



Osborne Property Services & Dacorum Borough Council – Celebrating Partnership Success



Introduction

Osborne Property Services Ltd (OPSL) and Dacorum Borough Council (DBC) entered contract 01.07.14 to deliver the TAM (Total Asset Management) Contract. The approach adopted from conception of the contract, through the dialogue sessions, mobilisation, and into delivery has been based upon collaboration.

The successes produced by this approach are many and borne out by this document.

1. Project details

1.1 The Project Team

Organisation	Role
Cameron Consulting	Acting as "Strategic Procurement Adviser" in respect of procurement compliance, stakeholder consultation and project management
Stradia	Cost Consultant, responsible for the developing of the cost models and evaluation of cost submissions
Bevan Brittan	Legal Adviser responsible for developing the Term Partnering Agreement including adapting the contract terms to suit the delivery of the multi-faceted TAM approach

1.2 Project Details

Item Area	Description
Form of Contract:	ACA Term Partnering Contract TPC2005 (amended 2008)
Pricing Mechanism:	Hybrid pricing mechanism for different workstreams including target pricing for repairs, voids and package works, with schedule of rates for other elements, underpinned with an open book
Contract Value:	Circa £20m per annum
Contract Duration:	Initial Term of 5 years, extendable to 10 years
Procurement Route:	Competitive Dialogue Procedure



2. Background to TAM

2.1 Why TAM?

The strategic aims of TAM aligned with DBC's Housing business plan, asset management strategy, and the corporate and housing priorities. Effective collaboration and strategic integration was imperative to achieve the benefits induced by successful implementation of the TAM strategy. Some of the identified benefits pertained to:

- Smarter Asset Management: one contractor to share information, identifying data trends and patterns of repairs, assisting smart capital operational programming, reduction of repairs and potentially shaping the budget settings for the upcoming Financial Year – essential considering risk of potential budget reduction.
- IT Integration; the aforementioned sharing of information in a format that can be easily and efficiently interfaced and utilised for mutual benefit, submitted by a single contractor
- Community Initiatives: coordinated and delivered by a single contractor, including the provision for apprentices as there would be a guaranteed duration and scope of work upon which to train
- Customer Experience: a single point of contact for tenants, through a call centre managed by the contractor, whereby staff can be specifically trained in the correct diagnosis of repairs
- Contractor Responsibility: the contractor, through the pricing mechanism, will be responsible for the AM for the duration of the contract to include repairs and programmed replacements
- Less Duplication; roles and a collaborative TAM structure streamlining the service

It was imperative that DBC's chosen partner demonstrated the capability to deliver the right approach to TAM, a partnership established at procurement stage.

Comment [NT1]: "Suggest Fiona completes this section from a client perspective. Should cover "Why TAM? Cite budget reductions and need to provide a smarter approach to asset management"



3. Why TPC2005

The use of the Term Partnering Contract was based on the following criteria:-

- Flexibility to deliver a wide scope of works and services
- The ability to use incentivisation to promote service excellence
- To promote a collaborative, non-adversarial approach

To support the decision-making, a “Soft Market Test” was undertaken as part of the overall procurement strategy. This exercise obtained feedback from the market in relation to appropriate forms of contract to use to deliver the TAM contract. Of all the respondents who participated, around 80% favoured the use of TPC2005 with nearly 90% favouring a “partnered” approach.

In addition, it was felt that the use of TPC2005 offered the most robust contract to enable effective leaseholder re-charging, based on the fact that unit rates were applied for all pricing elements to be delivered under the contract.

4. Project Development

4.1 Development of Procurement Strategy

The decision to adopt a TAM approach was taken following a thorough and considered “Options Appraisal” undertaken by Cameron Consulting. The Options Appraisal comprised of a number of activities including:-

- A “Soft Market Test” to consider the market for delivering the services required;
- A “Peer Group Review” where DBC spoke with other authorities to identify best practice;
- A “Meet the Buyer” event to explore in more detail potential options for the Council to consider;
- A “Risks and Benefits Analysis” to consider the risks and benefits of a number of different options
- Legal Review to consider procurement, commercial and landlord and tenant issues in relation to each option.

4.2 Procurement under the Competitive Dialogue Procedure (CDP)

The CDP was used on the basis that the TAM approach was considered to be sufficiently complex to justify its use.

The dialogue was conducted in 3 stages:-

Invitation to Submit an Outline Solution (ISOS) – This stage involved limited dialogue with Bidders. Bidders were then required to submit an outline solution based on responding to method statement questions and a high level pricing document.



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Invitation to Continue in Dialogue (ITCD) – This stage involved detailed dialogue with those Bidders continuing in the dialogue process following shortlisting. In particular, Bidders were able to dialogue with DBC on commercial and contract matters, including the terms of the TPC2005.

Invitation to Submit a Final Bid (ITSFB) – Once dialogue closed, Bidders responded to a final tender document. The final tender took on board to outcomes of the dialogue sessions, allowing DBC to fine-tune its requirements for the TAM contract.

Both DBC and OPSL found the dialogue process to be very rewarding since it enabled issues that normally surface further “downstream” allowing us to mitigate the risks. The dialogue also enabled discussion around incentivisation, risk and reward which are key facets of the TPC2005 contract.

5. Successes

5.1 Commercial approach & Savings

From the start we wanted to demonstrate how collaboration results in the best service and efficiencies. To this end we decided we needed to recognise where the areas of risk and opportunity sat and plan for these.

The first key area was ensuring our contract was structured to avoid duplication and overlap wherever possible, identifying areas where the contract could add best value, and a framework to identify future opportunities.

The Commercial arrangements of a contract can prove to be very emotive and provide cause for friction, ultimately leading to inefficiencies. We recognised this from the outset and agreed to pro-actively tackle this risk; by ensuring a workshop was delivered to the teams explaining the commercial makeup of the contract; by reviewing any terms or clauses that might be interpreted in differing ways and agreeing the intent of these through the Strategic Core Group.

Dacorum appointed a third party to support with the initial open book audits and a tri party audit process was undertaken. The feedback has demonstrated the transparency shown during this process:

To date the Partnership has achieved significant savings through the commercial structure, operational structure, operating methods undertaken, and by the continuous review of the commercial approach.

- 1 Service Provider appointed achieved £300k reduction in overhead costs.
- The reduced Empty Homes turn-around times have generated £80k extra revenue during Year 1 and a further £55k extra revenue during 15/16.
- Through open book assessment and subsequent Pain / Gain process DBC are to receive £360k for reinvestment from first nine months of contract.



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- 10 year low on the volume of completed repairs through smarter and pro-active decision making.
 - Revenue spend showing a significant underspend for FY15/16 resulting in the Partnership looking to viament £1million from the Revenue budget to the Capital budget.
 - Zero “No Access” jobs have been charged to Dacorum resulting in a saving of approximately £60k.
 - Significant reduction in complaint volumes resulting in less management time resolving.

5.2 Community Investment

The Partnership recognised from the outset that aligning culturally was really the key here and would maximise the true benefits that this area can bring. To this end Osborne appointed a Community Investment Co-ordinator to work with the existing frameworks of Dacorum and the wider community.

Successes to date:-

- 17 new jobs in the borough that did not exist previously through the implementation of a 24/7 Call Centre, an in-house disabled adaptations team, and a warehouse unit to support TAM delivery.
- 3 subcontractor open days specifically targeted at local supply chain. Resulting in 22 of 33 subcontractors engaged on the contract being locally based.
- 6 apprenticeships and 12 apprentices are currently engaged.
- Increased rate income by Osborne taking up empty premises.
- Working in collaboration with local education bodies, a work experience programme has been created – feedback below:

“I would like to say a very big thank you to all involved throughout the work experience week. I would definitely recommend this opportunity to those who are thinking about an office career which both cares about and gives back to the community. Thank you for the opportunity.”

- On-going renovation of local sports facility, Hemel Stags Rugby Club, which allows children to play for free.
- Initiatives aimed at engaging the elderly generation through organised tea parties and gardening events.



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5.3 KPI Performance

The Partnership set out to ensure the reporting of the KPI's was a genuine reflection of that assessed. Adopting this approach we have worked very closely to share experience of areas at risk, for example looking at challenges of the demography and any historic trends, but also encouraging a culture of openness when a fail may arise so we may best learn from it.

The KPI's were linked to Performance Related Profit and continued business through annual contract extension to incentivise and drive success.

One of the Key Objectives in the TAM Term Brief, tenant satisfaction, married seamlessly to the Osborne Customer Experience ethos. To drive continuous improvement the creation of a Tenancy Sustainment Team has helped bring together those areas one may struggle to capture; vulnerable tenants

This success can really be evidenced when reviewing the Customer Satisfaction and Complaints results as these are achieving upper quartile performance in the country. The Osborne Customer Experience Team have closely aligned with the newly created Dacorum Tenancy Sustainment Team to ensure the Customer Service consistency.

- 9.6 complaints on average (including not upheld) per month against 2,485 jobs per month being completed, making complaints score sit at 0.39%
- Customer Satisfaction averages 97% for the entire contract

5.3 Void Turnaround

The Partnership specifically targeted the Empty Homes process in the run up, recognising how much revenue can be lost by inefficient processes.

Dacorum restructured their internal Empty Homes teams. Osborne built a mixed delivery unit that integrated with DBC team, working closely with the Dacorum M&E contractor allowing a one team approach, accessing properties before a tenant exits, co-ordinating works with M&E Contractor on more complex works for minimal disruption.

The relationship is strengthened with the colocation of Sun Realm, Dacorum, and Osborne contributing to the reduction of Empty Homes key to key times previously mentioned.

5.4 Tenancy Collaboration

To achieve the maximum benefits from TAM we also recognised the significant importance that tenant forums bring. Meetings with the tenant group, Housing, Maintenance, and Environment Committee (HMEC) were commenced immediately from contract award.



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6. Changing the culture of what we do?

6.1 Less Adversarial

Osborne and Dacorum had a good opportunity to explore each other as Partners through the dialogue sessions; recognising aligned aspirations.

We reviewed traditional areas of friction from the outset; the contract model and commercial initiatives were a direct result of this. Our celebrated successes are a clear indication as to the collaborative approach.

6.2 Achieving different mind-sets

The Contract had to integrate five different companies, historic relationships, and cultures during the opening months of the contract and to change their approach fundamentally. Osborne ensured that TUPE'd staff completed a two day induction process followed by a two day Customer Service course.

Standing as one team, departmental leads of the Partnership made themselves available to staff during the opening months to deal with feedback first hand.

There had been a Repairs operative bonus system which the Council wanted to change, particularly upon the behaviours it could encourage. The Partnership targeted this by initially placing the operatives on an average bonus scheme and focussing more upon completing a job first time. Although jobs completed reduced from on average 10 per day to 6 per day, completed repairs has also reduced.