

Report to Cabinet
16 February 2011
Report of Head of procurement and service improvement
Subject Future provision for housing works

Item
11

Purpose

The purpose of this report is to review the options for provision of housing works.

Recommendations

1. To approve the strategy to seek provision for:
 - a) repairs and maintenance through private sector provision
 - b) voids through private sector provision
 - c) programmed works such as kitchens, bathrooms etc through private sector provision

Financial Consequences

The financial consequences are contained within the report. No additional budget is requested as a result of the report.

Risk Assessment

The risk assessment is contained within the report. There are no new corporate risks that are not already contained within the corporate risk register.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority “Safe and healthy neighbourhoods – working in partnership with residents to create neighbourhoods where people feel secure, where the streets are clean and well maintained, where there is good quality housing and local amenities and where there are active local communities” and the service plan priorities SHN 7 – increase our investment in new windows, kitchens, doors and boilers in council homes, SPC 3(b) - complete the eco-retrofit of over 800 council homes, including loft insulation, replacement windows and doors and OC 3 – achieve a two star and improving audit score for our housing landlord services by April 2011

Cabinet Member: Councillor Arthur - Housing and Adult Services

Ward: All

Contact Officers

Anton Bull, Head of procurement and service improvement	01603 212326
Chris Rayner, Head of housing property services	01603 213208

Background Documents

None

Report

Background

1. Various interim contracts for the provision of housing works have been awarded which are either for a fixed programme of work or for delivery for a 9 month period. These contracts will expire by the beginning of October 2011. From this date onwards new provision of these works will be required.
2. The works covered includes :-
 - a) Housing repairs and maintenance
 - b) Voids
 - c) External wall insulation
 - d) Structural works
 - e) Decent homes including disabled adaptations
 - f) Electrical upgrades
 - g) Boiler and Heating upgrades
 - h) External redecoration
3. On 12 January 2011 Contracts Working Party considered a high level analysis of the options available for service delivery. Subsequent to that meeting briefing papers were circulated detailing risks and benefits of each of the options as well as planned works.
4. On 2 February Contracts Working Party reviewed a draft of this paper which builds on the previous analysis and reviews in more detail the analysis of each of the options.

Options analysis

5. There are several options available but they fall under a small number of categories. The options have been narrowed down to the most relevant options.
6. The council is developing a service delivery toolkit and whilst this is still in draft form it provides a basis to review the options for delivery of these services. The toolkit tests each option against a pre-determined set of criteria. These include cost and then a series of other criteria derived from principles in the corporate plan, blueprint for a lean council and risk management strategy. The toolkit allows each option to then be compared.

Housing repairs and maintenance (HRM)

7. HRM Option 1 - Do Nothing

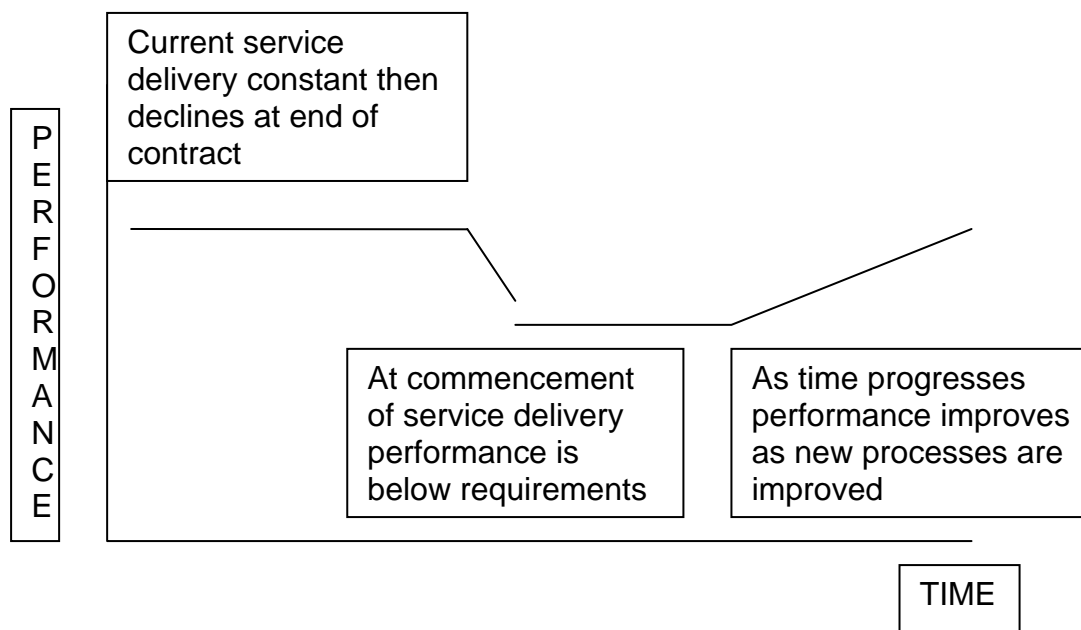
8. The council currently has a series of contracts to provide these works but these will expire by October 2011. The value of the work is above the thresholds of the Public Contracts Regulations 2006 and therefore requires advertising and selection of a supplier made in accordance with the requirements of the regulations if further contracts are to be awarded. Therefore doing nothing would put the council at risk of either having no provision of the works or at risk of challenge under the regulations and the challenge could not be defended unless there were extenuating circumstances. This option is NOT recommended.

9. HRM Option 2 - In-house provision with a team integrated with the housing property services team

10. This direct in-house provision would be in the form of an employed team to deliver services. The team would be fully integrated within housing property services and would integrate with the existing team. There would need to be a restructure to accommodate this.
11. There are other options that could be considered for in-house provision but this option has been chosen for further analysis. Setting up a company is likely to take longer to do and could be considered as a “next step” if this option were chosen. Setting up a separate business unit and maintaining a “client – contractor” split would add in an unnecessary layer of bureaucracy.
12. Appendix 1 details the analysis of the in-house option for housing repairs (as well as the public sector shared service and private sector options).
13. A detailed analysis of the cost of an in-house service has not been conducted. The council does not have current knowledge and expertise to complete a detailed analysis of cost for this service. The analysis assumes that the service could be provided for the equivalent of the current private sector provision costs. To provide a detailed analysis of the cost of providing the service in-house the council would need to procure expertise in this area to complete the analysis. It is estimated that this would cost between £20 and £30k to complete based on a team of two consultants and 20 days of each consultant to research, review and present a report. An estimate has been made of the set up costs for an in-house service of £500k based on a small team of additional staff or consultants being employed during the project to bring the services in-house which would require additional resource over and above the resources currently managing the services.
14. There are no reasons why the in-house option should not meet the design principles of the blue print for a lean council.
15. The continuous improvement and customer analysis are similar and linked together. As part of the previous contract letting process tenants and leaseholders were consulted and that dialogue has continued. The sheets define the performance measures for each. A fully functioning in house service should be able to deliver the required level of service. However, it is

likely that it will take some time to be able to deliver at the required level. If transferring from the existing externally provided service it is possible that during the final month or so of contracted service delivery that standards will fall as staff prepare to transfer over and the council gears up for this.

16. Once the service starts it is likely that there will be various issues that were unknown or not planned for as the council fully understands what it is to run the service from an in house team. There will be new technology (repairs diagnostic and scheduling, vehicle tracking, hand held devices for staff) or, more likely in the short space of time available to implement, new processes without technology support that will need to be refined. Whether or not new technology is in place to begin with there will be a decline in service as staff get used to a new way of working. The council has no experience of transferring services such as this back in-house and it is highly likely that errors will occur. These can be mitigated by engaging experienced external resource but there is also the risk that external resource does not fully understand the council and its current processes. It is estimated that there will be a significant reduction in performance for at least 6 months from service commencement. It could take 18 months or more to improve service delivery to required performance.



17. The council currently reviews suppliers to ensure that they have accreditations such as ISO 9001, ISO 14001 and ISO 18001 (Quality assurance, environmental management and health and safety). If the council delivered services in house and wanted to consider providing services to others these registrations would be the minimum requirement and it is estimated would take between 12 months and 2 years to obtain. These would also be essential to ensuring that the service met its performance targets.
18. The timescale available for delivering repairs and maintenance as an in house option would make it very challenging and there is a significant risk that the

service would not be up and running in time for the October start date. This could be mitigated by moving the start date back but this would then require a tender process for the service delivery from the end of the existing contract to the start of the in-house provision and would divert resources further from setting up the in-house delivery. In the event that the service was up and running in time the performance, as described above, is unlikely to be acceptable from service commencement.

19. The localism bill also creates a risk in that it is possible that shortly after services are in-sourced a community right to challenge could be received that leads to a procurement process and the service being outsourced again. However, at this stage it is difficult to assess the risk as the bill is only in draft form and allows for various regulations to be created to provide the details around the right to challenge.

20. There are various risks associated with in-house delivery but the greatest of these is that a lack of knowledge leads to poor decision making and poor service delivery. The main risks are detailed in Appendix 1.

21. HRM Option 3 - Public sector shared services provision using a joint venture model

22. Using this option the council and another public sector provider would set up a joint venture company in which the council and the other public sector organisation owned shares. Contracts could be awarded to the joint venture company without a competitive exercise under the "Teckal" exemption. To meet the requirements of the exemption the company must be fully owned by the public sector and not have any private sector ownership and the council must exercise as much control over the company as it would over one of its own departments. This would include for example budgetary control.

23. There are other options for delivering services in partnership with other public sector providers. However, the council has not identified any potential partners that could share services within the timescale other than through a joint venture model.

24. Appendix 1 details the analysis of the public sector shared services option for housing repairs (as well as the in-house service and private sector options).

25. A detailed analysis of the cost of a public sector shared service has not been conducted. The council is meeting with the potential shared service partner after this paper will be circulated but before the meeting on 2 February 2011 so an update can be given at the meeting. The analysis assumes that the service could be provided for the equivalent of the current private sector provision costs. An estimate has been made of the set up costs for a joint venture company and the necessary resources to implement this of £100k based on legal costs and other resources required to set up the necessary governance arrangements.

26. There are no reasons why the public sector shared services option should not meet the design principles of the blue print for a lean council.

27. The continuous improvement and customer analysis are similar and linked

together. As part of the previous contract letting process tenants and leaseholders were consulted and that dialogue has continued. The sheets define the performance measures for each. A fully functioning public sector shared service should be able to deliver the required level of service but this has not been tried and tested by this council.

28. The council currently reviews suppliers to ensure that they have accreditations such as ISO 9001, ISO 14001 and ISO 18001 (Quality assurance, environmental management and health and safety). If the council delivered services with a joint venture partner and wanted to consider providing services to others these registrations would be the minimum requirement and it is estimated would take between 12 months and 2 years to obtain. These would also be essential to ensuring that the service met its performance targets. With a partner that already has or is working towards these accreditations this timescale could be significantly reduced.
29. There are various risks associated with public sector shared services delivery but the greatest of these is that the council and its partner cannot agree on priorities and desired outcomes. The main risks are detailed in Appendix 1.

30. HRM Option 4 - Private sector provision

31. Using this option the council would tender its requirement and seek offers from suitable providers. The value of a contract for a term of 5 years would be in excess of the thresholds in the Public Contracts Regulations 2006 and would require a full advertising and tendering process.
32. There are other options for the private sector delivering services. However, the council has not identified any requirement for innovative forms of delivery over and above a partnership style of contract.
33. Appendix 1 details the analysis of the private sector option for housing repairs (as well as the in-house service and public sector shared services options).
34. The costs of private sector provision are known. The analysis details the current cost of provision. However, a tender may produce a different result. During the recent tender for the 9 month contracts prices ranged between £2.36 million and £4.65 million p.a. equivalent.
35. There are no reasons why the private sector option should not meet the design principles of the blue print for a lean council.
36. The continuous improvement and customer analysis are similar and linked together. As part of the previous contract letting process tenants and leaseholders were consulted and that dialogue has continued. The sheets define the performance measures for each. The current private sector provision has only been in place for one month but is expected to meet the performance requirements.
37. The council currently reviews suppliers to ensure that they have accreditations such as ISO 9001, ISO 14001 and ISO 18001 (Quality assurance, environmental management and health and safety). Private sector providers tend to have these accreditations as standard.

38. There are various risks associated with private sector delivery but the greatest of these is that there is an interruption to service provision through the administration of the provider. The main risks are detailed in Appendix 1.

39. Housing repairs and maintenance – recommendation

40. The analysis in Appendix 1 leads to the conclusion that housing repairs and maintenance should be delivered through private sector provision.

Housing VOIDS

41. The voids provision follows the same pattern and analysis as for the repairs and maintenance with some minor differences in the costs for setting up the service for the in-house option.

42. Appendix 2 details the analysis of the in-house option, the public sector shared service and private sector option for housing voids.

43. Housing voids – recommendation

44. The analysis in Appendix 2 leads to the conclusion that housing voids should be delivered through private sector provision.

Programmed works including external wall insulation, structural works, decent homes including disabled adaptations, electrical upgrades, boiler and heating upgrades and external redecoration

45. Programmed works follows the same pattern and analysis as for the voids but with the additional risks that the work program does not match staffing resources and that specialist work still needs to be contracted out.

46. Appendix 2 details the analysis of the in-house option, the public sector shared service and private sector option for programmed works.

47. Programmed works – recommendation

48. The analysis in Appendix 3 leads to the conclusion that programmed works should be delivered through private sector provision.

Tenant and leaseholder consultation

49. Officers have met with the City Wide Board tenants repairs sub group to review these options. The group expressed no preference over any type of provision. However, the group expressed their desire to be fully involved in the specification and contract for the works to be delivered to ensure that tenants received value for money and in particular high quality services.

50. Officers are meeting with leaseholder representatives after this report is published and will be able to feedback any comments verbally at the meeting.

Scoring Matrix

Appendix 1

	Service delivery option →			
Assessment Criteria ↓	Weighting (can be varied) ↓	In-house provision	Public sector shared services	Private sector provision or outsourcing
How does the option compare to the current cost of the service?	50%	48	49.5	50
	50% to be distributed between remaining factors			
How does the option align to the blueprint for a lean council options?	10%	10	10	10
How likely is the option to deliver continuous improvement?	10%	2	6	8
How likely is the option to deliver the requirements of the customer?	10%	2	6	8
Deliverability - can the option be delivered within the proposed timescale?	10%	2	8	10
How much risk does the option expose the council to and can these be managed?	10%	2	6	6

	Total	66	85.5	92
Notes				
Service delivery options - the suggested headings is not an exhaustive list. Some of the headings can be broken in to two or more options that should be analysed separately such as direct in house provision and wholly owned special purpose vehicle would both be forms of in house provision				
Objective and subjective scoring - there will be a mixture of "objective" scoring where it is possible to measure and quantify a score as well as elements of "subjective" scoring where the opinion or professional judgement will form the basis of the evaluation. The basis for each decision should be recorded.				

Financial analysis			
How much does the option cost?	In-house provision	Public sector shared services	Private sector provision or outsourcing
Set up costs	500,000	100,000	
Cost per annum	2,831,033	2,831,033	2,831,033
Cost over 5 years	14655167	14255167	14155167
Difference to cheapest option	500000	100000	0
% difference from cheapest option	4%	1%	0%
Notes			
<i>Whole life cost - costs should be for the service provision from cradle to grave including set up costs, running costs and disposal or termination costs</i>			

Private sector provision	
Cost from current provider for 9 month contract is	2,123,275.00
Extrapolate to 12 months equivalent	2831033.333

In-house provision and public sector shared services

Cost unknown. Assume compares to private sector provision in best case scenario

**Blueprint for a lean council
analysis**

How does the option align?	In-house provision	Public sector shared services	Private sector provision or outsourcing
Design principles - customers	5	5	5
Design principles - people	5	5	5
Design principles - organisational design	5	5	5
Design principles - locations	5	5	5
Supporting notes to justify the assessment	No evidence to suggest either form of delivery will meet the blueprint more than another	No evidence to suggest either form of delivery will meet the blueprint more than another	No evidence to suggest either form of delivery will meet the blueprint more than another

In-house provision would be tailored to meet the blueprint principles

Public sector shared serviced would most likely be via a joint venture and the contract awarded would have a specification requiring the blueprint principles to be adhered to.

Private sector provision would have a contract awarded with a specification requiring the blueprint principles to be adhered to.

Notes			
<i>The blueprint can be found on the intranet -</i>			
<i>Each option should be scored against each of the design principles using the</i>			
Fully meets the design principle	5		
Mainly meets the design principle	3		
Barely meets the design principle	1		
Does not meet the design principle	0		

Continuous improvement analysis

What performance measures have been identified and how well will the solution meet the targets?	In-house provision	Public sector shared services	Private sector provision or outsourcing
BM/2 Jobs completed within time - Responsive Repairs	1	3	4
Number of jobs completed on time			
BM/2a Jobs completed within time - Planned Works	1	3	4
Number of completed units measured			
BM/4 Quality Inspection	1	3	4
Target of "Zero defects"			
5 = Apparently defect free			
4 = Few defect no significant impact to resident			
3 = Acceptable quality within limits - improvements required			
2 = Major defects significant impact to resident			
1 = Unacceptable quality major impact to resident			
BM/5 First time fix - Responsive Repairs	1	3	4
Jobs fully completed at the first visit			

Notes			
<i>This section should clearly show the performance measures that are used and the targets that have been set.</i>			

<i>Each option should be scored against the target set</i>			
Will meet the target	5		
Highly likely to meet the target	4		
Likely to meet the target	3		
Unlikely to meet the target	1		
Will not meet the target	0		

Supporting notes should be used to record a description of the reason why the score has been given

<p>Note: these are linked to the customer analysis and needs of the customer. Key performance indicators have been split between continuous improvement and customer but they are linked.</p>			
	In-house provision	Public sector shared services	Private sector provision or outsourcing
	<p>The council has not provided repairs and maintenance in-house or any similar services of this scale for over 10 years. The council has experience of managing contracts but little experience and no current experience of running directly delivered services. The council does not have the infrastructure in place and would need to acquire and implement the necessary ICT support systems. Typical time requirement for this from specification to procurement to set up, testing and then implementation is a one year project. The implementation of this would require a project team to be set up to run alongside the existing arrangements. It is highly likely that at the commencement of service delivery this option would provide services at a level below the requirements. Systems and processes will have been designed afresh and it is highly likely that there will be bugs in the system.</p>	<p>There are examples of public sector shared services and the most likely option would be a joint venture company with a contract awarded directly to that company. This will take some time to set up and decision would need to be made about the scope of the company and whether to include the existing client function within the company. A partner would need to be chosen who has experience of running these types of service and this would increase the likelihood of delivering services that would meet the needs of the council and customers.</p>	<p>The current service is highly likely to meet targets. Organisations who are likely to bid for the business are experienced in this field of work and have the necessary expertise and systems to deliver high quality services.</p>
	<p>A new service would not have the registrations in place that are common with private sector and the more advanced public sector providers including ISO 9001 (Quality Assurance), ISO 14001 (Environmental management Systems) and ISO 18001 (Health and Safety).</p>		
	<p>A new service would take time to improve and with a new management team overseeing this they would also take time to become fully effective as would the ICT systems required. It is estimated that to reach the current service levels would take between 6 and 18 months and even this may be optimistic. There would also be a significant impact on the support services in the organisation and predominantly human resources, procurement, finance and ICT.</p>		

Customer analysis

What customer needs have been identified and how well will the solution meet the needs of the customer?	In-house provision	Public sector shared services	Private sector provision or outsourcing
BM/1 Resident Satisfaction	1	3	4
Results from resident satisfaction questionnaires			
Telephone surveys			
Email surveys			
Justified complaints			
BM/3 Appointments	1	3	4
Number of appointments Kept			
Notes			
<i>This section should clearly show how customer needs have been identified. How have customers been consulted and their needs identified</i>			

<i>Each option should be scored against the customer need identified</i>			
Will meet the customer need	5		
Highly likely to meet the customer need	4		
Likely to meet the customer need	3		
Unlikely to meet the customer need	1		
Will not meet the customer need	0		

Note: these are linked to the continuous improvement analysis. Key performance indicators have been split between continuous improvement and customer but they are linked.	Please see notes for continuous improvement analysis	Please see notes for continuous improvement analysis	Please see notes for continuous improvement analysis
---	--	--	--

Timescale deliverability analysis

Deliverability - can the option be delivered within the proposed timescale?	In-house provision	Public sector shared services	Private sector provision or outsourcing
	1	4	5

Notes	Significant issues as recorded in the risk section make it unlikely that in-house provision can be implemented and deliver the required service levels within the timescale required	This option requires the form of shared service to be agreed and negotiated with a shared services partner. This should be achieved within the timescale but it is possible that this does not get completed on time.	This option can be concluded and mobilised if the necessary decision is made on time.
--------------	--	---	---

<i>Each option should be scored against the ability to comply within the timeframe available</i>			
Can be implemented within timeframe	5		
Highly likely to be implemented within timeframe	4		
Likely to be implemented within timeframe	3		
Unlikely to be implemented within timeframe	1		
Will not be implemented within timeframe	0		

Supporting notes should be used to record a description of the reason why the score has k

Risk evaluation and mitigation			
All services will face risks that may prevent them from achieving what they set out to deliver. By identifying these in advance, we can take steps to mitigate these, so that we are well prepared should they occur. Identify any key risks and locate the reference number on the risk register.			

Service delivery option	In-house provision	Public sector shared services	Private sector provision or outsourcing
Overall risk score	1	3	3

Notes

Risk assessments should be carried out using the corporate risk methodology. The following overall scores will then be applied			
No significant overall risk	5		
Some overall risk	3		
Significant overall risk	1		
Unacceptable overall risk	0		

In-house provision				
Ref	Description of Risk	Likelihood	Impact	Score
IH1	Supply chain arrangements are not in place for service commencement leading to a an inability to complete repairs through lack of parts or increased cost.	3	5	15
IH2	Lack of knowledge and experience of directly delivering these services leads to poor service delivery	4	5	20
IH3	Increased labour costs through application of local government terms and conditions across the workforce	5	3	15
IH4	Short set up timescale leads to no service delivery	3	5	15
IH5	Service costs rise as original estimated costs are too low	3	3	9
IH6	Different skills requirements leads to redundancy of existing staff and recruitment of new staff	3	3	9
IH7	Community right to challenge leads to services being outsourced	3	3	9
IH8	Poor service delivery damages reputation of the council	3	3	9

Public sector shared services				
Ref	Description of Risk	Likelihood	Impact	Score
PU1	Unable to align priorities and desired outcomes with partners/providers	2	5	10
PU2	Unable to find partner with right profile, size etc.	2	5	10
PU3	Unable to establish value for money as not testing the market	2	3	6

Likelihood / Probability		Impact / Consequences				
		Insignific ant	Minor	Moderat e	Major	Catastro phic
		1	2	3	5	7
	5 Very High			IH3		
	4 Likely				IH2	
	3 Possible			IH5, IH6, IH7, IH8	IH1, IH4	
	2 Unlikely					
	1 Rare					

ikelihood / Probability		Impact / Consequences				
		Insignific ant	Minor	Moderat e	Major	Catastro phic
		1	2	3	5	7
	5 Very High					
	4 Likely					

Private sector provision or outsourcing

Ref	Description of Risk	Likelihood	Impact	Score
PR1	Selected contractor fails through administration	3	3	9
PR2	Challenge under the Public Contracts Regulations 2006 leads to interim injunction, contract set aside and/or financial loss	3	3	9
				0
				0

L	3 Possible					
	2 Unlikely			PU3	PU1, PU2	
	1 Rare					

Likelihood / Probability		Impact / Consequences				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	5	7
	5 Very High					
	4 Likely					
	3 Possible			PR1, PR2		
	2 Unlikely					
	1 Rare					

Scoring Matrix

Appendix 2

	Service delivery option →			
Assessment Criteria ↓	Weighting (can be varied) ↓	In-house provision	Public sector shared services	Private sector provision or outsourcing
How does the option compare to the current cost of the service?	50%	48.5	49.5	50
	50% to be distributed between remaining factors			
How does the option align to the blueprint for a lean council options?	10%	10	10	10
How likely is the option to deliver continuous improvement?	10%	2	6	8
How likely is the option to deliver the requirements of the customer?	10%	2	6	8
Deliverability - can the option be delivered within the proposed timescale?	10%	2	8	10
How much risk does the option expose the council to and can these be managed?	10%	2	6	6

	Total	66.5	85.5	92
Notes				
Service delivery options - the suggested headings is not an exhaustive list. Some of the headings can be broken in to two or more options that should be analysed separately such as direct in house provision and wholly owned special purpose vehicle would both be forms of in house provision				
Objective and subjective scoring - there will be a mixture of "objective" scoring where it is possible to measure and quantify a score as well as elements of "subjective" scoring where the opinion or professional judgement will form the basis of the evaluation. The basis for each decision should be recorded.				

Financial analysis

	In-house provision	Public sector shared services	Private sector provision or outsourcing
How much does the option cost?			
Set up costs	250,000	100,000	
Cost per annum	1,465,521	1,465,521	1,465,521
Cost over 5 years	7577607	7427607	7327607

Difference to cheapest option 250000 100000 0

% difference from cheapest option 3% 1% 0%

Notes			
Whole life cost - costs should be for the service provision from cradle to grave including set up costs, running costs and disposal or termination costs			

Private sector provision	
Cost from current provider for 9 month contract is	1099141
Extrapolate to 12 months equivalent	1465521

In-house provision and public sector shared services

Cost unknown. Assume compares to private sector provision in best case scenario

**Blueprint for a lean council
analysis**

How does the option align?	In-house provision	Public sector shared services	Private sector provision or outsourcing
Design principles - customers	5	5	5
Design principles - people	5	5	5
Design principles - organisational design	5	5	5
Design principles - locations	5	5	5
Supporting notes to justify the assessment	No evidence to suggest either form of delivery will meet the blueprint more than another	No evidence to suggest either form of delivery will meet the blueprint more than another	No evidence to suggest either form of delivery will meet the blueprint more than another

In-house provision would be tailored to meet the blueprint principles

Public sector shared serviced would most likely be via a joint venture and the contract awarded would have a specification requiring the blueprint principles to be adhered to.

Private sector provision would have a contract awarded with a specification requiring the blueprint principles to be adhered to.

Notes			
<i>The blueprint can be found on the intranet -</i>			
<i>Each option should be scored against each of the design principles using the</i>			
Fully meets the design principle	5		
Mainly meets the design principle	3		
Barely meets the design principle	1		
Does not meet the design principle	0		

Continuous improvement analysis

What performance measures have been identified and how well will the solution meet the targets?	In-house provision	Public sector shared services	Private sector provision or outsourcing
BM/2 Quality Inspection	1	3	4
Target of "Zero defects"			
5 = Apparently defect free			
4 = Few defect no significant impact to resident			
3 = Acceptable quality within limits - improvements required			
2 = Major defects significant impact to resident			
1 = Unacceptable quality major impact to resident			
BM/3 Void Property Turnaround Time	1	3	4
Length of time, average of 12 days, from the Service Provider receiving keys from NCC to the return of the keys to NCC ready to relet.			

Notes			
<i>This section should clearly show the performance measures that are used and the targets that have been set.</i>			

Each option should be scored against the target set			
Will meet the target	5		
Highly likely to meet the target	4		
Likely to meet the target	3		
Unlikely to meet the target	1		
Will not meet the target	0		

Supporting notes should be used to record a description of the reason why the score has been given

<p>Note: these are linked to the customer analysis and needs of the customer. Key performance indicators have been split between continuous improvement and customer but they are linked.</p>			
	In-house provision	Public sector shared services	Private sector provision or outsourcing
	<p>The council has not provided voids in-house or any similar services of this scale for over 10 years. The council has experience of managing contracts but little experience and no current experience of running directly delivered services. The implementation of this would require a project team to be set up to run alongside the existing arrangements. It is highly likely that at the commencement of service delivery this option would provide services at a level below the requirements. Systems and processes will have been designed afresh and it is highly likely that there will be bugs in the system.</p>	<p>There are examples of public sector shared services and the most likely option would be a joint venture company with a contract awarded directly to that company. This will take some time to set up and decision would need to be made about the scope of the company and whether to include the existing client function within the company. A partner would need to be chosen who has experience of running these types of service and this would increase the likelihood of delivering services that would meet the needs of the council and customers.</p>	<p>The current service is highly likely to meet targets. Organisations who are likely to bid for the business are experienced in this field of work and have the necessary expertise and systems to deliver high quality services.</p>
	<p>A new service would not have the registrations in place that are common with private sector and the more advanced public sector providers including ISO 9001 (Quality Assurance), ISO 14001 (Environmental management Systems) and ISO 18001 (Health and Safety).</p>		
	<p>A new service would take time to improve and with a new management team overseeing this they would also take time to become fully effective as would the ICT systems required. It is estimated that to reach the current service levels would take between 6 and 18 months and even this may be optimistic. There would also be a significant impact on the support services in the organisation and predominantly human resources, procurement, finance and ICT.</p>		

Customer analysis

What customer needs have been identified and how well will the solution meet the needs of the customer?	In-house provision	Public sector shared services	Private sector provision or outsourcing
BM/1 Resident Satisfaction	1	3	4
Results from resident satisfaction questionnaires			
Telephone surveys			
Email surveys			
Justified complaints			
Notes			
<i>This section should clearly show how customer needs have been identified. How have customers been consulted and their needs identified</i>			

<i>Each option should be scored against the customer need identified</i>			
Will meet the customer need	5		
Highly likely to meet the customer need	4		
Likely to meet the customer need	3		
Unlikely to meet the customer need	1		
Will not meet the customer need	0		

Note: these are linked to the continuous improvement analysis. Key performance indicators have been split between continuous improvement and customer but they are linked.	Please see notes for continuous improvement analysis	Please see notes for continuous improvement analysis	Please see notes for continuous improvement analysis
---	--	--	--

Timescale deliverability analysis

Deliverability - can the option be delivered within the proposed timescale?	In-house provision	Public sector shared services	Private sector provision or outsourcing
	1	4	5

Notes	Significant issues as recorded in the risk section make it unlikely that in-house provision can be implemented and deliver the required service levels within the timescale required	This option requires the form of shared service to be agreed and negotiated with a shared services partner. This should be achieved within the timescale but it is possible that this does not get completed on time.	This option can be concluded and mobilised if the necessary decision is made on time.
--------------	--	---	---

<i>Each option should be scored against the ability to comply within the timeframe available</i>			
Can be implemented within timeframe	5		
Highly likely to be implemented within timeframe	4		
Likely to be implemented within timeframe	3		
Unlikely to be implemented within timeframe	1		
Will not be implemented within timeframe	0		

Supporting notes should be used to record a description of the reason why the score has k

Risk evaluation and mitigation

All services will face risks that may prevent them from achieving what they set out to deliver. By identifying these in advance, we can take steps to mitigate these, so that we are well prepared should they occur. Identify any **key** risks and locate the reference number on the risk register.

Service delivery option	In-house provision	Public sector shared services	Private sector provision or outsourcing
Overall risk score	1	3	3

Notes

Risk assessments should be carried out using the corporate risk methodology. The following overall scores will then be applied

No significant overall risk	5
Some overall risk	3
Significant overall risk	1
Unacceptable overall risk	0

In-house provision

Ref	Description of Risk	Likelihood	Impact	Score
IH1	Supply chain arrangements are not in place for service commencement leading to a an inability to complete voids through lack of parts or increased cost.	3	5	15
IH2	Lack of knowledge and experience of directly delivering these services leads to poor service delivery	4	5	20
IH3	Increased labour costs through application of local government terms and conditions across the workforce	5	3	15
IH4	Short set up timescale leads to no service delivery	3	5	15
IH5	Service costs rise as original estimated costs are too low	3	3	9
IH6	Different skills requirements leads to redundancy of existing staff and recruitment of new staff	3	3	9
IH7	Community right to challenge leads to services being outsourced	3	3	9
IH8	Poor service delivery damages reputation of the council	3	3	9

Public sector shared services

Ref	Description of Risk	Likelihood	Impact	Score
PU1	Unable to align priorities and desired outcomes with partners/providers	2	5	10
PU2	Unable to find partner with right profile, size etc.	2	5	10
PU3	Unable to establish value for money as not testing the market	2	3	6

Likelihood / Probability		Impact / Consequences				
		Insignifi cant	Minor	Moderat e	Major	Catastro phic
		1	2	3	5	7
	5 Very High			IH3		
	4 Likely				IH2	
	3 Possible			IH5, IH6, IH7, IH8	IH1, IH4	
	2 Unlikely					
	1 Rare					

Likelihood / Probability		Impact / Consequences				
		Insignifi cant	Minor	Moderat e	Major	Catastro phic
		1	2	3	5	7
	5 Very High					
	4 Likely					

Private sector provision or outsourcing

Ref	Description of Risk	Likelihood	Impact	Score
PR1	Selected contractor fails through administration	3	3	9
PR2	Challenge under the Public Contracts Regulations 2006 leads to interim injunction, contract set aside and/or financial loss	3	3	9
				0
				0

Li	3 Possible					
	2 Unlikely			PU3	PU1, PU2	
	1 Rare					

Likelihood / Probability		Impact / Consequences				
		Insignifi cant	Minor	Moderat e	Major	Catastro phic
		1	2	3	5	7
	5 Very High					
	4 Likely					
	3 Possible			PR1, PR2		
	2 Unlikely					
	1 Rare					

Scoring Matrix

Appendix 3

	Service delivery option →			
Assessment Criteria ↓	Weighting (can be varied) ↓	In-house provision	Public sector shared services	Private sector provision or outsourcing
How does the option compare to the current cost of the service?	50%	49.5	50	50
	50% to be distributed between remaining factors			
How does the option align to the blueprint for a lean council options?	10%	10	10	10
How likely is the option to deliver continuous improvement?	10%	2	6	8
How likely is the option to deliver the requirements of the customer?	10%	2	6	8
Deliverability - can the option be delivered within the proposed timescale?	10%	2	8	10
How much risk does the option expose the council to and can these be managed?	10%	2	6	6
	Total	67.5	86	92

Notes				
Service delivery options - the suggested headings is not an exhaustive list. Some of the headings can be broken in to two or more options that should be analysed separately such as direct in house provision and wholly owned special purpose vehicle would both be forms of in house provision				
Objective and subjective scoring - there will be a mixture of "objective" scoring where it is possible to measure and quantify a score as well as elements of "subjective" scoring where the opinion or professional judgement will form the basis of the evaluation. The basis for each decision should be recorded.				

Financial analysis

	In-house provision	Public sector shared services	Private sector provision or outsourcing
How much does the option cost?			
Set up costs	250,000	100,000	
Cost per annum	10,000,000	10,000,000	10,000,000
Cost over 5 years	50250000	50100000	50000000

Difference to cheapest option 250000 100000 0

% difference from cheapest option 1% 0% 0%

Notes			
Whole life cost - costs should be for the service provision from cradle to grave including set up costs, running costs and disposal or termination costs			

Private sector provision	
Annual capital programme	10000000

In-house provision and public sector shared services

Cost unknown. Assume compares to private sector provision in best case scenario

**Blueprint for a lean council
analysis**

How does the option align?	In-house provision	Public sector shared services	Private sector provision or outsourcing
Design principles - customers	5	5	5
Design principles - people	5	5	5
Design principles - organisational design	5	5	5
Design principles - locations	5	5	5
Supporting notes to justify the assessment	No evidence to suggest either form of delivery will meet the blueprint more than another	No evidence to suggest either form of delivery will meet the blueprint more than another	No evidence to suggest either form of delivery will meet the blueprint more than another

In-house provision would be tailored to meet the blueprint principles

Public sector shared serviced would most likely be via a joint venture and the contract awarded would have a specification requiring the blueprint principles to be adhered to.

Private sector provision would have a contract awarded with a specification requiring the blueprint principles to be adhered to.

Notes			
<i>The blueprint can be found on the intranet -</i>			
<i>Each option should be scored against each of the design principles using the</i>			
Fully meets the design principle	5		
Mainly meets the design principle	3		
Barely meets the design principle	1		
Does not meet the design principle	0		

Continuous improvement analysis

What performance measures have been identified and how well will the solution meet the targets?	In-house provision	Public sector shared services	Private sector provision or outsourcing
BM/2 Quality Inspection	1	3	4
Target of "Zero defects"			
5 = Apparently defect free			
4 = Few defect no significant impact to resident			
3 = Acceptable quality within limits - improvements required			
2 = Major defects significant impact to resident			
1 = Unacceptable quality major impact to resident			

Notes			
<i>This section should clearly show the performance measures that are used and the targets that have been set.</i>			

<i>Each option should be scored against the target set</i>			
Will meet the target	5		
Highly likely to meet the target	4		
Likely to meet the target	3		
Unlikely to meet the target	1		
Will not meet the target	0		

Supporting notes should be used to record a description of the reason why the score has been given

<p>Note: these are linked to the customer analysis and needs of the customer. Key performance indicators have been split between continuous improvement and customer but they are linked.</p>			
	In-house provision	Public sector shared services	Private sector provision or outsourcing
	<p>The council has not provided programmed works in-house or any similar services of this scale for over 10 years. The council has experience of managing contracts but little experience and no current experience of running directly delivered services. The implementation of this would require a project team to be set up to run alongside the existing arrangements. It is highly likely that at the commencement of service delivery this option would provide services at a level below the requirements. Systems and processes will have been designed afresh and it is highly likely that there will be bugs in the system.</p>	<p>There are examples of public sector shared services and the most likely option would be a joint venture company with a contract awarded directly to that company. This will take some time to set up and decision would need to be made about the scope of the company and whether to include the existing client function within the company. A partner would need to be chosen who has experience of running these types of service and this would increase the likelihood of delivering services that would meet the needs of the council and customers.</p>	<p>The current service is highly likely to meet targets. Organisations who are likely to bid for the business are experienced in this field of work and have the necessary expertise and systems to deliver high quality services.</p>
	<p>A new service would not have the registrations in place that are common with private sector and the more advanced public sector providers including ISO 9001 (Quality Assurance), ISO 14001 (Environmental management Systems) and ISO 18001 (Health and Safety).</p>		
	<p>A new service would take time to improve and with a new management team overseeing this they would also take time to become fully effective as would the ICT systems required. It is estimated that to reach the current service levels would take between 6 and 18 months and even this may be optimistic. There would also be a significant impact on the support services in the organisation and predominantly human resources, procurement, finance and ICT.</p>		

Customer analysis

What customer needs have been identified and how well will the solution meet the needs of the customer?	In-house provision	Public sector shared services	Private sector provision or outsourcing
BM/1 Resident Satisfaction	1	3	4
Results from resident satisfaction questionnaires			
Telephone surveys			
Email surveys			
Justified complaints			
Notes			
<i>This section should clearly show how customer needs have been identified. How have customers been consulted and their needs identified</i>			

<i>Each option should be scored against the customer need identified</i>			
Will meet the customer need	5		
Highly likely to meet the customer need	4		
Likely to meet the customer need	3		
Unlikely to meet the customer need	1		
Will not meet the customer need	0		

Note: these are linked to the continuous improvement analysis. Key performance indicators have been split between continuous improvement and customer but they are linked.	Please see notes for continuous improvement analysis	Please see notes for continuous improvement analysis	Please see notes for continuous improvement analysis
---	--	--	--

Timescale deliverability analysis

Deliverability - can the option be delivered within the proposed timescale?	In-house provision	Public sector shared services	Private sector provision or outsourcing
	1	4	5

Notes	Significant issues as recorded in the risk section make it unlikely that in-house provision can be implemented and deliver the required service levels within the timescale required	This option requires the form of shared service to be agreed and negotiated with a shared services partner. This should be achieved within the timescale but it is possible that this does not get completed on time.	This option can be concluded and mobilised if the necessary decision is made on time.
--------------	--	---	---

<i>Each option should be scored against the ability to comply within the timeframe available</i>			
Can be implemented within timeframe	5		
Highly likely to be implemented within timeframe	4		
Likely to be implemented within timeframe	3		
Unlikely to be implemented within timeframe	1		
Will not be implemented within timeframe	0		

Supporting notes should be used to record a description of the reason why the score has k

Risk evaluation and mitigation			
<p>All services will face risks that may prevent them from achieving what they set out to deliver. By identifying these in advance, we can take steps to mitigate these, so that we are well prepared should they occur. Identify anykey risks and locate the reference number on the risk register.</p>			

Service delivery option	In-house provision	Public sector shared services	Private sector provision or outsourcing
Overall risk score	1	3	3

Notes

Risk assessments should be carried out using the corporate risk methodology. The following overall scores will then be applied			
No significant overall risk	5		
Some overall risk	3		
Significant overall risk	1		
Unacceptable overall risk	0		

In-house provision				
Ref	Description of Risk	Likelihood	Impact	Score
IH1	Supply chain arrangements are not in place for service commencement leading to a an inability to complete programmed works through lack of parts or increased cost.	3	5	15
IH2	Lack of knowledge and experience of directly delivering these services leads to poor service delivery	4	5	20
IH3	Increased labour costs through application of local government terms and conditions across the workforce	5	3	15
IH4	Short set up timescale leads to no service delivery	3	5	15
IH5	Service costs rise as original estimated costs are too low	3	3	9
IH6	Different skills requirements leads to redundancy of existing staff and recruitment of new staff	3	3	9
IH7	Unable to recruit suitably qualified staff for specialist works and still have to contract work out	5	2	10

Likelihood / Probability		Impact / Consequences				
		Insignifi- cant	Minor	Moderate	Major	Catastro- phic
		1	2	3	5	7
	5 Very High		IH7	IH3		
	4 Likely			IH8	IH2	
	3 Possible			IH5, IH6, IH9, IH10	IH1, IH4	
	2 Unlikely					
	1 Rare					

IH8	Fluctuations in work programme lead to redundancy or staff being paid but no work to complete	4	3	12
IH9	Community right to challenge leads to services being outsourced	3	3	9
IH8	Poor service delivery damages reputation of the council	3	3	9

Public sector shared services

Ref	Description of Risk	Likelihood	Impact	Score
PU1	Unable to align priorities and desired outcomes with partners/providers	2	5	10
PU2	Unable to find partner with right profile, size etc.	2	5	10
PU3	Unable to establish value for money as not testing the market	2	3	6

Private sector provision or outsourcing

Ref	Description of Risk	Likelihood	Impact	Score
PR1	Selected contractor fails through administration	3	3	9
PR2	Challenge under the Public Contracts Regulations 2006 leads to interim injunction, contract set aside and/or financial loss	3	3	9
				0
				0

Likelihood / Probability		Impact / Consequences				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	5	7
	5 Very High					
	4 Likely					
	3 Possible					
	2 Unlikely			PU3	PU1, PU2	
	1 Rare					

Likelihood / Probability		Impact / Consequences				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	5	7
	5 Very High					
	4 Likely					
	3 Possible			PR1, PR2		
	2 Unlikely					
	1 Rare					