



Derwentside Homes Award Nomination for the Best DLO



November 2011

1.0 Introduction

Derwentside Homes is a five-year-old medium-sized housing association based in North West County Durham. It is a registered charity and company limited by guarantee with a housing stock of around 6,600 properties which were transferred to the company from Derwentside District Council in December 2006.

The stock is all low-rise houses and bungalows with eight sheltered housing schemes and a small number of low-rise flats. Repairs are largely undertaken by a direct labour organisation that sub-contracts in specialist areas and to balance workload. Responsive repairs and voids are undertaken using a custom schedule of rates. Repairs are mainly ordered through a corporate call centre.

The company is currently investing approximately £117m in Decent Homes improvement. At the end of September 2010 100% of homes had achieved Decent Homes standard

A subsidiary company, Prince Bishop Homes has been developed over the last 2-3 years to buy newer properties for market rent. (Currently 165)

The vision, objectives and values of the company are set out within the Corporate Plan and underpin the business, service and training and development plans.

Corporate vision

“Affordable, attractive homes in strong, safe communities where everyone is valued”

Corporate objectives

1. Keeping Promises – to tenants by investing in homes and improving services
2. Putting People First – by valuing customers and staff, embracing equality and diversity and tailoring services to individual needs
3. Aiming High – by striving for excellent performance and making best use of resources
4. Making a Difference – by supporting and investing in the communities in which it works
5. Growing the Business – by considering new business opportunities and building new homes.

1.1 The basis of this submission is not around any one particular initiative but the overall journey that Derwentside Homes in house DLO has taken since transfer in December 2006 which has been a one of modernisation, transformation and cultural change.

1.2 The DLO is part of the Directorate of Development and Property Services within Derwentside Homes and is based at the Greengates House Headquarters. It has a core workforce of around 115 staff and has an annual Budget of approximately £11.5m

DLO Vision for the Section	Link to Corporate Objective
Value for Money – Equal to or Better than the Market	1,3,5
Profitable	3,5
Innovative and Customer Focussed	1,2,4
High Performing – Top Quartile KPI's	3,4,5
Fit for Purpose and worthy of Inward Investment	2,3,4,5

DLO Operational Objectives	Link to Corporate Objective
Create an efficient organisation equal to or better than the private sector	1,3,5
Deliver quality services	1,2,3,4,5
Be cost effective and affordable	1,2,3,4,5
Achieve high customer satisfaction	1,2,3,4,5
Sustain a team that is a valuable asset to the business	2,3,4,5
Make a profitable contribution to the organisation	3,5
Excel in any external inspection process	1,2,3,4,5
Engage positively in Step it Up Initiatives	1,2,3,4,5

- 1.3 The DLO continues to develop its operations in line with a planned preventative approach with services and structures that will ensure it provides enhanced tailored services that delivers value for money and makes both a qualitative and financial contribution towards the overall organisation
- 1.4 During 2007, the DLO undertook a full strategic business review entitled the commercial change plan. This work was carried out in conjunction with a well known housing consultancy provider and has subsequently achieved significant results in terms of overall financial performance and business planning. In late 2009 the consultants concluded that following the work carried out in the commercial change plan the section was fit for purpose and provided a value for money service.



2.0 Customer Perception

The tenants' Status survey (August 2009) found that 87% of tenants are generally pleased with the services they receive and that the top three services most important to them are:

- Repairs and maintenance (81%)
- Quality of their home (58%)
- Keeping tenants informed (38%).

Repairs and maintenance scored highly in the survey with 85% of tenants satisfied with this service and 92% of tenants thought the worker's attitude was good. 86% of tenants were satisfied with the quality of their home which would suggest general satisfaction with the capital investment to improve homes over the last three years.

The survey clearly stated :

“The primary key driver in overall satisfaction was the way in which Derwentside Homes deals with Repairs and Maintenance with 85% of respondents satisfied”

2.1 VISION Management Customer Surveys

Derwentside Homes uses the VISION Management customer satisfaction system and benchmarks its outcomes with all other housing association participants. In 2009/2010 the result for the following services were achieved:

Repairs and Maintenance – 1st out of 19 with an annual average score of 9.06/10, the overall average of the 19 participants was 8.28

Gas Servicing – 1st out of 16 with an annual average score of 9.24/10, the overall average of the 16 participants was 8.77

Aids and Adaptations – 1st of 9 with an annual average score of 9.22/10, the overall average of the 9 participants was 8.72

2.2 Customer Involvement

The in house DLO works closely with a tenants Customer Panel and discusses all relevant areas of operation on a quarterly basis to ensure the tenants shape the service delivery. A recent example of this was where the Customer Panel as part of the local offer looked at national good practice as well as talking to other tenants about what they think about how things work.

As a result of this it was agreed to make some changes to the repair classifications and the following was agreed:

Service Standard - We must carry out repairs **the same day**

Classification - Repairs, if not attended to the same day, could cause serious damage to the property and a high safety risk to the health of the tenant

Service Standard - We must carry out urgent repairs **within 24 hours**

Classification - Repairs which seriously affect the comfort of the tenant or cause potential damage to the property

Service Standard - We must carry out repairs within **3 working days** after you report the repair

Classification - Repairs that are not serious enough to warrant a one day response but could affect the comfort of the tenant or cause potential damage to the property if not attended to promptly.

Service Standard - We must carry out Priority I repairs within **5 working days** of reporting the repair(s).

Classification - Repairs that are not serious enough to warrant a 3 day response but could affect the comfort of the tenant or cause potential damage to the property if not attended to in the longer term.

Service Standard - We must carry out Priority D routine repairs within **20 working days** of reporting the repair(s).

Classification - Repairs which will not seriously interfere with the comfort and convenience of the tenant.

2.3 Customer Confidence

Customers are confident in the work they are having carried out in their homes as the DLO has the following accreditations:

- Gas Safe Registered
- NICEIC Approved Contractor Electrical Registration
- MCS Accredited for renewable energy measures
- Considerate Constructor Registration
- Recognised and rewarded for its work with apprentices. The DLO currently employs 11 apprentices which is approximately 15% of the DLO workforce



CEO Geraldine Wilcox receives the award for the companies work with apprentices

3.0 Financial Performance and Value for Money

The DLO has consistently modernised its service delivery approach and is an entirely different proposition to the provider that transferred from the Council in December 2006. Major changes and achievements include:

- Closure of the in house stores and joiners shop
- Introduction of imprested van stocks
- Introduction of Van Trackers
- Introduction of a Handy Van Service
- Implementation of the Commercial Change Plan and Performance Monitoring Booklet
- Introduction of robust and achievable performance targets for all operating units
- Modern procurement methods used to ensure VFM with materials provision, fleet and fuel supply
- Introduction of a Total Home Care Servicing Regime
- Introduction of dynamic work scheduling and hand held technology
- Robust appraisals of the service by Savills and HQN
- A full mock inspection in 2009 rated the R&M service a 2 star Good (high)
- Significant increase in productivity from a reduced work-force, around 20%
- Reduced sub-contractor spend.
- Removal of £200-300K deficit for the DLO with an increased surplus for the repairs section (£30K 2008-9, £91K 2009-10, 206k 2010-11) being returned, whilst the Schedule of Rates were kept at 2007 levels and reduced by 1% in 2011-12
- A programmed work section (environmental and roof-lining) has been created and £1.0M - £1.1M of works has been delivered by trades' staff transferred from the responsive repairs and voids sections of the DLO.
- Improved KPI performance
- Full HQN DLO Accreditation in 2011
- Inclusion in the top 100 employees of apprentices in the country in 2011
- A Chartered Building Consultancy through the CIOB.

3.1 External Validation

HQN confirmed the DLO compared favourably with its peers and had the capacity, capability and determination to respond to change, and to deliver continuous improvement. The DLO was awarded HQN Accredited status in March 2011 and has been recognised as one of the top 100 employers for apprentices in the country.

3.2 Savills completed an annual review of performance in July 2011 and concluded that:

- the DLO's Schedule of Rates is value for money and gas servicing offers excellent value
- the DLO has achieved its quality performance targets and top quartile performance is being achieved. The level of emergencies has dropped.
- Additional customer focused performance measures have been introduced including repairs completed right first time, and the measurement of repair diagnostic via % of job with correct description.
- The DLO has introduced a suite of diagnostic reports too allow further improvements to be made, reduce waste, and influence repairs demand these

include: Cancelled jobs analysis, repairs expenditure by area/street, repairs per property, variations and right first time.

- The DLO has made such a significant level of progress future improvements should focus on fine tuning
- We have benchmarked the value for money provided by Building Services (DLO) and continuous improvement has been delivered across all areas of VFM i.e. customer satisfaction, KPI, cost and quality where performance is top quartile.

3.3 Stretch Targets

To ensure the DLO continues to achieve excellence and challenge its service provision and Value for Money a number of stretch targets have been introduced for the period 2011-2013. These targets will be monitored and if achieved will provide added value improvements to both the operational business plan and the environment

They are:

- Operational Performance - An increase in operational performance of the operatives by 3% in year 1 and by 2% in year 2
- Fuel Usage - An reduction in the overall fuel usage of the fleet by 5% in year 1 and a further 2% in year 2
- Transport Costs – An reduction in the overall transport cost of 5% in year 1 and a further 2% in year 2
- Sub Contractor Expenditure – A reduction in the overall expenditure on Sub Contractors by 5% in years 1 and 2
- Sickness Management – A decrease in the number of days lost to sickness in the section of 10% in year 1 and a further 5% in year 2
- Environment – An increase in the % of waste material recycled (by weight) of 2% in years 1 and 2

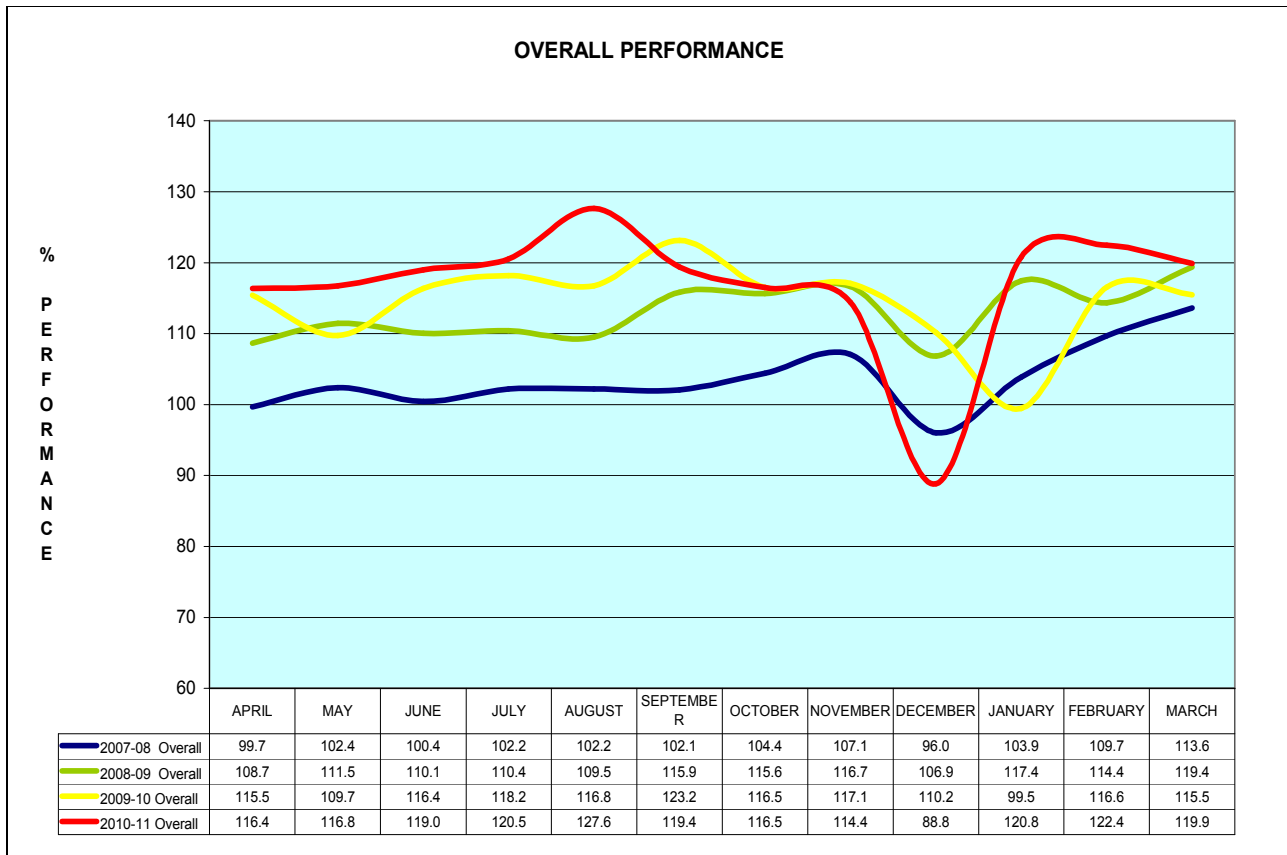


4.0 KPI Performance

The following performance data indicates the high levels of performance being achieved by the DLO:

Indicator Title	2010/11 Actual	2011/12 Actual				2011/12 Performance to Date
		Q1	Q2	Q3	Q4	
Percentage of emergency repairs completed within target	99.8%	99.8%	100%			99.9%
Percentage of routine repairs completed within Target	99.3%	99.7%	99.3%			99.5%
Percentage of urgent repairs completed within target	98.9%	99.3%	98.5%			99.0%
Average time taken to complete urgent responsive repairs from time of reported to practically complete "c" (working days)	1.7days	1.5days	1.4days			1.5days
Average time taken to complete routine responsive repairs from time of reported to practically complete "d" (working days)	10.8days	9.5days	8.5days			9.0days
Percentage of repairs where an appointment was made and kept	98.0%	98.3%	96.9%			97.6%
% of Post inspections carried out as a proportion of jobs carried out	10.0%	12.2%	12.2%			12.2%
Satisfaction with responsive repairs service (VISION)	9.11	8.99	9.06			9.02
Number of Derwentside Homes' properties without a current CP12 gas certificate	7	0	0			0

4.1 DLO Workforce Performance



This chart illustrates the year on year increase in performance of the DLO workforce since 2007, the figures are expressed as % of the work produced in standard minute values against the actual time worked.

Example - March 2011 = 119.9% this means that on average the overall workforce (around 50 operatives) working a standard week of 37 hours each produced around 44.4 hours work in smv's .

This level of performance has been achieved despite suffering from 2 of the most severe winters in recent history which can be seen clearly on the chart.

4.2 Customer Satisfaction 2011/2012

Gas Servicing														
	2010/2011	April 11	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan 12	Feb	March	Average
Number of Surveys	1200	100	100	100	100	100	100							100.00
Number of Replies	428	37	41	30	44	39	36							37.83
% Replies	35.67	37	41	30	44	39	36							37.83
Average Score	9.22	9.22	9.25	9.35	9.67	8.97	9.49							9.33

Aids and Adaptations														
	2010/2011	April 11	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan 12	Feb	March	Average
Number of Surveys	497	44	47	42	48	44	27							42.00
Number of Replies	249	28	29	19	26	28	11							23.50
% Replies	50.1	63.64	61.7	45.24	54.17	63.64	40.74							54.86
Average Score	9.42	9.35	9.2	9.5	9.57	9.26	9.78							9.44

Responsive Repairs														
	2010/2011	April 11	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan 12	Feb	March	Average
Number of Surveys	3600	300	300	300	300	300	300							300.00
Number of Replies	1249	126	107	126	125	111	110							117.50
% Replies	34.70	42	35.67	42	42	37	36.67							39.22
Average Score	9.11	8.97	9.07	8.89	8.85	9.17	9.38							9.06

4.3 Additional Environmental Measures

In 2011/2012 Derwentside Homes has:

- Increased the site waste saved from landfill from 78% to 91%
- As a company reduced our CO2 emissions since transfer by 18%



Derwentside Homes HQ Building fitted with Solar PV by the in house DLO

5.0 Innovative Procurement

neprocurement is a procurement consortium within the north east of England that was established by 11 social housing providers to investigate and take advantage of the opportunities offered by joint procurement activities.

Derwentside Homes is a founder member of the consortia and is committed to ensuring that Value for Money (economic, effective, efficient) is at the heart of the services it either delivers or procures.

neprocurement has established its vision as:

“Our vision is to deliver sustainable efficiencies, and enable the provision of social and community benefits to all of our member organisations through collaborative procurement and related strategies.”

- 5.1 In 2007/2008 neprocurement undertook a sourcing exercise to select suppliers to provide materials and other associated products to neprocurement members and customers for doors, windows, kitchens, bathrooms, reheats and rewires

Following this they carried out and completed a procurement exercise during 2008/2009 to establish a four year framework agreement to select partners to carry out the installation of these works within Social Housing Properties.

- 5.2 Derwentside Homes in-house DLO took part in the OJEU compliant procurement process which involved completing a PQQ, attending a formal interview and pricing the document and was successfully accepted onto the framework for the following works:

- Doors and Window Installation
- Bathrooms
- Central Heating
- Kitchens, Bathrooms, Electrics and Central Heating (combined)
- Solar PV Installations
- Solar Hot Water Installations
- Air Source Heat Pumps

- 5.3 The DLO continues to utilise the effectiveness and efficiencies enjoyed by neprocurement members by sourcing most materials for capital works through the consortia. This has undoubtedly produced significant economies of scale and has allowed Derwentside Homes to adjust prices accordingly and achieve far more work to tenants properties without increasing budgets

6.0 The Future – Improving the Service

Year 1 Initiative 2011-2012	Details	Impact	Benefit	Added Value
Enhanced Performance	Robust approach to individual performance from DLO operatives	Clear targets set, performance monitored closely, improvement plans in place	Increased Income from DLO operatives	Additional 3% Year 1 2% Year 2
Sub Contractor Engagement	Robust approach to engagement of Sub Contractors	Sub Contractors only used where in-house workforce is fully utilised and where SC price is competitive	Full utilisation of budgets to ensure viability of the current DLO workforce	Reduction in SC expenditure in proportion to % of income Target 2%
Efficiency Savings SOR's	The section will take a 1% cut in its schedule of rates to ensure it remains market competitive whilst offering up the saving to the wider organisation	Reduction in income to the section and an approximate efficiency saving of £60k back to the company	A reduction of approx £60k	Targets set to improve performance overall with a reduction in charges ensuring VFM
Ensure Repairs and Maintenance strategy is fully aligned to the organisations corporate goals	Monitor and action repair trends and non productive practices	Reduction in return visits and Non Productive time	Increased efficiency via reductions in non productive time	Reduction in Non Productive Time
Retrofit	The section will ensure it is in a position to be able to carry out additional retrofit work to Derwentside Homes properties	Additional workload for the section in key areas of sustainability	Increased income for the section	Maintain expenditure at current levels whilst carrying out additional work streams
HQN Accreditation	Ensure that all of the areas for improvement in the HQN Accreditation action plan are completed	Completion of the action plan recommendations will allow the DLO to maintain its status as an accredited section	Ensures the section meets its VFM objectives	Additional improvements to reduce expenditure
Continue to offer apprenticeships and trainee opportunities for a diverse section of the community	Building Services will promote apprenticeships and trainee opportunities within the section to all including the long term unemployed through NEET AND SHED	To offer employment and training opportunities to all sections of the community	A fully resourced succession plan to maintain and improve income levels	Staffing levels and succession planning tailored to suit workload reducing SC requirements

Year 2 Initiative 2012-2013	Details	Outcome / Impact	Benefit	Added Value
Rebranding	Consider re-branding the section based upon any successes from forming a subsidiary company	Create a more dynamic organisation to enhance the image and boost external trading.	Increased income for the section	Carrying out additional work streams whilst not increasing expenditure
Review of Contract Agreements	Carry out Review of all Contract Arrangements to ensure VFM	Reduction in overhead where possible to reflect market rates	Maximisation of all income streams	Reduction in Overheads
Efficiency Savings SOR's	The section will review its schedule of rates to ensure it remains market competitive whilst offering up the saving to the wider organisation	Reduction in income to the section to remain market competitive and to offer efficiency savings back to the company	Streamlining of the Schedules to ensure VFM and a competitive market position	Targets set to improve performance overall with a reduction in charges ensuring VFM
Tailored Services to suit individual Customer Needs	To adjust and amend the services offered to Customers to ensure all individual needs are addressed	A tailored service based upon the Customer Insight data	Ensures the service delivery suits the needs of customers	Increased customer satisfaction via a flexible service
Continue to offer apprenticeships and trainee opportunities for a diverse section of the community	Building Services will promote apprenticeships and trainee opportunities within the section to all including the long term unemployed through NEET AND SHED	To offer employment and training opportunities to all sections of the community	A fully resourced succession plan to maintain and improve income levels	Staffing levels and succession planning tailored to suit workload reducing SC requirements
Sub Contractor and Staff Reduction	Non Productive operatives retiring from service not replaced in line with the sections succession plan and workload projections and reductions in Sub Contractor expenditure where required	Reduction in Overhead Costs	Additional VFM offered to the company to allow reinvestment and a competitive market position	Reduction in Overhead Costs ensuring scope in the Business Plan and VFM
Value for Money	Ensure the section continues to offer Value for Money saving to the organisation by benchmarking costs and offering contract price and SOR reductions in line with the market conditions	Reductions in price base to reflect market conditions where necessary in line with increased production and efficiency gains	Additional VFM offered to the company to allow reinvestment and a competitive market position	Targets set to improve performance overall with a reduction in charges ensuring VFM
Increased Income / Subsidiary Company	Offer commercially viable services to other Social Housing Providers	Carry out Repairs Maintenance and Cyclical works on behalf of other housing providers via a subsidiary organisation	Increased income for the section	Carrying out additional work streams whilst not increasing expenditure

7.0 Conclusion

Derwentside Homes in house DLO has a proven track record of continuous improvement in a competitive sector. It has modernised the services it offers in line with its tenants needs and aspirations as well as maintaining and improving all of the key performance data expected of a 21st century business.

Value for money has been achieved with the section utilising the advantages of having a committed and experienced workforce that has gained the trust of its customers over a number of years. Additionally the section has proven itself financially when competing in a highly competitive market by qualifying for workstreams in a stringent cost/quality process.

7.1 The organisation continues to develop and has real plans to move the business forward and potentially expand into external markets. It is able to do this with a sound financial footing and the clear support from the board, management and employees of Derwentside Homes and more importantly its tenants.

