### **Summary**

A2Dominion has procured through the competitive dialogue process two separate innovative Joint Ventures (JV) to deliver a repairs and void service across a large geographical area. This contract is delivered through an amended TPC2005 with two service providers Breyer and MITIE in turn appointed as Specialists under amended STPC2005 contracts. The contracts are for a period of 10 years with a combined annual value of £16.5 million.

The JV models provides A2Dominion with the security of continued service provision in a volatile market whilst allowing the service provider to bring their expertise in terms of infrastructure, systems and procedures to deliver an efficient repairs service.

The new model focuses on the direct employment of a workforce bringing benefits in quality and customer service as well as continuous employment regardless of failure or future re-procurement of the service provider. As the staff are employed by the JV they have long-term security of employment as well as allowing investment in training. The models bring together all parties into a closer collaborate team with a single identity (brand) and shared culture and values. These common aims and objectives are further established within annual business plans.

This application deserves to win the 2013 award as it demonstrates:

- Innovative use of TPC2005 and STPC2005
- Innovation in repairs service delivery model
- Innovative model for employment and training
- Demonstrates collaborative working
- Provides value for money through streamlined structures and removal of duplication of roles
- The structure of a JV allocates risk to the most appropriate party.





## **Procurement Objective**

The objective was to procure a repair and maintenance service in the most efficient way for our customers and housing stock that maximised input and innovation from the service providers. The use of the competitive dialogue process allowed early contractor involvement in the shaping of the service and clarity for all parties at the Best and Final Offer stage (BAFO).

The strategy for this procurement was developed in the context of:

- A2Dominion has 34,000 stock over a large geographical area from Oxford to Kent and down to Fareham
  in Hampshire.
- Business failure across the UK and risk of service collapse (A2Dominion had already experienced this following the demise of Connaught Plc)
- · Worsening economic environment
- Increasing costs:
  - Inflation
  - Increase in VAT
- · Reduction in grants for new build

Therefore A2Dominion wanted a service that provided stability but also had the potential to develop and change over time.

### **Legal Structure**

Considering the large geographical area and to mitigate the failure risk it was decided to split the contract into two areas and this followed through to the legal structure adopted which was to set up two limited liability partnerships, one for each contract area (Pyramid Plus London LLP and Pyramid Plus South LLP). Each LLP is 70% owned by A2Dominion and 30% by the relevant service provider (Breyer and MITIE respectively). The operatives, management and administration staff up to the Partnership Manager level are employed by the LLPs.

The Legal Structure considers:

- Delegation polices for:
  - Materials and SCP management
  - Secondee Management
  - Operational Management
- Health and Safety Policy

Each LLP is appointed as service provider under an amended form of TPC2005. Breyer and MITIE are in turn appointed as Specialists under amended STPC2005 contracts. Control of each LLP is addressed by a Members Agreement.





#### The benefits to A2Dominion are:

- High degree of control.
- Transparency of pricing.
- Strong position if re-procurement becomes necessary.
- Share of the profit of the LLPs.
- LLPs have the ability to tender for other work outside of A2Dominion and produce additional revenue streams.
- The LLPs are VAT grouped with A2Dominion which means that generally there will be no VAT on the labour element of the costs (subject to benefits test). This will lead to a significant cost saving.

The structure works because TPC allows each service provider to be a party to the TPC and employed as a Specialist under STPC. Hence, the service providers are represented on the Core Group under each contract and the Key Performance Measures can be monitored by all parties. The collaborative structure of TPC2005 encourages openness which is critical for on going improvements, especially as the service provider has a significant interest in the LLP.

Contractually each JV partner is still responsible for quality and efficiency of the repair service and paid a management fee. The repairs are delivered through a price per property and a price per void providing A2Dominion with cost certainty whilst placing the productivity risk with the Specialist who is best placed to manage it.

# **Summary of benefits**

- The JV's are managed by a board along with operational Core Groups with common objectives established in the annual business plans
- Co-location of the JV partners within A2Dominion's offices in Ealing providing overhead saving and engendering a collaborative working environment
- The staffing structure for the repair service has been jointly developed removing the duplication of roles
- MITIE/Breyer and A2Dominion staff has been TUPE transferred into the Joint Venture with the MITIE/ Breyer Partnership Manger seconded to the JV creating a team with a single identity.
- No future TUPE requirement as the staff remains with the JV even if the Service Provider is changed. This also allows the Service Provider to mitigate the risk cost of TUPE
- Reduced cash flow risk to Service Providers as labour costs are paid by A2Dominion
- Commitment to maximise direct delivery in each JV through training and recruitment plans
- Core group used to set strategic targets to continually drive value for money and service improvements
- A 'Lean' approach adopted to drive continuous improvement focused on real time measures rather than KPI targets
- The repairs process was jointly mapped during the mobilisation period and lean process adopted. Calls are taken by a A2Dominion call centre but the Service Providers are placed adjacent to them providing a single team approach with A2Dominion staff dealing with our customers and the Service providers MITIE/Breyer delivering the resources to meet the repair 'appointment promise'. This approach allows the A2Dominion call centre to deal with all enquiries from their customers at a single point and manage





- their CRM whilst the Service providers manage the delivery of the repair service, therefore using the strengths of both partners (Service Providers) skills and systems
- The A2Dominion Customer contact centre has the right visibility of the Service Provider systems to appoint jobs at first point of contact, it reduced waste in the system generated by appointment call backs by the traditional approach
- Weekly lean meetings involve the client call centre, Service Provider and property service teams. We
  review the workflow in against the demand, look at service failures which are measured by chaser calls
  from clients and review service improvement which are in progress
- The "chaser calls", have reduced from 50% of all calls revived by the customer contact centre to 20%.
   A further root cause analysis has been undertaken to review this and multiple small causes have been identified and one by one they are being eradicated from the processes
- Monthly operational meeting undertaken monthly to review all main performance data, First Time Fix, end-to-end time visits completed per person, jobs per day and appointments made and kept
- The Service Providers bring expertise to the Joint Ventures in terms of operational management along with systems and procedures
- Both IT teams worked collaboratively in the development of systems to meet the repair process requirements rather than making the process fit each other's IT systems
- Supply chain partnership has been developed with Travis Perkins who has co-located a materials
  manager with within A2Dominion offices. They are fully integrated into the team with clear objectives
  to manage the material demand as well as whole life costing of components
- Commonality schedule developed for components to improve whole life value and standardisation
- Development of a single brand for both Joint Ventures called Pyramid Plus to give all staff a feeling of belonging to a single team with shared values and objectives
- Opportunity to develop additional revenue streams and provide repair services outside of the A2Dominion Group with the profits shared between the JV partners



