Managing contractors and improving services
Case Study
Northern Ireland Housing Executive

Gerry Flynn

Director of Landlord Services

Northern Ireland Housing Executive

Housing Executive

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3,100 staff

Housing stock of 89,000 homes

Almost 40,000 on the housing waiting list; 21,000 of which in housing stress

Annual budget of £1.2bn

Salary budget of £100m

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Landlord Services

Rent Collection £290m

347,000 people visit our local offices

437,000 repair requests

8,800 homes allocated

29,800 homes to get planned schemes this year

138 Housing Executive estates are now actively involved in the Shared Neighbourhood and BRIC programmes

Over 400 community groups

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Construction Related Procurements (Annual Spend)

Response Maintenance (£35m)

Planned Maintenance (£50m)

Double Glazing (£20m)

Heating (£30)

Grounds (£10m)

Multi Discipline Consultants (£3m)

Single Discipline Consultants (£2m)

Where We Came From

Terminations

Poor Contract Management

Potential Overpayments

Bad Press / Media Coverage

Social Development Committee

Public Accounts Committee

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Our Response

Back to the drawing board

Drive towards achieving a culture change – client and suppliers

New procurements

Contracts re-written

New performance management

Our Response

Annual Review Meetings

Monthly Performance Meetings

Assessment of General Compliance

Assessment of KPIs

Imposition of low performance damages

Low performance escalation

Exceptional contract performance review

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Example of Consultant KPIs

No.	Category	Measuring
KPI 1	Quality of Service	**Client Satisfaction (District Office) with overall service provided**
KPI 2	Quality of Service	**Accuracy of Surveys and Cost Estimate**
KPI 3	Quality of Service	**Accuracy of Project Price Lists in line with approved Project at Area Clearance**
KPI 4	Quality of Service	**Quality of End Product accepted by Consultant**
KPI 5	Cost Predictability	**Accuracy of expenditure at key on-site stages to ensure alignment with approved Project Price List**
KPI 6	Cost Predictability	**Compliance with Standing Orders (Breaches)**
KPI 7	Time Predictability	**Adherence to Key Dates within the delivery of the task orders**

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Example of Contractor KPIs

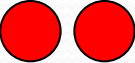| No.	Category	Measuring
KPI 1	Quality of Product (Handovers)	**The level of Handovers which fail inspection**
KPI 2	Quality of Service	**The number of properties with work ongoing aligned to programme**
KPI 3	Cost Predictability	**The accuracy of the invoice submitted by the Contractor on completion of dwellings**
KPI 4	Time Predictability	**Defect Resolution**
KPI 5	Time Predictability	**The Contractor's adherence to the programme (Commencement Dates)**
KPI 6	Time Predictability	**The Contractor's adherence to the time allowed to carry out the works (Completion)**
KPI 7	Tenant Satisfaction	**The level of Tenant Satisfaction**

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KPI Scoring

RED – Less than 75%

AMBER – 75% to less than 90%

GREEN – 90% and above

Low Performance Damages

		Consultant – % of Fee	Contractor - % of Month Payment
🟢	**All KPI's are Green**	**0% Damages**	**0% Damages**
🟡	**One Amber KPI**	**3.00%**	**1.00%**
🟡🟡	**Two Amber KPI's**	**4.00%**	**2.00%**
🟡🟡🟡 or 🔴	**Three Ambers or One Red KPI**	**5.00%**	**3.00%**
🟡🟡🟡🟡 or 🔴🔴	**More than Three Ambers or more than one Red KPI**	**6.00%**	**3.50%**

The Way Forward

Gate 5 Review on Response Maintenance (2 years in)

- Culture Change Achieved
- Review KPIs (reduce)
- Contractor Forum
- More work on roles and responsibilities
- Vision and Strategy before next procurement
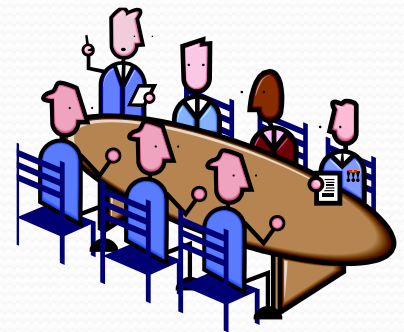
Contracts for the Future

Asset Survey Underway

Asset Management Strategy

Procurement Strategy

- Types of Contracts
- Make up of Contracts
- Grouping of Work Categories
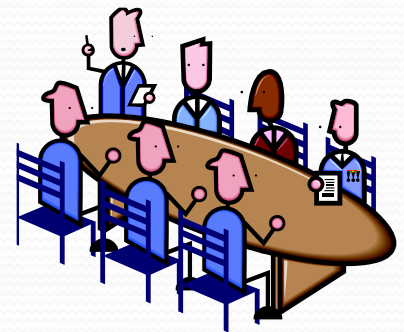
DLO 2013/14

Total

- Resources grew from 180 to 436
- Turnover increase from £7.5 m to £20m (predicted)

All Trades (Operatives + Supervisors only)

- Resources grew from 78 to 304
- Turnover increase from £3.5m to £16m (predicted)

Properties

- NIHE stock approx increase from 10% to 30%

April 2014 - All Trades

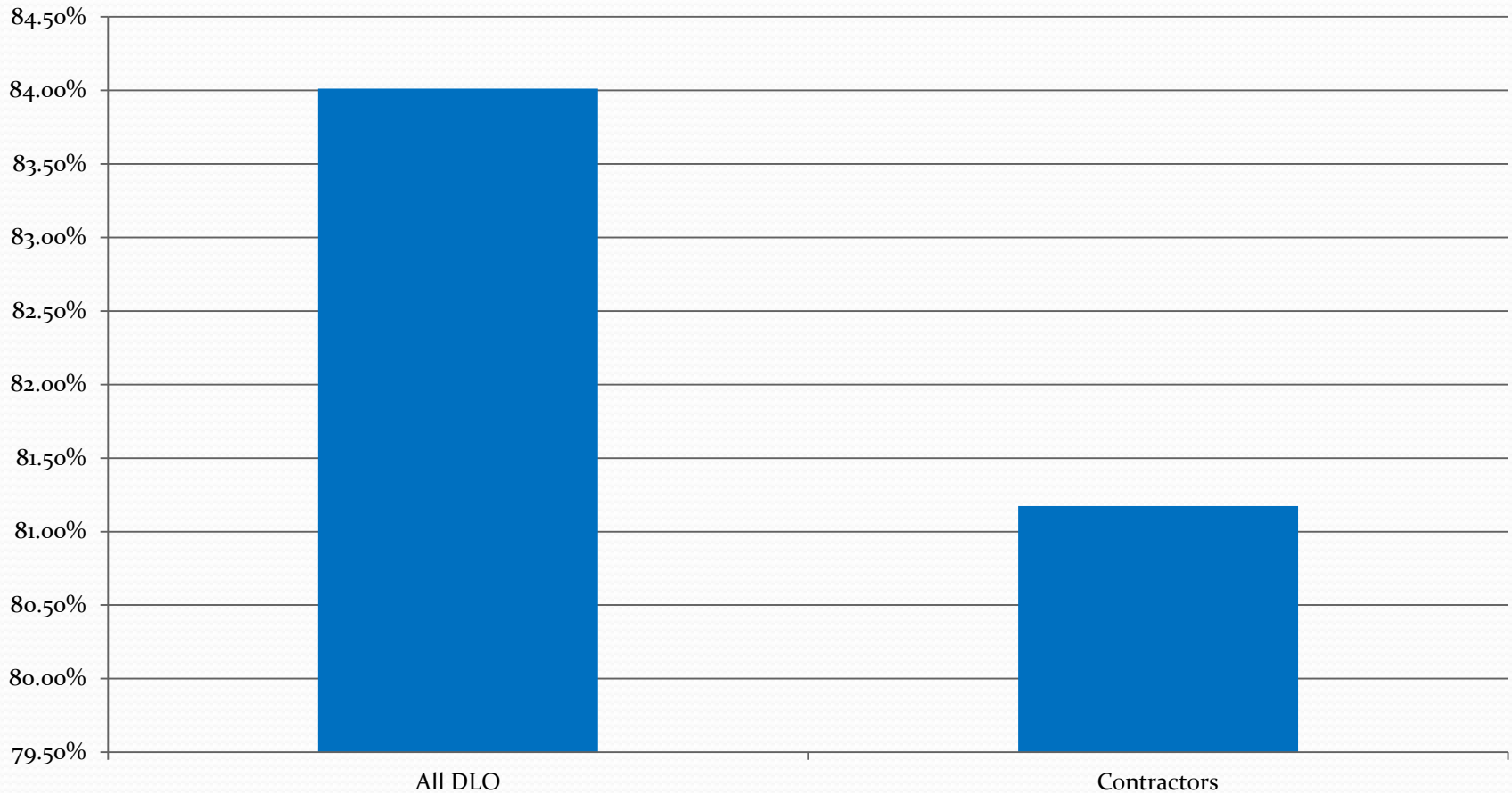|	Quality of Service	Quality of Work	Cost Predictability	Time Predictability	Time Predictability	Time Predictability	Tenant Satisfaction	Service Failure
	KPI 1	KPI 2	KPI 3	KPI 4	KPI 5	KPI 6	KPI 7	KPI 8
Craigavon	100.00	99.19	93.63	92.86	96.48	100.00	97.22	100.00
Coleraine	100.00	100.00	94.00	100.00	100.00	100.00	100.00	99.63
Bel North(4)	98.42	96.40	91.39	92.59	90.18	96.53	100.00	96.42
Bel North(6)	100.00	95.32	93.00	100.00	78.86	93.47	100.00	92.58
Shankill	100.00	80.00	76.93	100.00	79.43	94.34	100.00	81.93
Bel West	100.00	90.61	90.31	93.10	78.42	95.53	100.00	85.30
Bel South	80.00	91.10	95.74	100.00	76.14	66.93	98.00	81.46

KPI 1   - Quality of Service   - Measures appointments made and kept by contractor (Target 60% of all routine jobs)

KPI 2   - Quality of Work   - Measures number of jobs which fail inspection – Poor Workmanship/Materials or Work not done.

KPI 3   - Cost Predictability   - Measures number of jobs which fail inspection – Incorrect price codes, measurement or incomplete and claimed.

KPI 4   - Time Predictability   - Measures contractor resolving jobs which have failed inspection – (Target 5 days)

KPI 5   - Time Predictability   -Measures contractor completing jobs within response time.

KPI 6   - Time Predictability   -Measures contractor recording job completion dates on HMS system after actual completion date. (Target 5 days)

KPI 7   - Service Failure   -Measures tenants satisfaction of contractors work and service – surveyed by Customer Service Unit.(CSU)

KPI 8   - Quality of Service   -Measures tenant feedback to CSU when contractor has failed KPI 5 or has not responded to an earlier issue or has

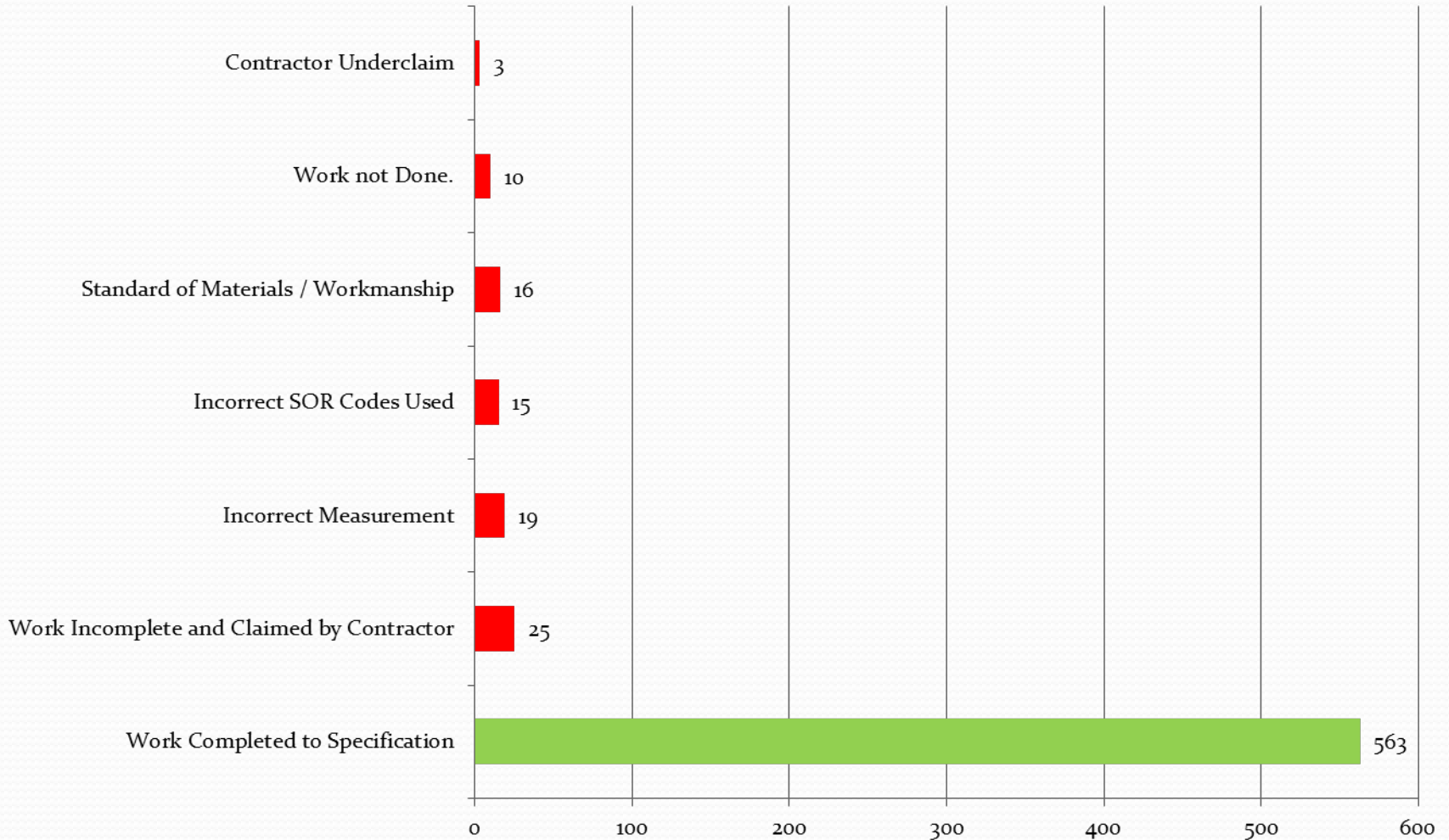has returned job as completed -but not complete.

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August 2014 - All Trades

	KPI 1	KPI 2	KPI 3	KPI 4	KPI 5	KPI 6	KPI 7	KPI 8
West Belfast	100.00	93.61	90.74	97.22	82.88	98.78	100.00	90.23
South Belfast	100.00	91.86	90.02	96.77	90.02	99.57	100.00	84.88
Shankill	100.00	100.00	91.15	95.83	82.62	81.41	100.00	94.47
North Belfast	100.00	99.82	90.97	92.86	90.91	95.81	100.00	94.88
Craigavon	100.00	96.66	95.31	100.00	99.25	98.72	100.00	100.00
Coleraine	100.00	96.84	95.07	100.00	99.76	100.00	100.00	95.55

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Jobs % Passed First Time

Reason for inspection failure(DLO)

Reason	Value
Contractor Underclaim	3
Work not Done.	10
Standard of Materials / Workmanship	16
Incorrect SOR Codes Used	15
Incorrect Measurement	19
Work Incomplete and Claimed by Contractor	25
Work Completed to Specification	563

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2014/15 Issues

- Employee Terms & Conditions

- Management Structures

- Support Structures

- Training

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2014/15

- Depots
- Technology
- Vehicles
- Motor Vehicle Workshop
- Logistics

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2014/15

- Governance / Controls

- Risk Management

- Systems

- Control Reports

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Journey to Excellence

Excellent Customer Service	Proper working environment	Performance Internal & External	Build Communications and Relationships	Become cost effective	Proud of what we deliver

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