Review of asset management services

New beginnings

🔍 Our commission

To review the existing service delivery of United Welsh's asset management services while identifying the needs and aspirations of the contract's stakeholders going forward.

Client: United Welsh

United Welsh owns and manages over 5,000 residential properties across 11 local authorities in South Wales and employs 157 people. It has a turnover of circa £20 million. The organisation also provides support services for over 1,500 vulnerable tenants and older people, helping them towards more independent lives and has more support beds than any other housing association in Wales.

📍 Project overview

The aim of the procurement process was to develop a model to improve customer service standards and reduce the time it takes to resolve enquiries from the first point of contact.

echelon was appointed as procurement and cost consultant, with Eversheds acting as legal advisers. An internal project manager was appointed by United Welsh, which also formed a Project Procurement Group (PPG) comprising United Welsh stakeholders (including residents), Eversheds and echelon representatives, for the duration of the project.

A detailed analysis of the service levels and cost of service delivery was undertaken by echelon and workshops were held for residents and representatives from internal stakeholder groups, such as asset management finance, housing and IT. These identified the strengths and weaknesses of existing service provision, as well as highlighting aspirations for the service going forward.

The various events also reviewed the options open in relation to commercial models, such as Price Per Property (PPP) and joint ventures/subsidiaries, for consideration.

Following a comprehensive review of United Welsh's asset management services, a wholly owned subsidiary (WOS) was decided upon.

A lean competitive dialogue procurement process was used to ensure that the option was fully explored with bidders within a timescale that minimised delay/cost for United Welsh. This was supported by echelon's bespoke procurement portal.

The key strength of the dialogue process was that it enabled United Welsh to refine and develop its requirements through the process, using feedback and discussion with bidders to help shape the final model. This allowed bidders tendering for the management and delivery of the subsidiary to return fully developed proposals in their final tenders. Competitive Dialogue also provided clarity to bidders on the commercial model, 'de-risking' the opportunity and therefore enabling more competitive pricing at final tender stage.

💡 The solution

The creation of Celtic Horizons, a wholly-owned subsidiary, to house United Welsh's repairs and maintenance workforce, linked to and supporting a separately procured, fully warranted repairs and maintenance contract. A Price Per Property (PPP) cost model was created to minimise administration/risk for United Welsh and to maximise incentivisation for the appointed service provider, plus incentivised profit linked to service-led key performance indicators.

Outcomes

Through the PPP model adopted (supported by the IT developed through the process) United Welsh only processes one invoice and one payment per month.

The organisation has moved to a two classification repairs system based on 'fix now' – a repair that needs to be attended to as quickly as possible as it is causing damage to the property or distress to the resident – or 'fix at my convenience' which allows the service provider and resident to agree a mutually acceptable time without adhering to arbitrary targets.

The WOS runs a call centre, giving customers a single point of contact for all repairs related calls and reducing the cost to United Welsh for call handling. All repairs have a repair offered at first call and the centre removes the double-handling of calls, reducing the number of repeat calls coming into United Welsh.

Conclusion

Mears emerged from the process as the preferred partner and was appointed to manage the delivery of asset management services through the new wholly owned subsidiary, to be called Celtic Horizons.

Celtic Horizons delivers total asset management, including gas servicing, grounds maintenance, cleaning, repairs and maintenance, to around 4,600 properties, spanning over 11 local authority areas in South Wales.

> "echelon worked well with us. They took the trouble to understand us as a business and worked very well with our tenants and staff in shaping the model. It was a very inclusive approach.
>
> "They were very specialised in their field and they brought a layer of knowledge around the model that helped to provide our board with the confidence that was needed to launch the partnership"
>
> Lynda Sagona, Chief Executive
> United Welsh

Celtic Horizons grew steadily over the first five years of operation, from 92 employees to over 150, providing services to 5,800 properties.

What next?

The new organisation was mobilised over a 16-week period and became fully operational on the 1st April 2013.

- Celtic Horizons grew steadily over the first five years of operation, from 92 employees to over 150, providing services to 5,800 properties.

- In year two its turnover was doubled by bringing the major improvements programme into the business – a year ahead of schedule.

- Training and apprenticeship opportunities have remained at the core of the model and nine tenants are employed within the organisation, which has also taken on 15 apprentices.

- Increasing and improving customer satisfaction was a driver for Celtic Horizons and it continues to deliver with 97.5% satisfaction for gas servicing, 94% for planned maintenance and 88.7% for response maintenance.

- Celtic Horizons has won several awards including a UK Housing Award for Maintaining High Quality Homes. It was also crowned Employer of the Year at the Vocational Skills Partnership (VSP) Wales Learner and Employer Awards for its commitment to providing training and development opportunities for its staff and local communities.