work; kitchens, bathrooms, electrical, environmental work	4
<b>4</b> Emergency lighting	8	<b>4</b> Emergency lighting	-
<b>5</b> Smoke detectors and fire alarms in sheltered housing	8	<b>5</b> Smoke detectors and fire alarms in sheltered housing	-



#### 4. What Repairs Work will be included in the Options?

1	Reactive Repairs
2	Voids and major voids
3	Planned work components will change; external wall insulation, roofing and external environs
For consideration:	
A	Electrical testing/ compliance
B	Aids and adaptations
C	Window and door replacement
D	Door entry systems
E	Cyclical decorations
F	Key external component replacement
G	Emergency lighting
H	Smoke detectors and fire alarms in sheltered housing

## 5. SDC drivers for this procurement

Participants were asked to confirm what the drivers are for this procurement, why and to score each by priority.....

### Drivers for this procurement

Diver		Priority Score/ Priority	Short Definition	Current thoughts Influencing this Driver
1	Control	16 1	Visibility of: <ul style="list-style-type: none"> <li>• Cost</li> <li>• Quality</li> <li>• Customer satisfaction</li> <li>• Each workflow process</li> </ul>	<ul style="list-style-type: none"> <li>• Constrained by SDC and contractor's IT systems</li> <li>• Contractors dictate and control not SDC</li> <li>• SDC don't fully know what's actually happening</li> <li>• SDC are not able to influence outcomes effectively</li> </ul>
2	Partnership and Collaborative Working	9 2	Trust, openness, transparency and price; working together	<ul style="list-style-type: none"> <li>• Current arrangements, contract and commercial model do not encourage collaborative working</li> <li>• Currently silo working</li> </ul>
3	Value for Money	9 3	A balance of quality of service (for residents and SDC staff) and price	<ul style="list-style-type: none"> <li>• Current service is cost efficient but not necessarily cost effective</li> <li>• Price paid and service required do not match</li> </ul>
4	Skills and Behaviours	8 4	To match the preferred delivery model; for SDC and the contractor(s)	<ul style="list-style-type: none"> <li>• SDC and contractors are not collaboratively working</li> <li>• Skill sets probably reflect current arrangements but are not reflective of the actual approach/ culture required by SDC</li> </ul>
5	Customer Service	6 5	First-time fix and positive feedback	<ul style="list-style-type: none"> <li>• Quality of feedback is questionable</li> <li>• Disproportionate management/ intervention by SDC</li> <li>• SDC are managing expectation not the contractors</li> <li>• Communications are poor</li> </ul>
6	IT Systems	4 6	The right seamless systems (between SDC, contractors and the supply chain), "real-time", de-bugged and accurate	<ul style="list-style-type: none"> <li>• Too many systems</li> <li>• Functionality not understood</li> <li>• Systems not properly or fully integrated</li> <li>• System use is not managed effectively</li> <li>• IT is a secondary consideration and need to be primary</li> <li>• Systems are not 360°/ seamless and are not real-time</li> </ul>

## 6. Long-list of Options (Notional) for Re-procuring the Reactive and Planned Maintenance Work

Impart links presented suggested options as a long-list .....

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)
1	Out-sourced	Main Contractors	Traditional	NHF SOR	Two	Repairs & Planned	Repairs & Planned
2	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs & Planned	
3	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs	Planned
4	Out-sourced	Main Contractors	Traditional	Open Book	Two	Repairs & Planned	Repairs & Planned
5	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs & Planned	
6	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs	Planned
7	Out-sourced	Main Contractors	Dialogue	Open Book	Two	Repairs & Planned	Repairs & Planned
8	Out-sourced	Main Contractors	Dialogue	Open Book	One	Repairs & Planned	
9	Out-sourced	Main Contractors	Dialogue	Open Book	One	Repairs	Planned
10	Hybrid	DLO & MC	Traditional	Open Book	One	Repairs (DLO)	Planned
11	Hybrid	DLO & MC	Traditional	Open Book	One	Part Repairs (DLO)	Part Repairs & Planned
12	Hybrid	DLO & MC	Traditional	Open Book	Two	Repairs & Planned	Repairs and Planned
13	In-sourced	DLO	N/a	Open Book	One	Repairs & Planned	
14	In-sourced	JV (MOS)	Dialogue	Open Book PPP	One	Repairs & Planned	
15	In-sourced	JV (WHS)	N/a	Open Book PPP	One	Repairs & Planned	Specialists
16	In-sourced	PPP (Managed)	Dialogue	Open Book	One	Repairs & Planned	Management Agent
17	Out-sourced	Consortia	Traditional	Open Book	One	Repairs & Planned	Purchasing Consortia
18	In-sourced	DLO	N/a	Open Book	One	Repairs & Planned	Management Consultant

Key and Definitions (definitions are within the context of the long-list)	
DLO	Direct Labour Organisation; A distinct internally resourced contractor function to manage and deliver work to a defined scope and value; e.g. SDC Heating Service is a DLO. A DLO may be supported by externally procured contractors and suppliers.
MC	Main Contractor; an external organisation procured to manage and deliver work to a defined scope and value. A Main Contractor may be supported by externally procured contractors and suppliers.
JV	A business agreement in which two or more parties jointly agree to develop, for a finite time, a new entity and new assets by contributing equity. They exercise control over the enterprise and consequently share revenues, expenses and assets.
WOS	Wholly Owned Subsidiary: A joint Venture where a registered provider wholly owns the subsidiary and buys expertise from 3rd parties under an SLA or equity to run and manage the business.
MOS	Majority Owned Subsidiary: A Joint venture with a registered provider where the housing provider takes the majority share and trades the business as a subsidiary to their organisation.
PPP (managed)	Public/ Private Partnership: A contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project.
Consortia	Several organisations, usually external, who come together to combine skills, expertise and capacity to undertake a contract. Usually with a single leader and required to form a single entity if awarded a contract.
NHF	National Housing Federation: The industry standard Schedule of Rates developed and managed by M3H.
SOR	Schedule of Rates: A Comprehensive schedule of rates with descriptions and pre-stated rates which are adjusted as part of a tender process
Out-sourced	Resourced and delivered by an external contractor(s)
Hybrid	Resourced and delivered by a DLO and an external contractor(s)
In-sourced	Resourced and delivered by a DLO, possibly with “top-up” resources from an external contractor(s)
Traditional Procurement	Straight forward single or two-stage procurement without engaging the contractor.

Dialogue Procurement	Procurement which formally engages interested contractors at set stages of the process to discuss, review and agree requirements for key aspects of the future service e.g. IT systems and then seeks final tender offers using agreed specifications and requirements.
Open Book Commercial Management	Open as opposed to closed commercial management, where, within defined boundaries, actual cost is paid for labour, materials and plant, local overheads (e.g. staff and offices) to which an agreed percentage uplift is added for head office support (e.g. HR/ IT, senior management, etc) and profit. Incentive arrangements may be used.
PPP Commercial Management	Open or closed commercial management whereby the client pays a set price per property for repairs and other work. Often a PPP model is used after a period of open book cost management so that actual costs are known and risk to the contractor is reduced.
Repairs	Unknown work that is responded to as reported – reactive repairs
Planned	Work that is planned to occur on a cyclical or timebound basis; e.g. decorations or kitchen replacement where the age and condition of a component dictates replacement.
Specialists	Contractors or consultants with specific specialist skills, knowledge, etc.
Purchasing Consortia	A body who has pre-procured a range of work and services which are available for housing providers and others to access; usually for a fee, with an assumption (which must be tested) that procurement processes are legally compliant and offer value for money by way of economy of scale.
Management Consultant	A consultant(s) who are engaged specifically to manage certain aspects of a delivery model e.g. contractor experienced people who will manage an in-sourced DLO, because the housing provider does not have the skills to do so.

## 7. Reducing the Long-List of Options to a Short-List

Attendees reviewed each option as follows:

- Which options are “non-starters”
- Remaining Options against each driver along with benefits and risks

Non-starters were agreed as follows:

Option	Type	Model	Procurement	Commercial Administration	Reason
7	Out-sourced	Main Contractors	Dialogue	Open Book	Dialogue not for SDC
8	Out-sourced	Main Contractors	Dialogue	Open Book	
9	Out-sourced	Main Contractors	Dialogue	Open Book	
12	Hybrid	DLO & MC	Traditional	Open Book	
13	In-sourced	DLO	N/a	Open Book	
16	In-sourced	PPP (Managed)	Dialogue	Open Book	Dialogue not for SDC and ambitious in the current environment
17	Out-sourced	Consortia	Traditional	Open Book	Insufficient control
18	In-sourced	DLO	N/a	Open Book	

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)
1	Out-sourced	Main Contractors	Traditional	NHF SOR	Two	Repairs & Planned	Repairs & Planned
2	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs & Planned	
3	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs	Planned
Does this option meet the requirements of each procurement driver?							
Control			N	Skills and Behaviours			N
Partnership and Collaborative Working			1N, 2 and 3 possibly	Customer Service			1N, 2Y, 3Specific ownership
Value for Money - Service			1N, 2Y, 3?	IT Systems			N 3 feels a better option ? unsure. IT systems must be addressed
Value for Money – Cost			Y cost effective				
Benefits:		Cost efficient; Contactor can cover both areas; Commercial model in place; Balances resources between workstreams if repairs and planned let separately; Clear contract; Commercial risk is mainly with the contractor					
Risks:		3 feels risky – “eggs in one basket”; Less shared risk; Commercial risk management by the contractor at the expense of service; Not effectively balancing resources between workstreams; traditional relationships; closed book; Cost management visibility is limited; managing volumes to meet contractor needs is tricky; liner approach					
Preference Score/ 10		7 with opportunity to adjust to meet driver requirements					

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)
4	Out-sourced	Main Contractors	Traditional	Open Book	Two	Repairs & Planned	Repairs & Planned
5	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs & Planned	
6	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs	Planned
Does this option meet the requirements of each procurement driver?							
Control			Y, with separate contracts for RR & PM	Skills and Behaviours		Y, Possibly in the long-term	
Partnership and Collaborative Working			Y, RR could be Open Book; PM could be more traditional or price per plot	Customer Service		Y, with a long-term agreement and driven by CBC	
Value for Money - Service			Y	IT Systems		? unsure. IT systems must be addressed	
Value for Money – Cost			? unsure				
Benefits:		Working with actual cost; Not a new approach; Improved visibility and transparency; Disallowable costs; Can be incentivised; Helps shift focus from commercial recovery to customer focus; Facilitates use of Client knowledge; Allows for a Business Case structure for different solutions; Increased risk sharing;					
Risks:		May discourage SME's or those without this experience; May be a hard sell initially; Will need a 12-month period to bed-in; there will be issues; Still need to record actual work undertaken; Increased or different commercial management input required; The need for ongoing audits; Changing both SDC and contractors' behaviours; Creating issues; Contractors not opening-up their processes, systems costs, etc. Quality of SDC data; Increased risk (commercial) (over SOR).					
Preference Score/ 10		8					



Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)
10	Hybrid	DLO & MC	Traditional	Open Book	One	Repairs (DLO)	Planned
11	Hybrid	DLO & MC	Traditional	Open Book	One	Part Repairs DLO (Phased take-up)	Part Repairs & Planned
Does this option meet the requirements of each procurement driver?							
Control - Reactive				Y	Skills and Behaviours - Reactive		Y
Control - Planned				Y	Skills and Behaviours – Planned		Y
Partnership and Collaborative Working				Y	Customer Service		Y
Value for Money - Service				Y	IT Systems		? unsure. IT systems must be addressed
Value for Money – Cost				Y			
Reactive				Planned			
Benefits:	Visibility, Flexible, Improved customer satisfaction; Choice; Confidence; Tailored service; Brand; Use of client Knowledge; Knowledge of stock and service improved; working with actual cost. Arrangements for migration can be clear.				Contractors are struggling with Reactive work in 2 areas due to volume of orders and commercial viability. Will attract a contractor skilled in planned work. Arrangements for migration can be clear. Can be contingent arrangements for Reactive Repairs cover.		
Risks:	Eggs in one basket; Feels “scary”; Union involvement; The need for skilled management support; will need back office support for HR, TUPE and other central functions normally managed by a contractor; Not being able to employ or retain the right skills; Ensuring the commercial infrastructure is right; Corporate liability and duty of care increases with DLO; Operational infrastructure (materials, fleets, stores, etc) required for a DLO; Value for money (purchasing power); Increased cost initially? DLO would operate under an SLA not an enforceable contract; the Repairs need is much bigger than that associated with the Heating DLO.						
Preference Score/ 10	9						

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)
14	In-sourced	JV (MOS)	Dialogue	Open Book PPP	One	Repairs & Planned	
15	In-sourced	JV (WHS)	N/a	Open Book PPP	One	Repairs & Planned	Specialists
Does this option meet the requirements of each procurement driver?							
Control - Reactive				Y	Skills and Behaviours	Y	
Partnership and Collaborative Working				Y	Customer Service	Y	
Value for Money - Service				Y	IT Systems	? unsure. IT systems must be addressed	
Value for Money – Cost				Y			
Benefits:		Still a contract; Can re-brand; Importing specialist management skills; Working capital investment; Like a DLO but with a partner; Shared risk; WOS = DLO plus specialists; Investment costs; Would be an SDC subsidiary company					
Risks:		UBICO perception of this type of model; Must get the shareholding right; Future value perception (where the companies value increases, and the partner has a share); Ha to be very open and transparent; Still need to procure the JV partner; Shared surplus; VAT; Investment costs from SDC					
Preference Score/ 10		6 or 7 (due to appetite for risk with SDC for this type of model)					

## 8. Preferred Procurement Option(s)

Preferred procurement options from the workshop are as follows:

Option	Type	Model	Procurement	Commercial Administration	Region (s)	Contractor (1)	Contractor (2)	Score / 10
3	Out-sourced	Main Contractors	Traditional	NHF SOR	One	Repairs	Planned	7
6	Out-sourced	Main Contractors	Traditional	Open Book	One	Repairs	Planned	8
11	Hybrid	DLO & MC	Traditional	Open Book	One	Part Repairs DLO (Phased take-up)	Part Repairs & Planned	9

## 9. Way Forward/ Next Steps

- 9.1 Meet with members and other key stakeholders to share and validate options
- 9.2 Agree options for detailed appraisal
- 9.3 Commence detailed options appraisal; the next stage of the review