



# How a commercial health check can keep your contract relationships positive

Perspective is always helpful and never more so in terms of scrutiny and governance. echelon consultancy acts as a critical friend and casts an independent eye over the performance, contract arrangements and data of councils and housing associations across the UK to give them invaluable insight into how their organisation is working in practise.



## Croydon Council has benefited from echelon's commercial and contract reviews for six years, as have Origin, Livin, Thenue, Basildon and Brentwood councils and Metropolitan Thames Valley Housing among many others.

We are happy to operate under whichever arrangement works for the client, for example in the case of Great Places Housing Group and Johnnie Johnson Housing Trust the two Housing Associations paid a third each and the contractor paid the final third. We then worked with all parties under one contract.

Our favoured approach is to meet the client, establish exactly what they would like to get out of the review, and tailor our activity accordingly. We then liaise with the client and the contractor, obtain financial and performance data and interrogate it from as many different angles as possible to highlight any areas for improvement. For example, in terms of repairs contracts, we may spotlight addresses that have required multiple visits or had above average expenditure, indicating an issue, or properties that have not been visited at all which, whilst commonly viewed as positive in the market, could indicate sub-letting, vulnerability or a host of other issues.

When reviewing contract costs, we will look at whether they are in line with what was tendered and how they compare with the previous year's figures to create a full, holistic picture for the client and a set of recommendations on how to improve the relationship in the future.

One of our unique benefits is centred on the volume of reviews we perform, which allows us to benchmark in the real world rather than against a generic system. All of our benchmarking data has been validated, with commercial elements calculated by us in a consistent way across each contract.

What we are looking for much of the time is inconsistency. If your customer stats give you a glowing 98% for satisfaction but first time fix is low and average completion time is poor, it indicates an issue which we would highlight. We believe the added value of this kind of detail is what makes our contract reviews stand out. We view the data we collect

holistically, always connecting the commercials with the performance with the relationship.

COVID-19 obviously created challenges in all aspects of working life in the construction and housing sector but throughout the pandemic we were able to perform annual reviews wholly online whilst still being able to gauge the human relationships that help make contracts work successfully and integrating remote working practises into our offer is something we are planning to continue.

If you are thinking of a contract review, remember that the process is not intended to be one-off and all-encompassing. It is part of a journey we embark on with a client and contractor to course correct throughout the life of the contract, an opportunity to identify improvements and whether elements of the relationship have, or need to be, improved.

For details of how we can support you to keep your contracts healthy, contact us at [commercial@echelonconsultancy.co.uk](mailto:commercial@echelonconsultancy.co.uk)

*"The annual health check that echelon carries out is an invaluable part of our governance process, providing assurance to the Board and residents that contracts are robustly managed and the costs scrutinised to ensure they remain reasonable. The insight echelon provides through detailed analysis of cost and performance data enables us to work proactively with our contractor partners to continually improve how we deliver services."*

**Phil Ison, Head of Repairs, Longhurst Group**

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