



How to...

*deliver value for money*

*repairs services*



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# How to... deliver value for money repairs services

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A good repairs service is one of the most important services provided by a landlord, to tenants. Repeated surveys show that it is also the service most highly valued by customers. For most landlords it is their area of greatest expenditure. There is also increasing pressure from the regulator to deliver value for money (VFM) and this is particularly relevant for the procurement and delivery of a repairs service.

The size and value of repairs expenditure provides landlords with considerable opportunities to maximise the contribution that repairs and maintenance services can make to community sustainability and social capital through innovative procurement.

In June 2012, CIH launched its [Repairs: CIH charter for housing](#) as a tool to help landlords and their tenants drive improvement. This 'How to...' briefing is designed to support landlords signing up to the charter and it specifically focuses on the VFM commitment. It also shares learning and innovative practice in the sector. This briefing compliments our earlier [How to... deliver VFM](#) briefing which looked at how landlords can embed VFM across the full range of housing services.

## Operating environment and regulatory context

Over many years, housing organisations have sought to ensure they achieve VFM. However, major changes to the national policy environment and regulatory landscape mean there is now an even more pressure to make the best use of resources. For a detailed explanation of these see our previous briefing *How to... deliver VFM*.

In our recent report *Does size matter or does culture drive value for money?* CIH showed that size, better quality services and costs are not directly linked; and that there are significant variations in costs between providers.

### More information: HCA Regulatory framework April 2012

The HCA's revised [Regulatory Framework](#) for England, took effect from April 2012. It includes the revised Home Standard and a new VFM standard, which housing associations will be required to meet.

## Focusing on repairs services

Driving VFM through repairs services is not something that can be achieved in isolation - to succeed VFM has to be part of the bigger overall culture of the organisation. For landlords signing up to the CIH Repairs Charter they will need to be able demonstrate a VFM approach to the delivery and improvement of responsive repairs. This includes:

- challenging existing expenditure
- periodically reviewing existing delivery models and exploring emerging or alternative options
- demonstrating value judgements in relation to the procurement of goods and services and the delivery of goods and services to tenants
- taking a proactive approach to VFM with a strategy that drives making best use of assets and a commitment to year on year improvements
- demonstrating efficiency to stakeholders, investors and tenants in a clear and transparent manner.

## Translating the Repairs Charter into practice

We recognise that each landlord signing up to the Repairs Charter will be at different points. For some, offering comprehensive services, the charter can be used to drive excellence. For others, it will provide a starting point to shaping services and capacity. In this section we look in more detail at the VFM commitment within the Repairs Charter and consider its implications.

Commitment 5 of the Repairs Charter states “We ensure that a VFM approach is embedded throughout our repairs service”. It is made up of 5 building blocks which we will consider in turn throughout this briefing

**Building block 1. Value for money is understood and embedded across the responsive Repairs Service. It is part of our performance management framework, determines how we allocate resources and is widely communicated to staff and tenants who are encouraged to identify VFM opportunities**

Expenditure on repairs services is significant for all landlords but there are widely differing levels of cost, performance and quality reported within the sector. Key to achieving VFM is having a thorough understanding of:

- how much it costs to deliver services (input)
- the return on investment (output and outcomes) and how this compares to your peers.

As a starting point, landlords should have a detailed understanding of:

- what key aspects of the repairs service cost and why?
- cost trends over time and how this compares to other organisations within a peer group
- what is driving costs? Which elements can be controlled?
- what impact different cost elements have on, the quality of services being delivered, customer satisfaction, overall asset value and community benefits or social value
- how the organisations VFM strategy aligns with the organisations overall business and social aims and objectives?
- how costs and performance relate to the organisation’s VFM strategy
- performance against VFM driven performance indicators that track critical repairs process including, satisfaction, quality, timeliness and convenience, simplicity and accuracy of process, sustainability and cost.

## Learning from others

**Livin** has streamlined its repairs service resulting in all repairs being categorised as either ‘emergency’ or ‘appointable’. Tenants being offered the ‘next available’ appointment slot, to meet the needs of tenants rather than previous arbitrary priorities. Since introduction, there has been an increase of 17% of jobs completed per day, and all emergency repairs completed on the first visit have exceeded 95%.

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## Focusing on Value in value for money

Some elements of achieving VFM can be comparatively easy to determine in the context of repairs. For example, costs (inputs) can be easily understood, and there are tangible outputs (a repair completed to an agreed quality or standard); or outcomes (tenants are happy/unhappy with the service) can be identified. However, finding ways to quantify the social impact and provide evidence of wider social investment or community sustainability outcomes is also critical. This is particularly important where investment in community sustainability is prioritised alongside issues of cost and quality, and ‘added value’.

**HouseMark's** online [Community Impact Tracking Service](#) can help you demonstrate the impact of your investment in wider community activities.

## Learning from others

Both **GreenSquare Group** and **Derwent Living** use 'VFM Wheels' to manage performance against VFM targets, and to encourage team participation and aspiration. Each spoke of the wheel reports against a separate aspect of VFM.

Indicators are tailored to reflect individual organisational priorities, and targets are set strategically and incorporated within the performance management framework.

**Source:** Xantive

### **Building block 2: We understand the cost of delivering the responsive repairs service. We balance the need to minimise costs with maintaining a good quality of service**

CIH and HouseMark have published a definition of the term VFM in *Embedding VFM in housing association services* which defines three core components. These are effectiveness, efficiency and economy. Whilst these elements still hold true, the current economic climate is forcing landlords to make difficult strategic choices, in relation to organisational purpose, and the value and quality of repairs services they are able to offer.

A VFM repairs service effectively balances quality and costs by focusing on ensuring maximum value is achieved for every pound spent, rather than reducing quality to cut costs. Overall organisational purpose and values should be used to set the basis on which value judgements are made. For example:

- does the cost of call handling arrangements reflect the number and accuracy of reported repairs and tenants satisfaction with the service?
- is the cost of a precise, customer responsive appointment system justified in terms of reductions in failed visits/no access and increased customer satisfaction?

## Defining quality

Often the term 'quality' is confused with an aspiration for 'excellence' or deemed to be a standard in itself. Landlords should be clear that delivering 'quality' is about setting an agreed acceptable standard which is adhered to consistently. Words like 'good' or 'excellent' are often used to describe a level of service. However these words mean different things to different people and can not in themselves be measured. Key to managing quality is to clearly set out the desired measure of repair quality to be achieved:

- use clear plain language to define the standard and specification of repairs service to be delivered
- agree definition with stakeholders and tenants, and communicate widely
- determine costs and processes associated with delivering the service to the agreed quality standard, and communicate this to staff and tenants to help inform choice, manage expectations and measure satisfaction.

## Using accessible language

One of the problems with understanding VFM, and embedding it across an organisation, is that it requires a subjective judgement of outputs and outcomes. This can mean different things to different people and is open to interpretation. Landlords should work closely with service providers, residents and staff to determine an agreed standard of repairs service/quality that can be delivered consistently. Adopting accessible language that is simple for everyone to understand and relate to will encourage everyone in your organisation, and tenants to understand and contribute to VFM activities. For further information on developing a common language see: [www.xantive.com](http://www.xantive.com)

## Learning from others

**Bromford Living** introduced an Annual Property Service to carry out minor repairs in a proactive manner, and reduce the number of unplanned repairs. The service draws on existing property knowledge and analysis of historical repairs to actively identify and target repeat repair areas before defects are noticed by the tenant. Since the programme was introduced overall responsive repairs reported by tenants has reduced by 24%, and customer satisfaction has increased.

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### **Building block 3: We understand how our cost and performance compares with other similar or local landlords and we use that information to improve our service**

As a sector, housing is fortunate to have available a number of different tools through which effective comparison of repairs services can be made – including HouseMark and Checkmate amongst others. We also have a very comprehensive schedule of rates and times for comparison purposes. The challenge for landlords is to translate benchmarking information, into service improvement, without spending excessive time, energy and resources on doing so, or being distracted to justify their ranking among others.

The most informed landlords will use benchmark results to track their 'direction of travel' and to identify where the organisation is maintaining or losing ground amongst peers. By choosing a performance/cost 'pairing' and mapping both over three to four years an organisation can focus its attention and management time on areas where they may be losing ground on the basis that these will most likely be areas where you can make the biggest impact and yield greatest improvements in VFM. Using this approach helps eliminate arguments about differences in organisations and concerns about comparing like for like.

For example: Failing to remain in the same or a higher quartile of performance would indicate that others within the sector are moving forward, and driving improvements, whilst you are standing still. Where others are moving into higher quartiles this would indicate that peers are starting to outperform previous leaders, and there are lessons to be learned from these organisations.

### **Building block 4: We have adopted a procurement strategy for the selection of our supply chain to deliver repairs services that are sustainable and provide value for money, for the duration of the contract**

Landlords currently spend in excess of £4bn every year on repairs and maintenance. This places the sector in a very powerful negotiating position, not just for cost effective procurement, but also added value in terms of community sustainability.

The procurement of responsive repairs services requires proficient procurement, risk management and contract negotiation skills given the ever increasing range and complexity of repairs delivery options available in the current market place for the delivery of repairs services and the manufacture of materials, including:

- in-house service provision

## Learning from others

UKHA finalists **Parkway Green** have in place robust performance reporting arrangements, which involve the monthly review of all performance and finance information to identify underperformance and enable remedial action to be implemented swiftly. Both formal and informal benchmarking has identified areas of business where performance can be improved and informs the setting of annual targets.

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- whole/part outsourcing
- traditional contractor arrangements
- shared services
- social enterprise.

Each delivery model brings with it its own advantages, opportunities and risks, and proposed VAT changes are likely to further widen opportunities around the provision of shared services. This How to... briefing does not attempt to recommend one model over another, landlords must identify, in consultation with their tenants, which model best suits their own needs and local circumstances. The starting place for such decisions should be firmly aligned to the organisations aims and objectives, and business strategy. For not-for-profit social landlords simple money saving objectives will not be the only driver, social investment aims and objectives will play a greater role in deciding which delivery option to chose.

Essentially, decisions need to be supported by robust risk management strategies and contract management for the duration of the contract.

## Effective Procurement

Key to properly recognising and taking advantage of today's procurement opportunities is an effective Procurement Strategy that enables more flexible, tactical procurement methods and reflects the organisations overarching VFM Strategy (for more information see *How to... deliver VFM*).

Key principles of a good procurement strategy:

- **strong tendering**: maximise e-procurement where possible to increase efficiency and auditability. Facilitate all tenders in an open and transparent way that creates value chains and drives innovation into all contracts
- **contract management**: ensure on-going cost management processes across all contracts in an auditable way, that develop excellence in contract and supplier management as a core competence
- **maximise value for money**: aim to achieve upper quartile performance on all VFM measures compared with appropriate peer group(s)
- **delivering customer satisfaction**: aim to achieve upper quartile performance on satisfaction measures compared with appropriate peer group(s) by placing our customers at the centre of all procurement activities
- **collaborate with others**: share procurement competencies and best practices throughout the organisation, ensure collaboration across group structures, departments, functions and teams to avoid duplication and to make individuals accountable and capable
- **develop competencies**: make best use of all internal competencies and sweat assets to establish beacon services in terms of competency and cost effectiveness
- **maximise partnering**: establish partnering based contracts with cost management programmes that are auditable for any customer facing service and develop excellence in contract and supplier management as a competence.

## Learning from others

**Futures Housing Group** use a contracts management IT system that prompts the on-going review of contracts throughout the duration of the contracts. Contract reviews taking place on a regular basis, tailored to the value and duration of the contract. The same system supports procurement planning in the short, medium and long term to avoid 'forgotten' contracts being rolled over at the group's expense.

**Source:** Xantive



**Xantive specialises in providing intuitive web-based tools and resources to support Value for Money within the Social Housing sector.**



With 12 years experience in this field and using our own proven continuous improvement model of 'Plan Think Check Do', Xantive has completed 100's of successful Value for Money projects and has worked with many of the Social Housing providers across the UK.

Through Xantive applications and services Clients can now benefit from our experience and reputation for innovation, creativity in procurement and VFM knowledge built up over years of working with housing clients without the need for engaging consultants.

We want to provide Clients with access to proven knowledge so they can continue to deliver improved value for money in-house.

Xantive has developed easy to use applications that can be accessed by a single portal. By utilising them Clients are able to improve contract management, tender management and VFM as well as being able to source general guidance and support with best practice VFM. The applications enable Clients to better benchmark, procure and manage supplier arrangements and tenders. All our applications are supported us but if Clients require more assistance a comprehensive support system is also available.

**Xantive – experts in value for money for Social Housing.**

**Helping you to do more, for less.**

[www.xantive.com/VFMLanguage.php](http://www.xantive.com/VFMLanguage.php)

## Useful resources and information

Repairs: CIH charter for housing  
[www.cih.org/charters](http://www.cih.org/charters)

How to... deliver VFM  
[www.cih.org/publication-free/display/vpathDCR//templatedata/cih/publication-free/data/How\\_to\\_deliver\\_value\\_for\\_money](http://www.cih.org/publication-free/display/vpathDCR//templatedata/cih/publication-free/data/How_to_deliver_value_for_money)

Does size matter – or does culture drive VFM (2012) CIH  
[www.cih.org](http://www.cih.org)

The regulatory framework for social housing in England (2012) HCA  
[www.homesandcommunities.co.uk/ourwork/regulatory-framework](http://www.homesandcommunities.co.uk/ourwork/regulatory-framework)

Embedding VFM (2011) HouseMark  
[www.housemark.co.uk/hmresour.nsf/lookup/EmbeddingValueforMoney.pdf/\\$File/EmbeddingValueforMoney.pdf](http://www.housemark.co.uk/hmresour.nsf/lookup/EmbeddingValueforMoney.pdf/$File/EmbeddingValueforMoney.pdf)

Preserving value (2011) HouseMark  
[www.housemark.co.uk/hmresour.nsf/lookup/PreservingValue.pdf/\\$File/PreservingValue.pdf](http://www.housemark.co.uk/hmresour.nsf/lookup/PreservingValue.pdf/$File/PreservingValue.pdf)

The Language of VFM (2011) Xantive  
[www.xantive.com/VFMlanguage](http://www.xantive.com/VFMlanguage)

CIH's practice online includes a range of information to help you to improve the effectiveness and efficiency of your housing services (Chartered CIH members have free access to this resource)  
[www.cih.org/practiceonline](http://www.cih.org/practiceonline)



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