



Report to Property and Assets Committee

4 February 2019

Title: Review of Property and Assets

Report of: Interim Managing Director

Purpose of Report

1. To update on the review of the Property and Assets service.

Background

2. Savills completed a high-level review of the Property and Assets service in May 2018 and the detail of the review was reported to the Board on 24 May 2018.
3. The review covered an assessment of the repairs and capital improvement services and included compliance across the service.
4. Improvements were identified across the service. A whole service review that covers linked processes, procedures and performance management are integral to ensuring an effective property and assets service is delivered, alongside a corporate compliant approach which is embedded in the business.
5. Flowing from the review, it was recommended that a Task and Finish Group comprising of Board members, be established to oversee the compliance project.
6. In addition, a range of working groups were established to take forward the recommendations of the Savills review. Appendix 1 details the scope of the groups and key activity.
7. An overall project management plan has been developed and Ian Price (Commercial Adviser) leads the project. The plan is monitored monthly and sets out actions agreed by each of the working groups together with lead officers and agreed timescales for completing each task.
8. Since the completion of the high-level review, work has been completed in the following key areas:
 - Process and Procedures
 - Performance Management
 - Human Resources
 - Commerciality
 - Stores, Procurement and Supply Chain

- Service Level Agreements
- Compliance

Link to Values

9. This report is aligned to the following Company values: -

- Fair
- Customer focussed
- Open and Honest
- Accountable
- Inclusive valuing diversity
- Innovative
- Passionate about what we do

Equality and Diversity Implications

10. The Company's commitment to be an equal opportunities employer is an integral part of every aspect of the company's activities. All activity is designed to meet the diverse needs of the employees and the community in which we work.
11. In accordance with the Company's Work Life Balance Policy and Procedure we will continue to offer employees flexibility and alternative patterns of work where possible in line with business needs.

Financial Implications

12. By reviewing our systems and processes, it will allow us the opportunity to explore better ways of working which will lead to a more efficient effective service. It will also enable better use of resources leading to an increase in productivity, maximisation of internal resources, potential reduction in sub-contractor usage and a reduction in waste.

Health Implications

13. The implementation of this review is intended to impact positively on the health and well-being of customers, employees and other key stakeholders.
14. A modernised approach to the management of the repair and maintenance operation offers a more tailored and flexible to approach to service delivery, meeting the needs of our customers and raising satisfaction levels

Risk Management Implications

15. This report relates to the following strategic risks:
- Failure to adapt to the housing and support needs of our customers
 - Failure to plan the workforce efficiently
 - Failure to effectively manage business continuity

Value for Money Implications

16. This report supports the modernisation of the delivery model within the Property and Assets service and is designed to support the business to be both sustainable and cost effective.
17. The continuation of the service improvement agenda will encourage better ways of working, giving greater visibility and control of information across the business allowing managers to be more pro- active.

Environmental Implications

18. Strengthened controls over procurement and the supply chain, together with more rigorous controls of waste, and robust Service Level Agreements, will improve the way we currently operate. Enhanced operating procedures will offer the opportunity to work more efficiently and effectively, which should in turn lead to a reduction in waste, within TGHC and our Council colleagues.

Consultation carried out

19. Consultation has been undertaken with Executive Management Team, the Council and Trade Unions. The Board received a report in July 2018 and agreed next steps, including the establishment of the task and finish group and working groups to oversee the development of the property and assets review.
20. The Compliance Task and Finish Group first met on 13 September 2018 and has now met monthly on five occasions. Compliance KPIs are monitored by Audit Committee.
21. Resources Committee considered a report on 17 January 2019 and agreed Phase 1 of the Property and Assets Review.

Recommendation

22. The committee is recommended to note the update on the review of property and assets, the key activities undertaken to date and to support the long-term continuation of the project.

The group structure is as follows: -

Working Groups

Group A - Process and Procedures (Lead Phil Hogg supported by Marie John)

- Quality Management Systems
- Business Processes including roles and responsibilities
- Document control systems
- End to end Housing Capital Investment process - including Asset Management
- Mobile working
- CDM Duties
- H&S management
- Subcontractor management
- Repairs policy Issues
- Customer Service
- Training and embedding processes and procedures

Key activity to date

- Suite of 10 Operating Procedures (OPs) have been developed within Property and Assets (P & A), with input from technical managers, Health and Safety and HR. These include Out of Hours Repairs, Material Supply, Operational Delivery, Voids Management, Quality Control of Electrical Installations Repairs and Testing, Housing Capital Investment, Commercial Services
- Moving forward the working group will continue to develop, review, implement and audit all OPs across P&A to ensure cross service consistency.
- Identified gaps in training within first draft OPs; which have been fed into the Learning & Development Plan. Key training requirements will be evaluated on an individual basis on the development of version two OPs.
- Training Plan has been issued by HR for comment by Heads of Service and respective Service Managers.
- Quality Managers delivered briefing on document control and the change request process to Service Managers in November. A central repository for all documentation will be created to facilitate document control.
- Job Manager enhancements include 'next job' locking, ability to pull despatched jobs back from iPad for reallocation and enhanced non-access procedure, which means operatives no longer need to vary Schedule of Rates (SORs).
- Northgate (6.18.1) improvements include a new look and feel, device diagnostic, new search and computation tools, refreshed contractor portal (document upload, asbestos, planned maintenance) and Repairs enhancements.
- Dynamic Resource Scheduling (DRS) enhancements have been made for Dynamic and Non-dynamic works.

Next steps

- Confirm Head of Service sign off, for completed versions of Operating Procedures.
- Action Plan to be developed in accordance with P & A Review to include Project Planner.
- Further system development for Subcontractor Portal in terms of ICT, process and commercial approach.

- Second pilot of Job Manager visibility, scheduled for end of March owing to system development requirements.

Group B - Performance Management - How we will measure, monitor and review performance (Lead Peter Edgar)

- KPIs
- Set targets
- Commercial Packs
- Productivity Reports
- Monitoring systems
- System standard reports
- Dashboard
- Management Reports

Key activity to date

- Performance Management is an important tool for managing productivity to ensure the commercial viability of the business. A clear aim has been set and processes for responsive (repairs and gas) and planned works (Maintaining Decency, Voids and Major Works) has commenced. Performance processes are to be implemented 1st April 2019 following consultation.
- A suite of new Management Performance Indicators (MPI's) are being developed by Heads of Service relating to Customer, Asset and Commercial. Each Head of Service is responsible for identifying respective MPI's including any gaps, which will feed into KPIs for implementation in April 2020.
- Standardised Commercial reporting has been developed and introduced within the Repairs and Maintenance section of Property and Assets but needs to be further developed for Major Works and Maintaining Decency ready for implementation in April 2020.

Next steps

- Continue to develop Performance Management Process, to be confirmed and finalised in February 2019.
- Continue to develop standardised Commercial reporting across Property and Assets, as well as a process for reporting.
- Identify MPI's by 18 February 2019.
- Briefing required for all employees to put a positive on the introduction of performance management.

Group C – Human Resources (Lead Debbie Worrall)

- Terms and Conditions
- Harmonisation
- Job Evaluation
- Working Patterns and Out of Hours arrangements
- Union Recognition Agreement and Trade Union communication
- Structures / Resources / Job Roles
- Workforce planning
- Training, development and engagement

Key activity to date

- A matrix of existing Terms and Conditions has been produced.
- A review of the financial impact of harmonisation has been undertaken and presented to Board on 22 November 2018
- A review of the Property and Asset structure has been undertaken and several proposals (Phase 1) presented to Resources Committee on 17 January 2019. Approval given to commence consultation
- Harmonisation proposals were presented to Resources Committee on 17 January 2019 and approval given to commence consultation
- A review of essential car user status has been undertaken. Proposals presented to Resources Committee on 17 January 2019 have been recommended to the Board for approval on 31 January 2019.
- A review of Redeployment Pay Protection has been undertaken. Proposals presented to Resources Committee on 17 January 2019 and approval given to commence consultation.
- A Benchmarking exercise has carried out to evaluate trade / technical terms and conditions (salaries, annual leave, hours, working patterns, pension and benefits) against the external market
- A review of exit interviews has been carried out to understand resignation reasons
- Consultation on phase 1 of the Property and Asset Proposals has commenced with Trade Unions and seven engagement events with employees have been held to feedback on the review discussions and proposals.

Next steps

- Employee briefings are being rolled out on Phase One proposals and these commenced 24 January 2019.
- Consultation will continue with Trade Union colleagues.
- Establish working groups with employees.

Group D – Commerciality (Lead Michael Crinnion)

- Financial Models
- Cost-effectiveness
- Business Overheads (cost and services provided)
- Commercial drivers
- Productivity Measures and improvement
- Knowledge of the market place (economic climate and major competitors)
- Budget setting and resources

Key activity to date

- Analysis of overheads costs has been carried out, providing a breakdown of central, direct and indirect overheads against operational work areas.
- Visibility of costs and performance within the system is being reviewed and a document detailing the R&M Commercial requirements has been developed to identify any improvements required
- Proposed savings for Repairs and Maintenance are being monitored and measured against baseline figures.
- A Cost versus Value report has been developed, however the figures are distorted due to delays in accurate information entering the system. A weekly commercial report has been developed to monitor performance.

- Costs relating to compliance works have been analysed and reconciled with existing budgets to identify the revised compliance requirements. Costing structure developed to ensure that future spend against compliance activity can be monitored efficiently.
- R&M budgets forecasted for the next 2 years, incorporating RPI increases, based on the current costing structure.
- Painting Programme has been reprofiled to determine the budget requirement to maintain a 12-year painting cycle. This has been factored into the 2019/20 budget.
- Subcontractor order management has been process mapped from a commercial perspective to control works orders (works order splitting, including budget setting, field setting, variation, notes, flagging)
- The Northgate subcontractor portal is currently being reviewed to ensure that it will meet Commercial requirements with a view to the new process being rolled out from April 2019.
- Development of operational performance reporting including productivity measures to monitor financial performance is in progress.
- Further development of workload plan for Capital working towards a 5-year programme.

Next steps

- Development of costing structure for compliance works.
- Development of operational performance reporting including productivity measures to monitor financial performance (e.g. turnover per operative, per supervisor, etc).
- Development of Subcontractor Portal for R&M work allocation.
- Review and consider use of standardised Schedule of Rates suite (E.g. Nat Fed).
- Further development of workload plan for Capital working towards a 5-year programme.
- Review the financial models across Property & Assets with a view to all areas returning a surplus.

Group E – Stores, Procurement and Supply Chain (Lead Jamie Cornell)

- Stores Review
- Overheads, outputs, turnover, volume of transactions
- Consolidated materials reporting (incl. stores, 3PC, direct materials)
- ICT systems – NEPO, Northgate, Constructionline
- Suitability of Dynamic Purchasing System or alternatives
- Subcontractor engagement / Portal

Key activity to date

- Conducted a Stores Review: analysed overheads, outputs, turnover, volume of transactions.
- Identified slow moving and non-moving stock items. Further stock rationalisation required.
- Conducted spend analysis of material volumes to obtain detailed comparison between external suppliers using 3 Points of Contact (3PC) and Stores, by section and by month. In some cases, using 3PC instead of a stores stock item, increased costs up to 34% particularly for Gas spares.
- Stores enhancements include visibility on iPad for current van stock (items in stock + items that should be in stock) and Kit list

- Review of Gas Spend over 18-month period has identified items repeatedly procured through 3PC. Identified a core list of gas spares. All items are now on contract terms with suppliers.
- Pricing exercise complete for gas spares and analysis shows a potential saving of £84k per annum.
- Worked with Gateshead Council's Corporate Procurement team to develop a Dynamic Purchasing System (DPS). First market engagement event for Dynamic Purchasing completed and feedback from supply network is positive.
- Rationalisation of current standing list categories is completed.
- Based on categories, advert for DPS out to market by week ending 27 January 2019.
- Undertaken initial review of Subcontractor Engagement and explored extending the Subcontract Portal for Repairs and Maintenance work allocation.
- Dependencies have been acknowledged for consolidated materials reporting, support will be required from ICT.
- Alternative frameworks have been identified as potential routes to market.

Next steps

- Further expansion of categories and competencies within the Dynamic Purchasing System.
- Identify and agree a performance income target for Stores, linked to overheads and works volume. Formal Review, Monitoring and Feedback process to be agreed and implemented.
- Development of a Suite of Management Reports on materials usage, including stores, 3 Points of Contact and direct materials, to support stock inventory and stock rotation.
- Introduce a cross service meeting, to discuss future works programmes, support operations and stores, to maximise stores usage and plan for future procurements.
- Development of a centrally managed Contracts Matrix database, linked to performance management.
- Review of subcontractor communication and job progression.

Group F – Service Level Agreements (Lead Marie John)

- Establishing agreed SLA documents and management of them moving forward.
- Fleet
- Health & Safety
- Procurement
- Waste Management
- FM Cyclical Maintenance
- Highways
- QA

Key activity

- Identified that no formal Service Level Agreements (SLAs) existed for Repairs and Maintenance (SLA which TGHC provides), Highways Drainage and External Access (TGHC receive) or Fleet (TGHC receive).
- Identified that the format of SLAs is inconsistent; created a new template to ensure consistent format and content to enable cross comparisons to be drawn.

- Created an 'As is' position table of known SLAs; with one exception, all existing SLA contract dates have expired.
- Draft SLA has been produced for Repairs and Maintenance and reviewed with Commercial Adviser, Heads of Service, respective Service Managers, HR and Health and Safety Advisers. Recommendations have been incorporated into initial draft.
- Produced first draft SLA for Highways Drainage and External Access. Reviewed with Commercial Adviser and Head of Service (Commercial) regarding financial elements and have incorporated these changes into initial draft.
- Produced first draft Fleet SLA and reviewed with Commercial Adviser and Head of Service (Commercial) regarding financial elements. Put on hold pending Tender renewal for Fleet Services/review of lease with Northgate. Service Director (Street Scene) is considering buying the vehicles rather than leasing, which would necessitate an extended contract commitment from TGHC with further discussions on associated efficiencies and savings underway.

Next steps

- Share SLA's with Executive Management Team for review and comment.
- Meetings with appropriate Service Managers and Heads of Service to arrange review and rollout of Service Level Agreements throughout the business.
- Meetings with Service Director of Streetscene to review and develop existing SLA' s for Fleet Services and Highways and External Works.

Group G – Compliance (Lead Russell Urwin)

- Data Management - ICT
- Gas
- Electrical
- Legionella
- Asbestos
- Fire safety
- Pressure Systems
- Lift Safety

Key activity to date

- Developed new policies, processes and procedures in support of all areas of landlord compliance.
- Management Plans for all areas of compliance are in the process of being produced. A Training Matrix will be created and agreed as part of the development and issue of Management Plans.
- Completed an initial review of core data held in Northgate and Keystone to verify all communal assets.
- Establishing data process for aligning all domestic and communal assets in core systems working in partnership with the Council.
- Developed a robust process for the introduction of new properties and assets into core systems, coordinating input from all services to ensure operational and customer safety.

- A draft Data Protocol has been issued and will be implemented once core data has been checked, aligned and verified. Further data protocols are in development for key stages through the property life cycle.
- Commissioned Fire Risk Assessments (FRAs) for over 430 low and medium rise buildings, including the development of improved surveys and action tracking system to monitor and report outputs.
- Facilitating a review of High Rise, sheltered housing blocks and one extra care unit fire risk assessments using TGHC fire safety advisor.
- Collated actions from existing FRA's for High Rise and developed new procedures for the release, coordination and closure of works.
- Working with the Council on the implementation of Keystone Risk Management software as a permanent solution to coordination of FRA's.
- A new suite of Performance Indicators has been developed with the first KPI reports issued. Gap Analysis has been conducted and a catch-up plan, split by work stream produced.
- Works programmes in Northgate are being established for all areas of landlord's compliance to improve data management and facilitate real-time monitoring and KPI reporting.
- Working with a data analyst to develop a suite of compliance reports from Northgate to provide increased visibility.
- Compliance cost build-up has been developed in conjunction with Commercial team and Council to ensure all areas of responsibility are funded and delivery expenditure can be tracked.
- Asbestos Management surveys for all communal areas and scheduled for completion by March 2019.
- Undertaken initial review of digital certification and automated auditing software solutions to support operational processes.

Next steps

- Management Plans for all areas of compliance are in the process of being produced in conjunction with technical/operational managers and Health and Safety team.
- A draft Data Protocol has been issued and will be implemented once core data has been checked, aligned and verified. Further data protocols are in development for key stages through the property life cycle.
- Working with the Council on the implementation of Keystone Risk Management software as a permanent solution to coordination of FRA's.
- Gap Analysis has been conducted and a catch-up plan, split by work stream produced.
- Works programmes in Northgate are being established for all areas of Landlord's Compliance to improve data management and facilitate real-time monitoring and KPI reporting.