



Scrutiny of Contract Management at Havebury Housing Partnership

August 2017

1. INTRODUCTION

A performance and scrutiny panel sub-group of David Lockwood, Lee Northcutt and Keith Buckingham met on 14th March 2017 to scope the scrutiny of contract management at The Havebury Housing Partnership.

The scope was agreed as follows:

To;

- a) To understand the extent to which Havebury uses contractors to deliver services.
- b) To determine whether Havebury's current approach to contract management is effective and ensures value for money in providing services to residents.

2. WHAT WE DID

The following methodology was agreed by the sub-group members at the scoping meeting.

What will be reviewed	Details	How
Contract register	To identify all current contracts, their value, Contract Manager and relevant PI's.	Desktop review
Contract management principles	To research contract management principles and best practice.	Desktop review
Policies, procedures and strategies	Any policies, procedures or strategies relevant to contract management at Havebury.	Desktop review
Pi, customer satisfaction and complaint data	Performance data relevant to each contract.	Desktop review
Views of Contractors	Interviews to be conducted with a selection of Contractor Contract Managers.	Interview/Discussions
Views of staff	Interviews to be conducted with a selection of Havebury Contract Managers.	Interview/Discussions

A timetable for the work was agreed as below;

Action	Date
Performance Team to request contract register.	March 2017
Performance Team to gather relevant data for each major contract on the contract register.	April 2017
Panel to review all data collected by Performance Team and select Havebury Contract Managers/ Contractors to	April 2017

interview.	
Interviews with Havebury Contract Managers and Contractors.	June 2017
Final report	July 2017

3. OUR FINDINGS

- 3.1 In order of contract value, a minimum of three contractors were chosen from the Asset and Liabilities register for Health and Safety, Asset Management, Development, Human Resources, IT and Neighbourhoods. Requests were made for meeting minutes and KPI's for each of the contracts and then shortlisted for more detailed review as follows;
- a) A high value contract - Seager Home Solutions has one of the highest contract values at £9.5 million.
 - b) A wide scale management contract - Ground Control are contracted for the majority of Havebury's ground maintenance.
 - c) A good practice contract - The information received for Dove Jeffrey Homes was deemed to be very comprehensive, robust, and informative.
- 3.2 The following documents were distributed to the sub-group to be reviewed. This informed the sub-group's questions they would pose during later interviews with staff.
- Procurement strategy (appendix b)
 - Meeting minutes and KPI's for contractors:
 - Ground Control
 - Seagers
 - Dove Jeffrey Homes
- 3.3 The sub-group were happy that the procurement strategy and action plan make suitable reference to value for money and how this can be delivered, taking into account the three key principles of effectiveness, efficiency and economy. It also pays attention to EU law, including recent updates, which must be complied with.
- 3.4 Individual interviews were held on 7th June 2017 with the Contract Managers and Havebury Account Managers for Ground Control (GC), Seagers and Dove Jeffrey Homes (DJH). The questions put by the group and notes of the responses can be seen in full at appendix a. The summary of the responses is as follows:
- a) How is the contract managed?
Each contract is managed differently. Seagers has more formal monthly meetings and weekly e-mail updates. Dove Jeffrey takes a more hands on and proactive approach working as a team with Havebury, rather than having a traditional client-contractor relationship. Whilst managed differently, this is as such to suit the nature of the contract and those who are involved with its management. More importantly, the common trait between all three contractors is a checklist to ensure that works have been carried out to specification.
- b) What is the contract management process?
All three contractors have different payment methods, but with one common factor - that payment is not made until after the work has been validated and checked. **The only exception is with GC who is paid a monthly basic rate for routine work in addition.** In some cases retention is held by Havebury until overall works are completed.
- c) How do you maintain the principles of Value for Money?
The principles of Value for Money are maintained for each contract. This is evident at the early stages of the tendering process as it is one of the key

elements within the procurement strategy. All three contractors demonstrated their commitment to VfM. For example, Seagers regularly review products and has recently changed their bath over shower at £40 cheaper per unit, for the same quality and a year's warranty. DJH's savings are made from scrutinising costs and GC produce competitive schedule of rates. If a quote received from GC is deemed expensive, Havebury approaches other businesses to test the market to ensure good value.

d) What performance and financial controls are in place?

Seagers receive payment for completed works with a 5% retention for up to 12 months. The budget is also monitored to ensure no overspends. Performance targets include snagging and customer satisfaction. If the satisfaction score is low or works are completed out of time, Havebury is permitted to instruct another contractor to complete the works and invoice Seagers.

DJH have a robust procurement process and use software to monitor and control performance for up to date information.

GC produces monthly reports for grounds checks, financial figures to ensure budgets are being met and performance monitoring statistics.

e) How often are standards discussed and reviewed?

All three contractors have as minimum, monthly review meetings to ensure that terms and standards are being met. Seagers and GC attend the Tenants Forum to present this information and answer any questions.

d) How are complaints dealt with and how are they managed?

All contractors have complaint management processes in place; Seagers have a full time member of staff to respond to any complaint on site before these are escalated. DJH aims to keep customers well informed and up to date with information to prevent any complaints arising. They also have a customer liaison strategy as well as a 'safe zone' on their website to encourage neighbourhood engagement. GC investigates all complaints and Havebury monitors that these are being dealt with. Both parties liaise with each other to discuss complaints and service requests.

3.5 The interviews were a positive and insightful exercise and the sub-group were left with a good understanding how Havebury uses contractors to deliver services and how value for money is taken into consideration.

4. RECOMMENDATIONS

- 4.1 The sub-group were satisfied with Havebury's overall approach to contract management and found nothing of serious concern. Greater consistency in the management of contracts was however highlighted as an area for improvement and is reflected in the recommendations made by the panel below.
- 4.2 The recommendations arising from the scrutiny review are;
- a) Information provided to the panel to review prior to the scoping meeting varied in its detail. The sub-group felt that if information between Havebury and the Contractors was transparent and readily available could improve communication links and productivity.
 - i. The sub-group proposed using online, secure access (i.e. using "Drop Box" - online 'cloud' based document sharing), for items such as meeting minutes and any other relevant documentation.
 - ii. A standard approach, albeit with some flexibility, should be applied to each contract for meetings, meeting minutes and matters arising
 - b) The sub-group noted that relationships between Havebury and the Contractors varied and although all were positive and productive, felt that there was benefit it better aligning each approach.
 - i. The sub-group suggested that by inviting contractors to events such as atrium meetings and employee conferences would encourage the contractors to get more involved with Havebury and to build relationships
 - ii. To present an 'induction' for all new and current contractors to explain Havebury's purpose, vision, objectives and value
 - iii. To include within the induction expectations of both sides within the relationship
 - c) KPIs used to monitor each contract vary considerably and there is disparity in the level of performance management undertaken.
 - i. The sub-group suggested that each contractor is presented with a standard set of KPI's by Havebury, which will be monitored. This is to allow for consistent comparison of contract performance and to ensure that the targets set out in the contract are being met.
 - d) Contractors tend to have their own methods of monitoring satisfaction, however the sub-group thought that contractors would find it useful if they had data to compare with and suggested;
 - i. Havebury to provide contractors with regular performance data for satisfaction. And in addition;
 - ii. Regular exchange of complaints data between Havebury and the contractor.

5. CONCLUSION

In conclusion, we refer back to the scope of the review:

QUESTION	CONCLUSION
To; a) Understand the extent to which Havebury uses contractors to deliver services	The procurement strategy and action plan (Appendix B), along with contractor meeting minutes and KPI's (available on request from the Performance Team), were distributed to the sub-group and questions arising from this (Appendix A) were raised to gain an understanding of how Havebury uses contractors to deliver services.
To; b) Determine whether Havebury's current approach to contract management is effective and ensures Value for Money in providing services to residents	The CIH's definition of value for money (Appendix C) was distributed to the sub-group. During the scrutiny interviews it was confirmed that the principles of value for money are a key consideration when the contracts are procured and when they are managed. It is evident that the contractors understood the importance of VfM to Havebury and actively apply these principles.

Appendix A -
Questions and Notes

Scrutiny of Contract Management
at The Havebury Housing Partnership
7th June 2017

Attendees:

David Lockwood - PSP Chair
Lee Northcut - PSP Vice Chair
Keith Buckingham - PSP Member
James Greener - Performance Manager
Paul Ellingford - Performance and Customer Insight Co-ordinator
Kathryn Rowland - Performance Administration Assistant

Agenda

- 13:00 - Pre-meeting briefing (PSP and Performance Team)
13:15 - **Seagers interview**
Attendees:
Graham Cloke - Seagers Contract Manager
Steve Adams - Contract Surveyor (Havebury)
14:00 - **Dove Jeffrey Homes interview**
Attendees:
Chris Dove - Dove Jeffrey Homes Ltd
Elliott Bragg - Project Manager (Havebury)
14:45 - **Ground Control interview**
Attendees:
Duane Towns - Ground Control
John Feveyear - Neighbourhood Communities Co-ordinator
15:30 - Wrap-up
15:45 - Close

Seagers

1. How is the contract managed?

Who are the contract team? How often are meetings? How is partnership working encouraged e.g. is there any joint/co-location working, how are good relationships fostered and developed? Is there a systems/communication interface?

Monthly review meetings
Seagers signed up to Havebury's customer care and compensation policy
Handover to clerk of works is carried out after each job to ensure work is done to satisfaction and that Havebury have been charged correctly
On a weekly basis emails are sent from Seagers with updates

2. What is the contract management process?

How are payments made e.g. up front, per job, in stages etc? Are there any 'extras'/'add-ons' e.g. jobs outside of the contract scope. What makes this the best way and ensures value for money? What happens/would happen if there are issues? Is there a set process/timetable?

Schedule of rates for each job, this is checked and adjusted if needs be after each job to check not under or over paying
12 valuations in a year, payment is made 2 to 3 after each valuation
Only paid on completed jobs that have been handed over
Necessary paperwork is done after each job
5% retention until work completed
12 month defect period with financial incentive

3. How do you maintain the principles of value for money?

*Do you/have you ever discussed how the contract contributes or otherwise to Havebury's mission, values and objectives? The core principles of value for money are **efficiency, effectiveness, economy.***

*Havebury's definition of value is - Havebury is committed to finding ways to **provide excellent service at the same time as seeking to reduce costs and improve efficiency.** Value for money means **delivering savings and improving quality by simplifying everything we do whilst achieving a balance between costs, quality and results.***

The contract is VFM as it was awarded via a tendering process, awarded by 60% price, 40% quality
Seagers review products used to ensure VFM, e/g have changed the over bath shower so is now £40 cheaper a unit and has an extra years warranty on it
Seagers can change the spec throughout to be flexible with Haveburys budget

4. What performance and financial controls are in place?

What are the key contract PI's? How are they measured and reported? What is the budget monitoring process? Are overspends possible? Are they regular reports, who sees them? How are targets set and reviewed?

Payment for completed works
12 month retention (5%)
Performance targets for snagging
90% customer satisfaction (clause in contract) - if not satisfied or out of time then Havebury can get another contractor to finish the work and charge Seagers
Seagers ask tenants to complete a survey or the spot or send back
Introductory letter sent by Seagers and leaflet for each job before start
QS monitors budgets to ensure no overspending

5. How often are standards discussed and reviewed?

'Standards' might include service standards (between contractor and Havebury or with the customer), standards of work etc.

Monthly review meetings between Graham (contract manager at Seagers) and Steve Adams (contract manager at Havebury)
CSS quarterly
Attend tenants forum quarterly
Performance targets for recyclable waste - 85% recycled, 15% burnt

6. How are complaints dealt with and how are they managed? How does the contract team engage with resident feedback e.g. learning from complaints, customer satisfaction feedback, and tenant panel?

Seagers employ full time person to attend jobs and deal with any complaint on site before get escalated

Dove Jeffrey Homes

1. How is the contract managed?

Who are the contract team? How often are meetings? How is partnership working encouraged e.g. is there any joint/co-location working, how are good relationships fostered and developed? Is there a systems/communication interface?

Management team on site and in the office
Correspondence with client on a daily basis
Work as a team not as a client contractor relationship
Take a proactive not reactive approach
Havebury has proactive approach which helps working dynamic
Has a master checklist for all contracts that they use as a guide form beginning to end to check all things are covered

2. What is the contract management process?

How are payments made e.g. up front, per job, in stages etc? Are there any 'extras'/'add-ons' e.g. jobs outside of the contract scope. What makes this the best way and ensures value for money? What happens/would happen if there are issues? Is there a set process/timetable?

Clauses around payments
Monthly payments for works undertaken to date, no payments for work not

undertaken or materials not on site.
Projected forecast for contract so Havebury and Dove know expected payments
Employers agent manages the contract
Avoids stage payments

3. How do you maintain the principles of value for money?

*Do you/have you ever discussed how the contract contributes or otherwise to Havebury's mission, values and objectives? The core principles of value for money are **efficiency, effectiveness, economy.***

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Actively look to save money
Look at reliability of people that are employed
HCA expects to perform in a particular way
Savings come by scrutinising costs and applying by a tender process

4. What performance and financial controls are in place?

What are the key contract PI's? How are they measured and reported? What is the budget monitoring process? Are overspends possible? Are they regular reports, who sees them? How are targets set and reviewed?

Robust procurement process
Sage procure (software used to control performance measure) gives them the ability to see where they are at any given time

5. How often are standards discussed and reviewed?

'Standards' might include service standards (between contractor and Havebury or with the customer), standards of work etc.

Legislation perspective reviewed monthly and throughout whole project
Client brief updated by Havebury

6. How are complaints dealt with and how are they managed? How does the contract team engage with resident feedback e.g. learning from complaints, customer satisfaction feedback, and tenant panel?

Have 'safe zone' on site to enable neighbourhood engagement

Customer liaison strategy
Monthly newsletters
Keep neighbours well informed

Ground Control

1. How is the contract managed?
Who are the contract team? How often are meetings? How is partnership working encouraged e.g. is there any joint/co-location working, how are good relationships fostered and developed? Is there a systems/communication interface?

John Feveyer oversees contract with Kevin James who is more hands on
Fortnightly meeting with Kevin on operational matters
Formal monthly meeting with John
Meetings on site
Ground control reports to tenants forum monthly
Rangers do spot checks
Ground control produces reports

2. What is the contract management process?
How are payments made e.g. up front, per job, in stages etc? Are there any 'extras'/'add-ons' e.g. jobs outside of the contract scope. What makes this the best way and ensures value for money? What happens/would happen if there are issues? Is there a set process/timetable?

Paid monthly a basic amount for routine work
Second invoice for additional works such as fly tips (this is for work completed the month before)
Third payment (staged payment) for Japanese knot weed treatment and removal

3. How do you maintain the principles of value for money?
*Do you/have you ever discussed how the contract contributes or otherwise to Havebury's mission, values and objectives? The core principles of value for money are **efficiency, effectiveness, economy.***
*Havebury's definition of value is - Havebury is committed to finding ways to **provide excellent service at the same time as seeking to reduce costs and improve efficiency.** Value for money means **delivering savings and improving quality by simplifying everything we do whilst achieving a balance between costs, quality and results.***

VFM in procurement process

Had to produce competitive tenders and schedule of rates

If a quote for additional works is too high then Havebury does approach other businesses such as St Eds to carry out the work

Havebury test market to ensure good value

4. What performance and financial controls are in place?

What are the key contract PI's? How are they measured and reported? What is the budget monitoring process? Are overspends possible? Are they regular reports, who sees them? How are targets set and reviewed?

Monthly report form Ground Control and checks from the rangers

Monthly meetings with finance to ensure budget is on track

Monthly performance monitoring at meetings

5. How often are standards discussed and reviewed?

'Standards' might include service standards (between contractor and Havebury or with the customer), standards of work etc.

Constantly reviewed

Basics standards are in the contract, such as length of grass

Any issues to be discussed are photographed

Sites are scored by ground control on a scale of 1 to 4

6. How are complaints dealt with and how are they managed? How does the contract team engage with resident feedback e.g. learning from complaints, customer satisfaction feedback, and tenant panel?

Complaints passed to Ground Control, Havebury will monitor that are being dealt with

Liaise with each other on complaints and service requests

Most common complaints are parking and tress but these are sometimes out of Haveburys and Ground controls control

Procurement Strategy and Action Plan

2016/2019

| **Approved by Operational Board on 17 May 2016**

1. General Introduction

- 1.1 The Chief Executive is responsible for ensuring the Procurement Strategy, procedures and responsibilities are clearly set out and understood by Management Team. This Strategy sets out Havebury's approach to ensure that the organisation provides its residents with measureable value for money through efficiency and procurement.
- 1.2 The Procurement Strategy is a key element of Havebury's Value for Money work. The purpose of the Procurement Strategy is to provide a framework for the procurement of goods and services throughout the organisation with an overriding objective to demonstrate overall value, including economic, environmental and social value. As a concept, social value is about seeking to maximise the additional benefit that can be created by procuring or commissioning goods and services, above and beyond the benefit of merely the goods and services themselves. The Social Value Act became law on March 8th 2012 and "live" from 31st January 2013.

The Act, for the first time, places a duty on public bodies to consider social value ahead of procurement. Under the EU Procurement Directive Housing associations are considered to be public bodies and therefore the Social Value Act applies.

The Act applies to the provision of services, or the provision of services together with the purchase or hire of goods or the carrying out of works that exceed the EU procurement thresholds.

The principles of the Act are consistent with Havebury's own values expressed in our corporate objectives.

The wording of the Act states that...

The authority must consider—

(a) *how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and*

(b) *how, in conducting the process of procurement, it might act with a view to securing that improvement.*

It also opens the door for consultation with stakeholders to better understand social value and improve service specifications.

- 1.3 This Procurement Strategy should meet Havebury's corporate objectives. The following should be included in the procurement documents and procedures in order to achieve overall value for money or added value to the lifetime of a contract.

The Contractor(s) are to be asked to consider how they can support Havebury's Corporate Objectives and add value to the contract.

These Objectives are as follows:

1. Develop opportunities for Havebury tenants
2. Increase the supply of Havebury homes
3. Provide homes and services which people want

4. Be an effective, well organised business that delivers continuous improvements and excellent value
5. Create better, greener neighbourhoods and target fuel poverty

Havebury looks at each contract to take a view on what and how social value measures within the contract would be appropriate. This should also reflect in the scoring criteria for social value within the quality submission for a contract. E.g. Where the criteria is 60:40 and the price being 60 and quality 40, 10% of the quality mark might be attributed to the social value element, however, it could be more or less than this.

Examples could include;

Promoting careers in a certain profession in schools.

Promoting training and employment opportunities.

Support for youth employment, women's employment, the long-term unemployed and people with physical or learning disabilities, supporting Havebury's employment and worklessness agenda.

Supporting community organisations.

Supporting local social enterprise.

Supporting local companies – purchasing goods.

Thought should be given to determine what kind of additional social or environmental value would best serve the needs of the local community as well as giving providers the opportunity to innovate.

- 1.4 The Procurement Strategy makes sure everyone with a responsibility for buying goods or services follows Havebury's procedures and best practice detailed in the Procurement Strategy and Action Plan.

Havebury is fully committed to:

- Operating as effectively as possible
- Obtaining the best possible value for money for customers and stakeholders
- Striving for efficiencies to support and deliver the Corporate objectives and add value to the contract
- Providing a Procurement Strategy and Action Plan which reflects the key principles of the Strategy and reports on outcomes and sets targets on an annual basis.

2. Aims of the Strategy

2.1 The aims of the Strategy are to:

- Ensure that all procurement supports the values of Havebury as expressed in our Corporate Objectives.

- Assist Havebury in achieving overall value, including economic, environmental and social value.
- Procurement of cost effective and efficient services and supplies
- Ensure compliance with our Environmental objectives and issues of sustainability
- Take into account the long term interests of the organisation and customers
- To ensure specifications focus on the right balance of cost, quality and improving the economic, social and environmental well-being of the relevant area.
- To provide a framework for the operation of the Procurement Strategy and Action Plan providing the scope, objectives and outcomes to ensure objectives met

2.2 The Procurement Strategy and procedures form the operating guide by which Havebury's procurement team will operate.

3. Procurement Principles

3.1 Havebury will take into consideration the following procurement principles when developing/renewing the Procurement Strategy and procedures:

- Legislation
Havebury will abide by the UK public procurement rules, which implement the EU legislation, regulate procurements of public authorities and certain other entities within the UK.
- Management and control of contracts
Use policies and procedures that ensure all contracts are properly tendered, managed and monitored with a view to achieving completion of service delivery on time, to budget and in accordance with the specification.

Assessing and minimising risk

Develop and use adequate policies and procedures and ensure they are reviewed annually to meet the organisation's requirements and regulatory changes.

- High Professional Standards and Best Practice
All procurement procedures to be operated in a professional manner to ensure the highest standards of probity and accountability
- Continuous Improvement
All contracts to identify and promote continuous improvement, overall value, including economic, environmental and social value and have the ability to react to changing external circumstances
- Consider partnering opportunities
- Continue to procure new homes through the I Havebury's Development Team

4. Current Arrangements

- 4.1 The Contract & Procurement Group ensures a strategic overview is maintained whilst providing an opportunity for monitoring and developing the contract and procurement function. Representatives from across the organisation, who are responsible for a range of contracts, form a key part of the group, offering support and contract management expertise and experience. The Group meets as required to ensure the contract tendering process is effectively managed to meet service requirements.

5. Actions

- 5.1 An Annual Procurement Report to be provided to the Operations Committee on an annual basis, detailing the range of contracts tendered and costs achieved in line with Havebury's commitment to demonstrate overall value, including economic, environmental and social value.
- 5.2 The Procurement Strategy and Action Plan is approved by the Operational Board and a detailed Action Plan to be implemented.

6. Action Plan [2016/20196]

- 6.1 Havebury has set targets to ensure the requirements of the Procurement Strategy are properly developed and implemented. These will be further developed following approval by the Board into a detailed Action Plan.

6.2 Action Plan for 2016/19 includes:

Activity	Target Requirement	Responsibility	Status
Approval of the revised Procurement Strategy and Action Plan	June 2016	Operational Board	Awaiting approval
Annual Review of the Procurement Strategy and Action Plan	Annually	Procurement Coordinator	Ongoing
Monitoring by Contract & Procurement Group	Quarterly	Contract & Procurement Group	Ongoing
Review of Contract Register	Quarterly	Contract & Procurement Group	Ongoing
Review of Procurement Function	July 2016	Head of Assets Head of Finance	Underway
Monitor Expenditure against contract value bi-annually	September 2016	Head of Finance Procurement Coordinator	Ongoing
Annual Procurement Report to Operational Board	Annually by July	Procurement Co-ordinator Head of Assets	Ongoing
Contract specification review	Before each new contract commences	Head of Property Services Contract specific Manager	Ongoing
Report VFM on contracts	Ongoing Report to Head of Finance	Procurement Co-ordinator QS Manager	Ongoing
Report Added Value	Ongoing report to Head of Finance	Procurement Co-ordinator	Ongoing
Contract Negotiations	Ongoing, before discretionary extension award	Head of Assets Procurement Co-ordinator/ Contract specific Manager	Ongoing