



Summary

Golding Homes Limited awarded a ten (10) year Term Partnering Contract (TPC2005) worth £80m to MITIE Property Services (UK) Ltd commencing on 1 November 2012. The contract was for the provision of its responsive repairs, voids, cyclical inspections, painting, planned works, gas servicing, and installations programme covering over 6,000 properties.

Golding Homes undertook the Competitive Dialogue process so that the tender could focus on the wholly-owned subsidiary model, innovation and use of ConstructionSkills' Employment and Skills. During mobilisation, Golding Homes and MITIE worked closely together using the procedures detailed in TPC2005 to ensure that strategic partnering issues were addressed, such as clear dispute resolution procedures and commitment to use the Partnering Timetable.

Golding Homes and MITIE are using their TPC2005 to deliver continuous improvement by adopting innovative contractual procedures with the aim of achieving increased resident satisfaction and value for money. Golding Homes and MITIE consider that the contributions of TPC2005 are making this possible and will provide a sustainable basis for their long term relationship due to:

1. Use of two inter-linked TPC2005s for the innovative wholly-owned subsidiary model;
2. Regular measurement of performance and feedback to team members using KPIs;
3. Description of all key activities in the Partnering Timetable;
4. Integration of tender documents into the TPC2005 to ensure commitments are captured and undertaken by the relevant Partnering Team member; and
5. Development and use of a live Risk Register in accordance with the TPC2005 template.

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1. Introduction

In November 2012, Golding Homes Limited awarded a ten (10) year Term Partnering Contract (TPC2005) for the provision of its responsive repairs, voids, cyclical inspections, painting, planned works, gas servicing, and installations programme covering over 6,000 properties to MITIE Property Services (UK) Limited up to a value of £120m.

2. Wholly-Owned Subsidiary model

2.1 Golding Homes stated in the Contract Notice in the Official Journal of the European Union that it was looking for a Service Provider to enter into a joint venture arrangement to deliver the Term Programme. Using the Competitive Dialogue procedure, Golding Homes dialogued on the use of the wholly-owned subsidiary model (the Subsidiary model) with MITIE.



2.2 The main features of the Subsidiary model are that Golding Homes entered into a term partnering contract TPC2005 with MITIE to deliver the responsive repairs, voids, cyclical inspections, painting, planned works, gas servicing, repairs and installations programme (TPC1) and in parallel entered into a second inter-linking term partnering contract TPC2005 with its wholly-owned subsidiary (Golding Maintenance Services Limited) to provide labour to MITIE for the provision of these works and services (TPC2). The labour provided under TPC2 is managed by MITIE acting as the Client Representative.

2.3 Another feature of the Subsidiary Model is that the works are warranted in full by MITIE under TPC1. Golding Homes considers that the Subsidiary model provides added value in terms of creating a loyal workforce, increased transparency of costs and ensuring it has a workforce in the unlikely event of Service Provider insolvency. The Subsidiary model enjoys many of the benefits of a joint venture but can be established with less time and expense than a joint venture, and there is no requirement to transfer the responsibility for delivery of the Programme to the joint venture entity.

2.4 As part of the Competitive Dialogue, the HR and IT departments of Golding Homes as well as those responsible for operational delivery worked closely with MITIE to ensure that the Subsidiary model reflected their needs and an appropriate risk profile.

2.5 As Golding Maintenance Services Limited remains the employer of the operatives, Golding Homes and MITIE used the period between contract award and start on site to ensure that



each entity's values and business structure meshed appropriately with the others'. The use of the two inter-linking TPCs was particularly effective here, as Golding Homes and MITIE were able to work together utilising the Partnering Timetable to ensure that issues with the Subsidiary model were planned out in advance and to provide for continued review once MITIE had started on site.

2.6 Initial benefits of this approach include:

- Ability to create a 'clean', independently contracted, yet integrated Subsidiary model through the flexibility provided by the TPC2005 form of contract;
- The contracts together have allowed for clear delegation of authorities, responsibilities and accountabilities for staff management, H&S, Governance and overall service delivery;
- Combining the two contracts has ensured the partnership has remained focused on and created a detailed and effective Risk Register and as such has brought risk "alive" across the Partnership;
- By separating out much of the detailed and fixed elements of the wholly-owned subsidiary entity under TPC2, we have been able to keep TPC1 focused on the management and delivery of the service in a traditionally partnered approach. This keeps the contractual relationship less complicated and more familiar for those involved in its operation;
- The relevant simplicity of the main document allows the partnership to focus on issues such as resident engagement at all levels; we have seen a significant and tangible increase in residents on our Core Groups and in shaping delivery programmes;
- The innovative way in which the contract documents have been framed promotes a shared responsibility and benefit to effectively and efficiently managing the Subsidiary model and joint delivery of continual service improvement through appropriate allocation of liabilities and for any shared savings;
- Increased self-delivery through the WOS is promoted, supported and reflected within the contractual relationships which are primarily possible due to the collaborative approach by the TPC documents; and
- We have been able to ensure robust and independent, but suitably linked and strategically aligned governance arrangements.

3. Employment and skills

- ### 3.1
- Golding Homes and MITIE are committed to maximising employment and skills opportunities arising in the Term Programme. Golding Homes adopted the CITB Construction Skills toolkit to deliver employment, apprenticeships and training for public sector clients through procurement of their housing repairs and maintenance.



This guidance provides model documentation, benchmarks, case studies and practical commentary which Golding Homes have used successfully in their engagement with MITIE. The “Client-Based Approach” utilises a wide range of employment and skills benchmarks for housing repairs and maintenance, including work placements in different age groups, apprentice starts/completions, NVQ starts and completions, leadership training and job opportunities. Specifically, this innovative approach has led to:

- Creation by Golding Homes of an “Employment and Skills Strategy”;
- Submission by MITIE of an “Employment and Skills Plan” with supporting “method statements”; and;
- Adoption of comprehensive benchmarks provided by ConstructionSkills on the basis of National Skills Academy for housing repairs and maintenance.

3.2 In the Competitive Dialogue, bidders responded to the “Employment and Skills Strategy” set out by Golding Homes and accepted the benchmarks over the life of the new contract and without any significant additional cost. The priority for Golding Homes throughout the procurement process was to enhance the service to residents and to ensure that their KPIs reflect an improved service. The detailed proposals submitted by bidders convinced Golding Homes that this approach to procurement would deliver their goals, and the competitive costs quoted by bidders through a transparent and simplified cost model have evidenced that Golding Homes will at the same time obtain improved value.

3.3 Golding Homes and MITIE utilised the processes in TPC2005 by ensuring employment and skills was added to the Partnering Timetable. In addition, TPC1 contained the following commitments, as proposed by MITIE during the Competitive Dialogue:

- 3.3.1** 6 work placements for 16-19 year olds per year;
- 3.3.2** 6 work placements for 14-16 year olds per year;
- 3.3.3** 4 curriculum support activities per year;
- 3.3.4** 3 apprentice starts per year;
- 3.3.5** 3 existing apprentices per year;
- 3.3.6** 3 apprentice completions per year;
- 3.3.7** 2 jobs advertised via local employment vehicles per year;
- 3.3.8** 1 NVQ start for sub-contractors per year;
- 3.3.9** 1 NVQ completion for sub-contractors per year;
- 3.3.10** 2 training plans for sub-contractors per year;
- 3.3.11** 1 supervisor training for sub-contractors per year;
- 3.3.12** 1 leadership and management training for sub-contractors per year;
- 3.3.13** 1 advanced health and safety training for sub-contractors per year;
- 3.3.14** Provision by MITIE of a dedicated training and HR manager to co-ordinate training and community activity;
- 3.3.15** Provision by MITIE of opportunities for local people to experience environments not only in social housing, but also other market sectors and prestigious client environments;
- 3.3.16** Removal of barriers to education and opportunity;
- 3.3.17** All MITIE staff will be committed to at least 2 days volunteering per year to deliver commitments to Golding Homes;



- 3.3.18** Provision of a “Real Apprentice” scheme whereby unemployed, disadvantaged people from all backgrounds can find permanent sustainable work;
- 3.3.19** Open skills centres where young people between the ages of 14 and 16 are taught a range of construction skills and can obtain nationally recognised vocational qualifications; and
- 3.3.20** MITIE’s trade apprenticeships are offered in conjunction with local colleges and involve 1 day per week studying during term time, with 4 days on site working with skilled tradesmen.

4. Pricing

The pricing of the TPC1 fully reflected the commitment of both Golding Homes and MITIE in terms of a long term relationship. The contract supported Golding Homes’ objective of incorporating all aspects of the work programme whilst retaining flexibility to test the market in an open and transparent way; to address any concerns regarding competition and value for money over the longer term.

Golding Homes’ ability to incorporate all aspects of work and to provide the associated data and set out our intentions for the planned investment programme early in the tender process ensured that MITIE were able fully appreciate Golding Homes’ stock investment commitments and therefore bid realistically with minimal risk margins, in confidence of entering into a lasting and sustainable relationship.

The contract and the terms incorporated within the Partnering Documents have promoted and encouraged the benefits of joint budget management responsibility and the recycling of savings where appropriate to enhance and improve services.

Other collaborative work and cost sharing initiatives have included appointing the Partnering Advisor (PA) and Open Book Auditor (OBA).

The TPC2005 form of contract has allowed GH and MITIE to be confident of the long term approach and flexibility to adjust pricing to reflect actual costs over the long term. This is why a joint approach to appointing the PA and OBA (which is a key aspect of the TPC) has been adopted and was one of the key reasons for choosing this form of contract for this partnership.

The TPC2005 of contract also allowed Golding Homes to choose a flexible price model that keeps track of market forces. The contract positively encourages Golding Homes as the Client to consider MITIE’s ability and need to make a reasonable profit as a key part of a healthy and prosperous partnership.



5 Conclusion

- 5.1** The use of the two inter-linking TPC2005s in this way has delivered numerous benefits to Golding Homes that are not available from its existing contracts, as follows:
- 5.1.1** A sustainable and consistent workforce not, time limited by the overarching Client/ Client Representative relationship;
 - 5.1.2** The optimal balance between Golding Homes' Client based drivers for service improvement and customer care with the experienced and efficient commercial management expertise of MITIE having operational management responsibility;
 - 5.1.3** A clear set of guidelines and a framework within which Golding Homes has successfully outsourced responsibility for operational management of its subsidiary whilst remaining strategically aware and accountable;
 - 5.1.4** An ability for either side to determine the TPC1 without materially affecting service delivery through the wholly-owned subsidiary and conversely Golding Homes' ability to determine the TPC2 and implement alternative measures without jeopardising TPC1;
 - 5.1.5** Keeps what would otherwise become a cumbersome and very complex single contract to two clear and familiar easy to read and understandable documents; whilst maintaining robust governance structures under each contract;
 - 5.1.6** The removal of pricing and detailed costs from the TPC2 contract, has allowed the work force and its management to focus purely on quality in line with the Golding Homes' culture and objectives;
 - 5.1.7** Our ability to implement a WOS under its own contract, has provided a much more stable working environment for the operatives, supervisors and call handling teams, established within robust management structures with clear lines of communication. This results in a stable and loyal workforce and motivates to achieve higher standards of quality and customer care, knowing they will be here for the long term;
 - 5.1.8** Our ability to incorporate previously client based aspects of the service such as call handling, with the flexibility for all parties to agree changes should the need or opportunity to improve value for money arise;
 - 5.1.9** Our ability to revise and fine tune flexible working processes focused on customer convenience;
 - 5.1.10** Reduced end to end times for responsive repairs and voids;
 - 5.1.11** Tangible efficiencies in all aspects of service delivery;
 - 5.1.12** An unusually high retention of TUPE'd staff and stability of the core work force;



5.1.13 Increased customer satisfaction in various aspects of the service and;

5.1.14 Long term plans developed for increased investment in training and career development.