

Innovation in Partnering Submission

Contact Name:	Rod Keeble and Andrew Bradley
Job Title:	Head of Technical Services and Technical Services Manager
Company Name:	RCT Homes Limited
Address:	Ty-Pennant, Mill Street, Pontypridd, Wales
Postcode:	CF37 2SW
Telephone and Email:	01443 494400 – rodk@rcthomes.co.uk and andrewb1@rcthomes.co.uk
Date:	7 September 2012

New era for housing in the valleys

RCT Homes, Wales largest housing organisation, adopted PPC2000 and a short form of SPC2000 to deliver its £170 million Major Investment Programme launched in December 2007 when it took over ownership and management of 10,000 homes from Rhondda Cynon Taf Council and made a commitment to improving the standards of homes and investing in local communities and business. This includes bringing all homes up to the Welsh Housing Quality Standard (WHQS).

RCT Homes became Wales's first 'community mutual' housing organisation when it took over the ownership and management of Rhondda Cynon Taff Council's entire housing stock in December 2007. Tenants are able to become 'members' or shareholders of the community mutual – in effect, the owners of the organisation. Almost 5,500 tenants have applied to become members to date. However RCT Homes has aspired from the outset to go further, formally involving its tenants in operational decision-making at all levels including management of its partnered contracts.

The major improvement programme has so far seen more than 4,500 kitchen and bathrooms fitted, 6,000 central heating systems installed and more than 4,500 electrical re-wires completed in tenants homes. The initial procurement involved the engagement of five main constructors and the associated supply chain. This £170 million project has been described as *'the largest home improvement programme Wales has ever seen'*.

Success in tenant involvement and social inclusion

The Major Improvement Programme gave RCT Homes an opportunity to break new ground in using this investment as a basis for leveraging in wider community regeneration and tenant involvement - going beyond simply offering a choice of colours and kitchen designs to enabling tenants to have a real say in the appointment and management of constructors to multi-million pound contracts. The choice of PPC2000 was instrumental in this process as it offered RCT Homes a flexible platform in order to achieve these aims.



In order for tenants to be truly involved in the process of selecting and appointing RCT Homes' constructor partners, it was agreed that tenants would make up a third of the people who evaluated the tenders at each stage of the process. It was recognised that they would require

considerable new knowledge and skills and that the demands on their time would be significant. In the event, tenants committed a total of more than 150 days of unpaid work to the procurement process. In particular it allowed active participation in the procurement process through the use of staged contracts and management through core group meetings.



Early in the project planning stage it was identified that success would largely rest on tenants and staff working in partnership so that technical evaluation of the quality of work and the more subjective evaluation of the quality of the service delivered to the tenant could be assessed side by side. This led to an involved process of training, development and support for tenants and staff alike so that they would be armed with the knowledge they required to make informed choices. This was delivered through a combination of in-house support and the external partnering advisor (PSS Consulting) who were themselves selected on the basis of their

commitment to balancing affordability, quality, delivery and social inclusion.

Tenant involvement didn't end there. Tenants volunteered to become inspectors, visiting properties during and after Major Improvement Programme work to question fellow RCT Homes tenants about their experience. All tenants are asked to complete satisfaction surveys after Major Improvement Programme work (currently 99.19% of tenants who responded have received an excellent or good service). This information is collated on a regular basis and is closely monitored by a 'Core Group' made up of tenants, staff, constructors and their suppliers. The constructors and suppliers are also required to report against the social inclusion promises in their tender submissions.

In addition the major improvement programme also saw the development of The Progress Tree™ a product specifically developed in response to RCT's desire to better understand the impact of social investment and social inclusion activities. The spin-off benefits from developing the progress tree and its associated tracker databases have been considerable including:

- Increasing staff awareness of the priorities of trainees;
- The development of a stakeholder informed training programme;
- Improvement in the quality of funding applications and partnerships.

Training and employment

RCT Homes worked with tenants to redesign the procurement process hardwiring 30% of quality marks for tender adjudication to social inclusion.

RCT Homes needed to establish partnerships with other organisations such as training and pathways-to-employment organisations in order to help constructors to deliver this most important of commitments. In particular, RCT Homes worked in partnership with Job Match Wales, which made sure that local people had access to the jobs and training places that would be created. The tender documents had promised that 59 new local jobs and training places would be created by constructors working on the RCT Homes Major Improvement Programme. In the event, a total of 78 had been created by the end of 2009-10. A further 18 local jobs were created through the use of a local supply chain. The strong relationships developed have also enabled other work experience programmes to be supported as a direct consequence of the confidence built through the open book process to social inclusion, e.g. WCVA employment Engagement Gateway project and Young Apprentice with Construction Youth Trust.

TPAS Cymru Pinpoint Quality Standard

In 2010 RCT Homes and its constructor partners became the first partnership in the UK to achieve TPAS Pinpoint accreditation for the way in which tenants were fully engaged with the delivery of major improvements works in their homes. RCT Homes' procurement practices were highlighted as best practice by Inform to Involve – a Welsh Government-funded project now managed by CIH Cymru. Our tenant empowerment arrangements have won TPAS awards for mainstreaming tenant involvement and a CIPR President's UK Grand Prix award for communications.

Menu of involvement



One of the greatest bonuses of RCT Homes' approach turned out to be the decision that Tenant Liaison Officers – who would provide the link between tenant, constructor and landlord – would be employed in-house by RCT Homes and act as advocates for the tenants.

In order to better understand those needs, it was important for TLOs to carry out a detailed tenant profiling exercise and to get to know each tenant very well. The level of understanding and trust that quickly built up between tenants and their TLOs led RCT Homes to develop a new 'TLO-plus' approach. The TLOs are encouraged to actively look for opportunities to directly support and signpost tenants, where appropriate, to welfare benefits advice, financial advisory services, benefit eligibility assessments, extracare and occupational therapy services. Not only has this new concept enabled RCT Homes to maximise both access, customer experience and relationships – And wider benefits for tenants during the Major Improvement Programme, by reviewing and learning from the TLOs' experiences, we have been able to encourage other customer-facing staff to take a similar approach with all tenants.

In addition through a series of planning workshops, training sessions and collaborative problem solving days (all including tenant

members of both strategic and operational groups) the representatives of the constructor partners developed an understanding and far greater commitment to achieving tenant involvement excellence standards contained in the pinpoint accreditation requirements.

The accreditation process led to a number of improvements in the way in which the partnership worked. A constructor pocketbook was produced which outlines the visions and values of RCT Homes together with the standards that Tenants should be able to expect from the partnership. The Pocketbook was designed to enable the constructor staff to keep a copy with them on site to act as an accompaniment to the constructors own corporate materials.

RCT Homes has also introduced a Partnership induction scheme whereby constructor staff meet with RCT Homes staff and tenants to receive briefings on a number of important aspects concerning the Partnership including:

- Visions and Values;
- Health and Safety;
- Quality;
- Tenant Experience;
- TLO service.

The feedback from partners has been very positive with greater understanding across the partnership of the different priorities of each organisation and how collaborative working can help the organisations achieve their goals (to deliver an excellent service). The induction process is held during constructor shutdown periods such as Christmas and Easter when a broad range of tradesmen as well as supervisory staff are able to attend.

Constructor partners also take part in the RCT Homes Estate Environmental Improvement Programme (EEIP); this has increased the programme's funding by £50,000 with the total programme having a fund worth £100,000. The EEIP is allocated by an awards panel made up of Tenant volunteers and facilitated by RCT Homes Commercial Directorate.

RCT Homes and its constructor partners have benefitted from the Pinpoint Accreditation process; significant measures have been taken in order to address the shortcomings identified in the initial feedback.

As a result of the Accreditation and issues around performance greater emphasis is placed on continual improvement within RCT Homes as a method of delivering services that meet the requirements of tenants. When coupled with the Community Mutual Model's constituted commitment to giving greater responsibility to tenants RCT Homes believes that the MIP works and processes are now at the level required to provide an excellent service and offer opportunities for tenants to play a meaningful role in their continued success.

Lessons learned:

- involve tenants in the design stage for any future improvement contracts – the feedback from TPAS Cymru mirrored the issues being raised by tenants prior to the accreditation process being applied;
- Ensure that future contract partners understand and 'buy in' to the ethos of the Community Housing Mutual prior to engaging them;

- Monitor and evaluate the impacts of tenant involvement – throughout the organisation; the accreditation highlighted the need to integrate tenant involvement at all levels (from strategic, operational and down to local levels) to ensure that all of our operations reflect the values and ethos of tenant empowerment;
- Good communication is vital when it comes to involving tenants and outside partners in delivering quality services, without an informed tenant body it is impossible to hold service providers to account and obtain the feedback vital for continual improvement.

Administration

The automatic termination provisions of PPC2000 (amended 2003) contract left RCT in the position that allowed for several options on how it wished to continue the works upon the administration of Connaught. This enabled RCT Homes to deal with sub-contractors, agency workers and suppliers to make sure work on the five-year multi-million pound major improvement programme to refurbish thousands of tenants' homes, could continue with minimal disruption.

Open book reviews and success of the pain gain mechanism

Under the terms of the framework agreements each of RCT constructors entered into yearly partnering contracts (PPC2000). In order to drive efficiencies into the programme under those yearly contracts a pain/gain mechanism was included which was payable upon successful performance. A quarterly open book reconciliation

mechanism was also included so as to keep control on costs within the yearly programmes.

During the penultimate year of the improvement programme this mechanism returned efficiency savings of up to £200,000 to RCT Homes.

Overall Business Plan savings have enabled between 20 and 40% more work to be undertaken than originally envisaged for some programme elements supported by the contract flexibilities. It has also enabled us to integrate opportunities for energy retrofit programmes funded under a variety of Government initiatives including CESP, CERT and the LCBP.

The success of SPC2000 with the supply chain

The supply and payment terms set out by RCT Homes and taken on by its constructors include areas such as bringing in over 300 local jobs into the community as a result of the contracts, ensuring supply chains are kept local through South Wales-based suppliers, and that payment terms are kept – an important issue for small businesses in the supply chain who rely on a steady cash flow.

It was decided very early on in the procurement therefore that RCT Homes should actively engage with suppliers that would form a major part of the improvement programme. In order to do this it elevated suppliers into the partnering team by the use of a short form specialist contracts (SPC2000).

Whilst this position is unusual in traditional contracting as it removes to a large part the contractor/subcontractor interface that exists away from the client. It meant that any problems with suppliers were brought to the forefront of the

project and solved quickly and also fostered innovation directly between the client and subcontractors. Whilst this process was not without *growing pains* previous issues with cash flow to suppliers were not experienced and despite drafting a project bank account mechanism into the PPC2000 and SPC2000 this was never used. Some of the smaller local contractors, new to social housing have developed their businesses and are now operating on a wider regional basis having won further contracts within the sector, emphasising their experiences particularly on tenant engagement and social inclusion.



In recognition of all their innovation and hard work RCT Homes was awarded by Business in the Community (BITC) with an Award for Excellence in Procurement in 2011 and named as 'Responsible Company' of the Year 2012, for their impact on the local economy through effective supply chain management and it's overall approach to corporate social responsibility.