

**REPORT TO: BEST VALUE SUB COMMITTEE – 12 NOVEMBER 2003
HOUSING COMMITTEE – 17 NOVEMBER 2003**

REPORT ON: BEST VALUE OPTION APPRAISAL ON REPAIRS SERVICE

REPORT BY: CHIEF EXECUTIVE

REPORT NO: 774-2003

1. PURPOSE OF THE REPORT

- 1.1 To outline the results of an option appraisal of the main vehicles to manage the housing response repairs service carried out by the Repairs Review Working Group.

2. RECOMMENDATIONS

- 2.1 To recommend to the Housing Committee a Partnering approach to managing the housing repairs be developed to replace the existing schedule of rates contract by 1 April 2004
- 2.2 The Director of Housing and Director of Dundee Contract Services bring forward to Housing Committee a Partnership Agreement and establish a Partnership Board with the composition and role outlined in 9.4 and Appendix 1.
- 2.3 The Director of Housing and Director of Dundee Contract Services create a joint Management Board for the repairs service.
- 2.4 The Depute Chief Executive (Finance) and Director of Dundee Contract Services to work together to ensure that, where appropriate, all relevant accounting and related systems in regard to the housing responsive repairs service are amended to comply with the Trading Account legislation contained in the Local Government in Scotland Act 2003 and the recommended Partnering approach.
- 2.5 The Depute Chief Executive (Support Services) assist in developing the appropriate legal framework for a Partnering Agreement between the Housing Department and Dundee Contract Services.
- 2.6 To introduce a Repairs Contact Centre to contribute to the communication strategy outlined in Section 10.
- 2.7 To recommend that the Partnership Agreement includes the key features listed at 9.9
- 2.8 The remit for Stage 2 of the review process be passed to the Repairs Development Team as outlined in paragraph 11.2. The Repairs Review Working Group be wound up and the Directors of Housing and Dundee Contract Services charged with the joint responsibility to bring forward the Partnership Agreement and outline membership, role and responsibilities for a Partnership Board to be formed.
- 2.9 To agree the level of authority of the Partnership Board as outlined in Appendix 1.

3. FINANCIAL IMPLICATIONS

- 3.1 The Local Government in Scotland Act 2003 (the Act) repeals the legislation governing compulsory competitive tendering accounting requirements and sets out the statutory duty of Best Value on local authorities. This new statutory duty includes the requirement to disclose the results of significant trading operations in statutory trading accounts in accordance with proper accounting practice.
- 3.2 The Act places a duty on local authorities to ensure that each statutory trading account breaks even over a rolling three year period subject to annual assessments.
- 3.3 This report proposes that the repair service be recharged on a 'cost plus' basis. The rates set will adhere to the legislative requirements of the Act regarding the need to publish statutory trading accounts and incorporate sufficient allowance to finance replacement vehicles, plant and equipment for the service. It is proposed that other than the investment requirements, no profit will be generated from April 2004 onwards.
- 3.4 In the light of the new legislative requirements and proposed contractual arrangements it will be necessary to reassess the General Fund Contribution available from Dundee Contract Services as part of the budgetary process for setting the 2004/05 Final Revenue Budget.

4. LOCAL AGENDA 21 IMPLICATIONS

- 4.1 None

5. EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 None

6. JUSTIFICATION FOR REVIEWING THIS SERVICE

- 6.1 The existing arrangement for housing repairs is based on the now repealed CCT regime. A working group was formed to conduct an option appraisal on how the repairs service should be managed in future considering the new Best Value regime. A previous Best Value report (1999) on the repairs service highlighted that the overall performance of DCS was good and compared favourably with other similar contracts. The main issue therefore was how the nature of how the service is managed can change to create improvements in line with Best Value. Considerable consultation with Tenants has taken place on the nature of the service and how they would prefer it to be managed. An option appraisal has concluded that a partnering model best meets the critical success factor criteria set by the working group.

7. REVIEW METHODOLOGY

- 7.1 The Housing Committee at their meeting on 19 February 2001 agreed to the formation of a Repairs Service Review Working Group. Its remit was to review the current provision of the responsive repairs service for Council Housing taking into account the needs of users and technological advances allowing for an improved service delivery. Stage 1 was to consider options for delivering the repairs service compared to the current method that is constrained by the requirements of the now repealed CCT legislation. The review working group includes all stakeholders (tenants, elected members, management of client, contractors and trade unions) and was chaired by Councillor Regan. In addition to representation by the Dundee Federation of Tenants'

Association (DFTA) it was further agreed that the DFTA could appoint an independent adviser to help them participate fully in the review.

7.2 The working group agreed to the following process to complete Stage 1 of the review - the option appraisal:

- to agree a criteria to evaluate the options
- to agree the main options
- to support the DFTA's proposal to organise focus groups and a conference to ascertain tenants' views on the criteria and their needs from a repairs service.

7.3 There were four meetings of the working group up to October 2001 that agreed the criteria and the main options. Subsequently, a group of officers met with the representatives of DFTA to review the main issues and report back. One of the reasons for the time taken was the later than expected enactment of the Local Government Scotland Act 2003. However, considerable consultation has taken place on the nature of the options so that they can be compared against the criteria.

7.4 It was agreed to set up a smaller team, a Repairs Development Team, to work on detailed aspects of the alternative model for the repairs service, and report findings to the working group. The repairs development team has led to other groups being formed to consider aspects of the changes considered in the alternative models. Those are the communication, financial, legal and IT issues. The groups are listed in **Appendix 2** and notes of their meetings are being held in the review audit file for inspection. This also provides an infrastructure for managing change should the Council agree to the recommendations. The roles of these groups are further explained in Section 10 of this report.

8. **OPTION APPRAISAL**

8.1 The options considered were:

- Competitive Tendering - Current Method
- Partnering - Alternative model
- Team Working - DCS repairs staff merge with Housing Department

8.2 The options were compared against the following criteria:

- Procurement method
- How costs are established and varied
- How quality is assured
- How Value for Money is assured

8.3 Each options' pros and cons were considered against the criteria. **Appendix 3** sets out the full options appraisal table.

8.4 The result of the option appraisal is that the Partnering model is being recommended as the way forward. The critical reasons for selecting this approach in relation to the criteria are:

- It is flexible about the workforce required to deliver the service and so can cope with fluctuating demand.
- It retains the repairs service as part of the housing service to Council tenants.

- A more direct approach can be taken to seeking and achieving efficiencies and hence value for money.
- Continuous improvements to the service should be easier to agree and implement.

8.5 A key difference in the recommended approach is that the cost of repairs will be established using a more straight forward cost allocation (labour, material, overheads). Experience of Partnering approaches indicates that this will provide employees with the flexibility to do the right job while also ensuring control of expenditure.

9. PARTNERING ON REPAIRS AND MAINTENANCE

9.1 The City Council has good experience on developing partnering contracts in a range of capital contracts involving Housing, Dundee Contract Services and Architectural Services. These have proved effective in terms of customer satisfaction and completion within time and budget.

9.2 Partnering is different to the traditional contracting process in that in a traditional process (such as currently with R & M) a Schedule of Rates is produced for every item of work to be done, which goes out to tender on a regular basis with the lowest price tenderer securing the contract. In partnering the contractor is selected in advance and the price (budget) agreed at the beginning of the term.

9.3 Partnering requires good communication, trust and teamwork and amounts to a cultural change for those involved in R & M at present. Partners share and resolve problems together. A partnering arrangement will be less confrontational and will place the emphasis on quality rather than just lowest price. Partnering can deliver improved delivery, quality and predictability of cost and time taken to complete the work. In addition Partnering requires a clear performance description and measurement regime.

9.4 A key feature of partnering contracts is the formation of a partnership board between the main stakeholders. Given the experience of successful partnering contracts and the satisfactory performance in housing repairs the Partnership Board should therefore be formed with representatives of the DFTA, the Housing Department, Dundee Contract Services, Finance Department and Elected Members. Other representatives to be invited to attend as necessary.

9.5 The role of the Partnership Board will be to take a strategic overview of the service and on an ongoing basis monitor the performance of the Partnership Agreement.

9.6 The partnership does not need to be a separate legal entity but will require joint working to achieve common objectives. It is proposed that the Partnership Board, as described in the Partnership Agreement, would have an advisory role to Housing Committee with respect to overall achievement of Repairs Service objectives and will propose action to address any relevant issues to Housing Committee.

The Partnership Board members will exercise the authority vested in their roles in a spirit of co-operation, seeking to meet shared objectives and the continuous improvement of the Housing Repairs Service and the arrangements for its delivery.

9.7 In terms of the Local Government in Scotland Act 2003 Dundee Contract Services is likely to meet the criteria of a significant trading organisation and the City Council will be required to maintain a statutory trading account for its operations. The guidelines for this are set out in the document called A Best Value Approach to Trading Accounts – A Guidance Note for Local Authority Practitioners produced jointly by the CIPFA Directors of Finance Section and LASAAC which was published by CIPFA on 6 June 2003. The

Act sets new financial targets for statutory trading accounts requiring a break even position for each operation over a three year rolling period. The legislation also stipulates that accounts must be prepared in accordance with proper accounting practices which includes the requirement of the CIPFA Best Value Accounting Code of Practice to reflect total cost. The Partnership Agreement will have to contain recharge rates calculated to meet this legislative requirement. In addition the rates will have to include an allowance to cover the cost of replacement vehicles, plant and equipment used by the service.

9.8 The new partnering agreement will replace the existing Schedule of Rates contract. It will be the first implementation of a new agreement between the City Council and a DLO since the moratorium of Compulsory Competitive Tendering. It will need to meet the guidelines of the Partnering approach and Best Value. The Depute Chief Executive (Support Services) will assist in developing the appropriate legal framework.

9.9 Key features of the agreement will be:

- Description of the service to be provided
- Performance measures
- Monitoring arrangements
- Continuous Improvement arrangements
- Financial procedures and responsibilities
- Dispute resolution procedure
- Duration and review of the Partnership Agreement
- Composition and responsibilities of the Partnership Board and Management Board

9.10 As partnering aims to increase trust and co-operation to deliver quality within budget the joint management arrangements are critical. This will lead to a change in culture from the traditional contract type. The Directors of Housing and of Dundee Contract Services will bring forward proposals for the joint management board responsible for implementing the new operational procedures.

10. **COMMUNICATION STRATEGY**

10.1 Good three way communication between the tenant, Housing Department and DCS is critical to the success of the partnership approach.

10.2 The parties in the communications loop come into contact with one another in the repairs service in a number of ways. Housing may be in contact with tenants when they receive repairs requests for example, tenants could be in contact with DCS when DCS leave a card when the tenant was not at home or when the tenant requires an emergency repair, DCS can be in contact with Housing regarding additional work authorisation, etc., etc.

10.3 It is most common that, given the current organisation of the repairs service, tenants will contact Housing regarding repairs issues. Indeed the current repairs service does not allow for tenant to directly report repairs to the contractor.

10.4 It is clear above however that an effective repairs service communications strategy should not be restricted to reporting a repair only. The communication strategy must allow the tenant to make access arrangements and must include quality control measures. In addition unplanned changes to work scheduling, due to staff or materials for instance, should be notified to the tenant rather than being left for the tenant to report a service failure, e.g. tradespersons did not come on agreed day, etc.

10.5 It is proposed that the three way communications essential to ensure the smooth running of this complex service will be improved by the introduction of Repairs Contact Centre which will enhance the service provided by co-ordinating resources, liaising direct with the tenant regarding appointments, changes to planned works, etc. In addition it is proposed that the Contact Centre staff will be empowered to take ownership of a repairs request received and will be responsible for progressing this to a satisfactory conclusion. By its nature this process will involve communication and co-ordination between the Repairs Contact Centre and Housing Offices, DCS and the tenant.

The Repairs Contact Centre will be jointly managed by DCS and Housing. It is proposed that it will be located beside the tradespersons to improve the flow of information and enhance the communications flow.

10.6 An overview of the Repairs Contact Centre is as follows:

10.6.1 The Repairs Contact Centre would be jointly managed by Housing and DCS and its duties and responsibilities would not alter without the approval of the Partnership Board.

10.6.2 It is anticipated that, given the proximity to the tradespersons, it will be advantageous for tenants to make telephone enquiries on repairs service issues via the Repairs Contract Centre.

Personal callers will also be received at the Repairs Contact Centre.

10.6.3 The Repairs Contact Centre will, like Area Housing Offices, have a part to play in the quality control and assurance system designed into the service.

10.6.4 Repairs Contact Centre staff will have the authority to instruct repairs up to an agreed level/value/size and will co-ordinate trades and appointments for tenants and Housing Officers where required. Repairs Contact Centre staff will have direct radio contact with tradespersons and should be able to reorganise works and appointments should a tradesperson be delayed for instance thereby improving customer care.

10.6.5 The Repairs Contact Centre will become the emergency repairs centre out of hours and at weekends.

10.7 The Repairs Contact Centre improves communication between the tenant and DCS but it will also assist Area Housing Offices in that it can co-ordinate works and can arrange appointments for Housing Officers where pre-inspection of a repair is required.

10.7.1 Area Housing Offices will continue to have the facility to take repairs telephone calls, e.g. if a tenant requires more than one housing service but it is anticipated that Area Housing Offices will focus more on personal contact, e.g. to report a repair, to request an inspection. In addition Area Housing Offices will have a role of play in budgetary control and quality assurance matters.

10.7.2 It should be recognised that much of the communications in the repairs service will be between the tenant and Housing. Routine reporting and co-ordination will be improved by the Repairs Contact Centre, but Housing will also have to have regular contact with the Repairs Contact Centre, e.g., regarding progress chasing, complex/non routine jobs, on job authorisation where appropriate and in relation to complaints of service failure.

In addition, with regard to pre. inspection, effective liaison between the tenant and the Housing Officer remains crucial. Liaison between the tenant, Housing Officer and

D.C.S. is particularly important were the diagnosis of the problem or of the best solution is unclear. It is expected that there will be a degree of joint working between Housing and D.C.S. in such cases to reduce the potential delay for the tenant.

- 10.7.3 Effective communication between the tenant/Housing, tenant/D.C.S. and Housing/D.C.S. is improved by the introduction of the Repairs Contact Centre, but it should also be noted that communications outwith the Repairs Contact Centre will continue and will contribute to the overall effectiveness of the repairs service.

11. **STAGE 2 OF THE REVIEW**

- 11.1 Appendix 2 outlines the structure and composition of groups through which the review is being progressed.

The Repairs Service Review Working Group was established by Housing Committee and is chaired by the Convener of Finance. Membership includes cross party representation, officers from the various Council Departments, and representatives from DFTA and the Trade Unions.

The Chief Executive's Monitoring Group meets every six weeks to oversee progress with the various aspects of the review and comprises the Chief Executive and representatives of Housing/Dundee Contract Services/Support Services/IT.

The Repairs Development Team comprising representatives from Housing, Dundee Contract Services and DFTA, is the focus of all ongoing work on the review. This is the main arena for discussion and consultation with DFTA and the various clusters clear reports through the Repairs Development Team.

The Partnership Agreement Cluster has been tasked with developing the Partnership Agreement which will be the cornerstone of the new service and will describe the service to be delivered, service objectives and the key measures of performance against which the service will be judged. In addition to officers from Housing and Dundee Contract Services, DFTA are represented on this Cluster.

The IT Cluster is working through the IT implications of the proposed shift from Schedule of Rates to Partnering.

The Communications Group is required to ensure that all interested parties are kept informed of review developments, to allow consultation to take place and to involve parties in the development of particular aspects of the review as required. DFTA and Trade Unions meet regularly with officers to discuss the review as do staff from Housing and Dundee Contract Services, who need to be informed and involved in the review process.

- 11.2 This report fulfils part of the remit given to the Repairs Review Working Group. Stage 1 has tackled the options of procurement and contract type. However, the remit included a comprehensive review of the service. The Tenants Satisfaction criteria extends into issues of Value for Money, ease of contact, repair categories, fault reporting and communication with tenants (receipts, appointments, notification of progress etc). Stage 2 of the review process requires a thorough review of the repairs process from the tenant reporting a fault to the quality control procedures associated with the whole repairs service.
- 11.3 The Repairs Review Working Group at a previous meeting considered issues such as a simplification of the repairs categories to three. The Repairs Development Team have been progressing this as, along with the change from the Schedule of Rates, it will have

significant IT implications. Some quick wins identified at meetings between the officers and DFTA have already been adopted. For example, the changes to the Emergency Repairs definitions reported to the Housing Committee in December 2002 (Report No 830-2002)

- 11.4 The groups outlined in Appendix 2 would be charged with developing the new partnership repairs service and implementation. Reports would be presented to the Housing Committee at relevant stages in the process.

12. **CONSULTATION**

- 12.1 There has been extensive consultation with the DFTA in preparing this report. The Chief Executive and Directors have been consulted throughout.

13. **BACKGROUND DOCUMENTS**

Housing Committee minute 19/02/01
Building Maintenance (Housing Management) Best Value Review 1999

Alex Stephen
Chief Executive

5 November 2003

APPENDIX 1

THE PARTNERSHIP BOARD

A Partnership Board will be established to determine whether the aims and objectives set out in the Partnership Agreement are being met, whether the requirements of Best Value have been met and to make appropriate recommendations to the Housing Committee.

The Partnership Board will consist of all major stakeholders in the repairs process:

- The Convener of the Housing Committee or his/her Depute
- The Convener of the DSO Committee or his/her Depute
- The Director of Housing or his/her representative
- The Director of Dundee Contract Services or his/her representative
- The Depute Chief Executive (Finance) or his/her representative
- Three nominated representatives of the Dundee Federation of Tenants' Associations

The Partnership Board members will exercise the authority vested in their roles in a spirit of co-operation, seeking to meet shared objectives and the continuous improvement of the Housing Repairs Service and the arrangements for its delivery.

The Partnership Board will meet regularly and no less than once per quarter.

The Partnership Board will have initial performance measures necessary to demonstrate the effectiveness, efficiency and economy of the Repairs Service and those which will be reported to the general public to meet the requirements of Public Performance Reporting. The necessary performance measures will evolve over the lifetime of the Partnership and as circumstances dictate.

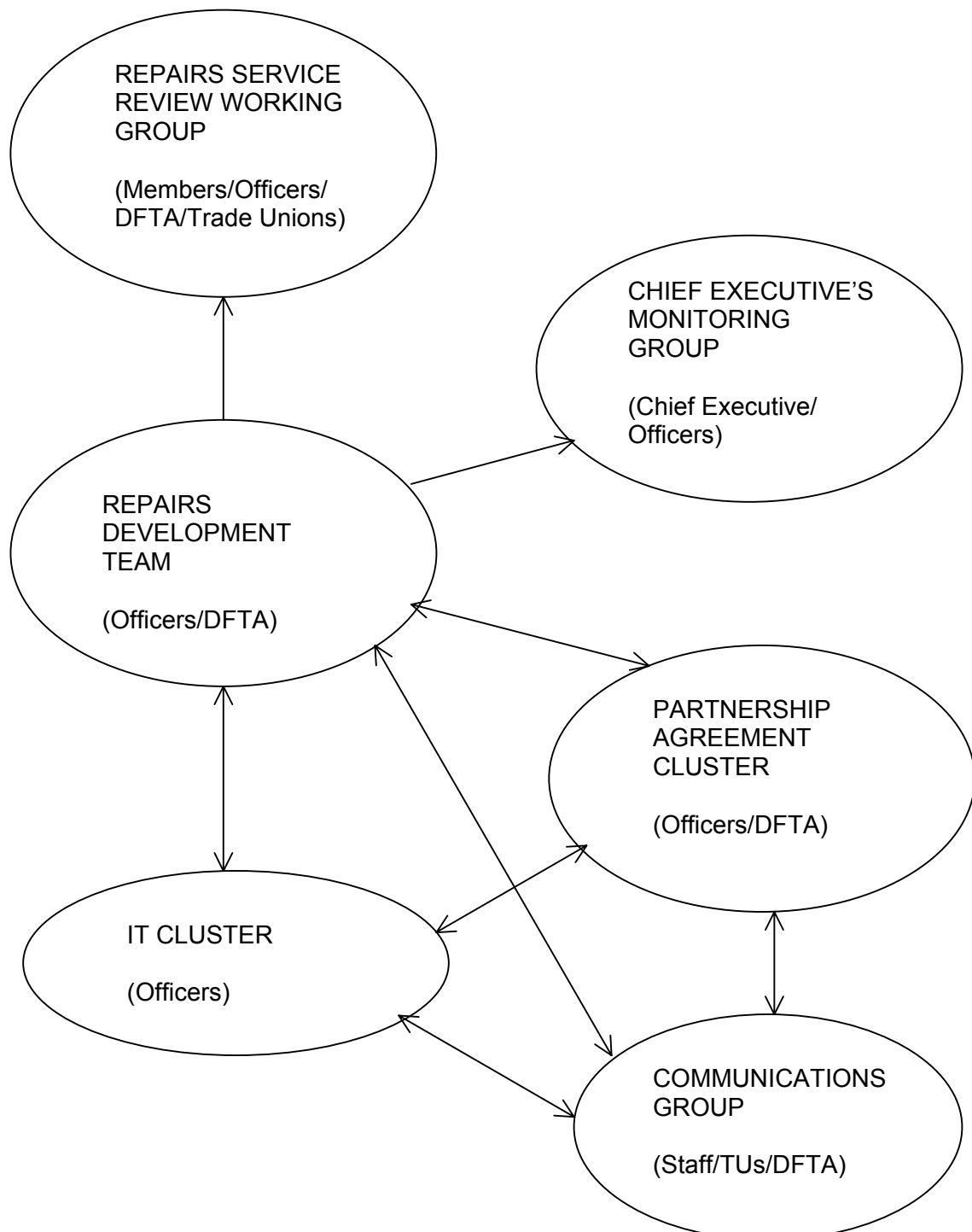
The Partnership Board will monitor the outcomes of the agreed performance measures, set priorities for improvement and report regularly to the Housing and DSO Committees.

APPENDIX 2

REPAIRS SERVICE

BEST VALUE REVIEW

WORKING GROUPS



APPENDIX 3

CITY OF DUNDEE REPAIRS REVIEW
COMPARISON OF THREE PROCUREMENT OPTIONS

| THE OPTIONS | COMPETITIVE TENDERING | PARTNERING | TEAM WORKING |
|-----------------------------------|---|--|---|
| <p>The options defined</p> | <p>Detailed specification covering all foreseeable repairs categorised into priority types. A target response time is set for each priority type. A target repair completion ratio based on the aforementioned target response times is also measured. Access to properties is the sole responsibility of the contractor and deemed to be included in the contract price.</p> <p>Several contractors are asked to price against a schedule of rates (unit costs for different types of repair). Lowest tender, which meets all performance requirements, selected.</p> <p>Current method Hard client/contractor split</p> <p>This is the required option based on the requirements of previous legislation now repealed (CCT)</p> <p>Councils have the option to voluntarily seek competitive tenders</p> | <p>A joint venture arrangement with interested parties sharing common goals and objectives</p> <p>Long term relationship set up between client and contractor, with shared goals for performance improvement and how additional costs are met i.e. to ensure Value for Money</p> <p>Soft client/contractor split</p> <p>The rigorous use of key performance measurement is essential to the success of this approach</p> <p>Means dialogue not confrontation</p> <p>Ring-fencing of employees (both DCS and Housing) is not required by this approach, offering greater flexibility of resources.</p> <p>This flexibility of resources will allow the continuation of the comprehensive housing service.</p> | <p>Client and contractor formally merge working arrangements into one team (i.e. brought physically together in a new department) to deliver the whole repairs service.</p> <p>Standards, quality assurance and VFM become a matter for some body commissioning and overseeing the arrangement. This could be a Council committee, or some sub-group or agent remitted the task</p> <p>A core workforce will be ring-fenced for the repairs operation. This means a potential for over-capacity or the need to buy-in additional resources. The same will be true of housing management staff.</p> <p>The ring-fencing of core employees will mean the end of the comprehensive housing service</p> <p>No client contractor split</p> <p>Single entity established to</p> |

| THE OPTIONS | COMPETITIVE TENDERING | PARTNERING | TEAM WORKING |
|----------------------------------|--|--|---|
| | | | <p>identify and provide the repairs and maintenance of the council's housing stock i.e. a new department</p> <p>A single point of contact allows for clearer ownership of tenant's problems and for control of the repair from reporting to completion, in addition to establishing a route for feedback on quality issues</p> <p>It is anticipated that communications and problem solving will be much improved by this closer working relationship</p> |
| <p>Procurement method</p> | <p>Tender evaluation heavily based on lowest price</p> <p>As described above</p> <p>An ordering / billing computer system has been established based round a schedule of rates contract</p> <p>The creation of a SOR contract is a complex and costly operation requiring specialist knowledge at both client and contractor</p> <p>Many of the costs of the creation of the SOR contract will be borne twice by the City Council (i.e. by</p> | <p>The partnership agreement will cover roles, price, term and conditions of contract, monitoring, disputes, policy, budget, processes etc.</p> <p>Options for legal basis of client/contractor relationship. Options for how price, quality and VFM are settled.</p> <p>Partnership requires a soft split between Housing and DCS and thereby a joint responsibility for controlling costs and providing Value for Money.</p> | <p>Department set up with a budget. It is charged to deliver VFM in the way it operates. Commissioning body monitors performance.</p> <p>Will require a change in the structure of Housing and DCS with a view to reducing the administrative overhead</p> <p>To cope with fluctuations in repairs demand additional resources will need to be bought in to support the core workforce.</p> |

| THE OPTIONS | COMPETITIVE TENDERING | PARTNERING | TEAM WORKING |
|---|---|---|--|
| | <p>both client and contractor)</p> <p>The existing SOR contract is bureaucratic and expensive to administer.</p> <p>The difficulties in administering the existing contract lead to failures in specification and failures in budget control</p> | <p>Current Schedule of Rates is not considered suitable for this procurement method</p> | |
| <p>How costs are established</p> | <p>Approximately 90000 repairs undertaken annually each individually billed in accordance with contract conditions</p> <p>All work is ordered and billed with reference to a schedule of rates.</p> <p>Current schedule of rates is Complex, typically requiring several schedule items to order each repair.</p> <p>An option to simplify the schedule to have fewer items.</p> <p>Local Government in Scotland Act will require that trading accounts are prepared in accordance with proper accounting practice for 'significant trading operations'</p> | <p>Focus will be on actual costs incurred via a cost allocation method i.e. staffing, materials and overheads which are committed within the budget level, and no more. The volume of output is dictated by the capacity of the staffing/materials deployed, and its efficiency.</p> <p>Hourly rates would be agreed for employees and job charges based on time taken to complete repairs</p> <p>Local Government in Scotland Act will require that trading accounts are prepared in accordance with proper accounting practice for 'significant trading operations' and that revenue is not less than</p> | <p>Focus will be on actual costs incurred via a cost allocation method i.e. staffing, materials and overheads which are committed within the budget level, and no more. The volume of output is dictated by the capacity of the staffing/materials deployed, and its efficiency.</p> <p>Hourly rates would be agreed for employees and job charges based on time taken to complete repairs</p> <p>Local Government in Scotland Act 2003 requires that trading accounts are prepared in accordance with proper accounting practice for 'significant trading operations' and that revenue is not less than</p> |

| THE OPTIONS | COMPETITIVE TENDERING | PARTNERING | TEAM WORKING |
|---------------------------------------|---|---|---|
| | <p>and that revenue is not less than expenditure in relation to every three year period</p> <p>All options can be considered for all three approaches i.e. SOR, simplified SOR, Cost plus etc.</p> <p>Significant resources are required both to prepare and administer the contract Schedule of Rates contracts used historically but not a prerequisite of this approach</p> <p>Direct billing weakens the effectiveness of the client / contractor relationship</p> <p>The current approach means that the client finds costs are difficult to predict</p> | <p>expenditure in relation to every three year period</p> | <p>expenditure in Relation to every three year period</p> <p>Concentrating decision making on spend at a single point will allow for tighter budgetary control</p> |
| <p>How costs can be varied</p> | <p>Client sets a fixed budget based on an affordable repair service.</p> <p>Responsive repairs are demand driven by tenant's needs.</p> <p>Contractor obliged to meet demand under conditions of contract (target % on completion dates) Any projected overspend Is controlled by postponing the ordering of non-essential or non-</p> | <p>Outlined in the partnership arrangement.</p> <p>Costs can be varied by changes in budget decisions, or changes in actual costs, either agreed by the partners, or are outwith their control.</p> <p>By negotiation on how unforeseen additional costs are met.</p> | <p>Costs can be varied by changes in budget decisions, or changes in actual costs, either agreed by the team/commissioning body, or are outwith their control.</p> <p>The team has a finite resource to deploy within its ranks to control, with variations in resources required dependent on a trading agreement with DCS</p> |

| THE OPTIONS | COMPETITIVE TENDERING | PARTNERING | TEAM WORKING |
|-------------|---|--|--|
| | <p>urgent repairs. Any projected underspend of the budget is absorbed by carrying out various identified small project(planned expenditure as opposed to responsive expenditure</p> <p>Client controls the number/type of orders going to contractor. Non urgent work can be forgone or delayed to keep within budget.</p> <p>Work not defined in the schedule of rates would be done on "dayworks", namely at cost</p> <p>Budget controlled by client function.</p> <p>Unpredictable demand leads to wildly fluctuating throughput of works.</p> <p>Recently moves made to control the spend through controlling DCS manpower has meant a reduction in no. lines completed on time (The spend is currently controlled both by decisions by Housing to restrict certain repairs or by DCS restricting the manpower employed on repairs)</p> | <p>Client has control of what repairs are ordered, delayed or not done.</p> <p>Budget control is achieved in part by control of what repairs are ordered, but also considers in detail the level of resource and its cost currently applied to the repairs service.</p> <p>Impact of policy decisions on spending more likely to take into account impact on DCS resources (thereby ensuring better use of all council resources, not only housing repairs budget)</p> <p>Amount available for repairs will be varied by the commissioning arrangements</p> <p>Costs will also be varied by changes in deployment of resources, materials etc.</p> | <p>Level of activity will vary costs and will be balanced with pent-up demand</p> <p>Budget control is mainly by varying the level of resources made available in the team .</p> |

| THE OPTIONS | COMPETITIVE TENDERING | PARTNERING | TEAM WORKING |
|--------------------------------------|---|---|---|
| <p>How quality is ensured</p> | <p>The Quality of the material to be used is contained in the material specification within the tender document.</p> <p>High reliance on post-completion inspection</p> <p>The complex nature of the SOR contracts means that only 30% of repairs are accurately specified and the technical nature presents a significant training requirement</p> <p>The current systems make good quality control of materials difficult</p> <p>The current feedback loop on the quality of materials is inadequate.</p> <p>Contractors may not be motivated to identify poorly performing materials if it means a loss of repeat business</p> | <p>A full description of performance requirements is contained in the partnership agreement.</p> <p>Comprehensive performance measurement is undertaken</p> <p>Joint objectives pursued to achieve continuous improvement by regular monitoring activity and corrective action where service failure or weakness is identified.</p> <p>The quality of the material to be used as per the existing specification or as specified by technical advisors. Any future changes to specification agreed by partnership. The onus on identifying material failure moves from the client responsibility to joint responsibility</p> <p>Tenants satisfaction surveys based on a sample of repairs undertaken.</p> <p>Tenants dissatisfaction will be addressed measuring satisfaction. Patterns of dissatisfaction will be analysed to</p> | <p>As per partnership arrangements</p> <p>A new department will allow for increased flexibility of deployment of staff drawn from both client and contractor organisations working as one team and concentrating resources in one area.</p> <p>The proposed structure will allow a closer working relationship between personnel recording repairs and the tradespersons carrying out the repairs, removing the client contractor split, thereby reducing the repairs processing journey and leading to improved teamwork</p> |

| THE OPTIONS | COMPETITIVE TENDERING | PARTNERING | TEAM WORKING |
|----------------------------------|---|---|--|
| | | <p>identify scope for service improvement.</p> <p>Less pre-inspection is likely except where complex fault diagnosis is required and post inspection becomes part of a comprehensive quality control system.</p> | |
| <p>How VFM is ensured</p> | <p>Value for Money = Lowest Price + attempts to ensure that specification is met.</p> <p>In the current set-up the pressure to make savings is focussed mainly on the contractor.</p> | <p>By measuring outputs achieved against prearranged partnership objectives and performance standards.</p> <p>The incentive to improve on results and to provide Value for Money will be provided by the overseeing board.</p> <p>There will be a shared objective to make efficiency savings</p> | <p>Extend use of benchmarking data</p> <p>Senior management of the new department (separate from existing management structures) will be given the remit to provide Value for Money.</p> |
| <p>Recommendations</p> | <p>This option is considered not suitable and is not supported by the group</p> | <p>This option is preferred by the group</p> | <p>This option is not considered suitable at the moment.</p> |