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AQW 36617/11-15

Mr Allister has asked

The Minister for Social Development when will the Northern Ireland Housing Executive Gateway 5 Review be published; and whether he will place a copy in the Assembly Library.

Answer

A copy of the OGC Gateway Review 5: Operations review and benefits realisation report in relation to the Housing Executive's response maintenance contracts was provided to the Social Development Committee on 22 August 2014.

The Housing Executive has advised that, whilst it is not standard practice for Gateway Reviews to be published, copies of the review can be made available on request to the Housing Executive. I will also arrange for a copy to be placed in the Assembly Library.

Signed: _____


Mervyn Storey MLA

Date: _____

9/10/14



Office of Government Commerce

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OGC Gateway™ Process

Review 5: Operations review & benefits realisation

Version number: Final Issued

Date of issue to SRO: 4th April 2014

SRO: Gerry Flynn

Department: Department of Social Development

Agency or NDPB: Northern Ireland Housing Executive

OGC Gateway™ Review dates: 1st April 2014 – 4th April 2014

OGC Gateway™ Review Team Leader:

Ian Brown

OGC Gateway™ Review Team Members:

Peter Besley

Paul McMurray

OGC Gateway Delivery Confidence Assessment

Delivery Confidence Assessment	AMBER/RED
<p>We found that the Response Maintenance Contracts (RMC) 2 and 3 (operational from August 2012) are delivering improvements against the previous arrangements. These include better contract management, and supplier/contractor performance against KPIs throughout the period of the contract. Individual office performance has notably improved. These improvements we consider to be, in part, a result of the training and changes which have been achieved to date.</p> <p>These improvements have been delivered against the continuing backdrop of scrutiny and external pressure which has affected NIHE, and in particular their approach to contract management and delivering greater benefits from these contracts. This pressure has to be managed however and the opportunity needs to be taken for the contracts to achieve their full potential benefits for both contractors and NIHE.</p> <p>NIHE has commenced an organisational review which we understand will impact on the overall approach to asset management and the delivery of maintenance support. This will result in an opportunity to refresh the overall Vision for the delivery of asset management and the strategy for the procurement of maintenance. We consider this to be a positive approach.</p> <p>In the meantime, there remains an opportunity for significant benefit to both NIHE and their contractors to review and improve the operation of the current contract arrangements and, in particular, the current KPIs. These should aim to –</p> <ul style="list-style-type: none">• reduce the administrative burden of contract management;• improve overall performance;• provide the opportunity for innovation, <p>It is essential that this is done quickly if the NIHE is to realise the opportunity of including findings in time for inclusion in the 1st September 2014 (RMC 1 - 'go live') and subsequent procurements.</p> <p>In line with the original Business case a reconfirmation of the benefits resulting from this work it will be essential that the Benefits Realisation Plan is updated (ensuring SMART objectives) and its delivery is regular reviewed.</p>	

A number of the issues raised in previous reports remain along with new items highlighted in this report. These include issues such as contractor administration, contractor sustainability, contract administration costs, performance and supplier management, and TUPE. Based on this situation and the organisational change process within NIHE we consider the delivery confidence to be Amber Red. Prompt key actions by the team, when successfully completed will give opportunity for this status to be reviewed by an AAP (Assurance of Action Plan).

The Delivery Confidence assessment RAG status should use the definitions below.

<u>RAG</u>	<u>Criteria Description</u>
Green	Successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly
Amber/Green	Successful delivery appears probable however constant attention will be needed to ensure risks do not materialise into major issues threatening delivery
Amber	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed promptly, should not present a cost/schedule overrun
Amber/Red	Successful delivery of the project/programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and whether resolution is feasible
Red	Successful delivery of the project/programme appears to be unachievable. There are major issues on project/programme definition, schedule, budget required quality or benefits delivery, which at this stage do not appear to be manageable or resolvable. The project/programme may need re-baselining and/or overall viability re-assessed

Summary of Report Recommendations

The Review Team makes the following recommendations which are prioritized using the definitions below.

Ref. No.	Recommendation	Critical/ Essential/ Recommended
1.	The SRO should undertake a contract resource review to clearly define what roles, skills, and training needs are required, and specifically give consideration to reducing dependency on agency staff.	Essential by June 2014
2.	The SRO should ensure the production of a (preferably online) Contract Management (operational) Guide on how the contracts should be managed.	Essential by September 2014

3.	The SRO should establish a properly constituted Contractors forum to ensure decision makers from both sides have the ability to air concerns and consider changes that will assist in the overall objective of improving maintenance services to tenants.	Critical
4.	The SRO should review the flow of data within the project and assess how effectively it is processed, and its value in delivering concise information and reports appropriate to its audience, concluding in a single dashboard for SRO and Board scrutiny.	Essential by June 2014
5.	The SRO should ensure that an updated Benefits Realisation Plan (with SMART objectives) is produced, agreed, and monitored regularly.	Critical
6.	The SRO should review and consider reducing the number of KPIs, to ensure delivery of the projects current objectives and benefits, with clear direction on the application of penalties.	Critical
7.	The SRO should confirm the formal acceptance of the PPE Report issued January 2014 and ensure governance is in place to oversee its implementation.	Essential by May 2014
8.	The SRO should produce a Vision and Strategy for the management and maintenance of the assets prior to the commencement of the next procurement exercise.	Recommended

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

Essential (Do By) – To increase the likelihood of a successful outcome the programme/project should take action in the near future. [Note to review teams – whenever possible Essential recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]

Recommended – The programme/project should benefit from the uptake of this recommendation. [Note to review teams – if possible Recommended recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]

Background

The aims of the project:

The aims of the project were primarily to:

- a. Deliver an overall Procurement Vision and Strategy that:
 - Delivers the Corporate Objectives
 - Delivers the Health Check Recommendations
 - Delivers relevant Governance Recommendations
 - Provides the Organisation with appropriate compliance
- b. Develop individual contracts that:
 - Are governed by the new Procurement Strategy
 - Can be used effectively to manage the delivery of the end product/service
 - Incorporate the operational recommendations of the Health Check and Governance Review
 - Are appropriately managed
 - Incorporate continual competition
 - Provide flexibility for the business
- c. To deliver the Response 2&3 Response Maintenance Contract by November 2011

The driving force for the project:

The driving force for the project was initially the recommendations made by the Health Check Review 2010 but given that the previous Response 2 and 3 Contracts were coming to the end of their term, it was an appropriate time to ensure that the replacement frameworks / contracts incorporated the recommendations.

The previous Response 2&3 Contracts have been extended in order to facilitate the development and procurement of the new contract.

The key themes / recommendations driving improvement were:

- a. That the current Corporate Procurement Strategy is updated and this would serve to guide how future procurements within the organisation should be run.
- b. Those contracts are properly managed and appropriate governance structures are put in place.

- c. Those contracts provide for effective and enforceable management.
- d. Those KPIs are developed and included in the contract and that KPIs provide effective measurement for the Business.
- e. That a statistical approach to inspection be taken.
- f. That appropriate reports are produced to measure performance and enable trend analysis.

The procurement/delivery status:

The Contracts for RM 2 and 3 went operational from August 2012. Given the issues resulting from two contractors going into administration (during 2013) the work has been absorbed into the Direct Labour Organisation (DLO) and other suppliers. The NIHE is undertaking a series of unintended secondary competitions to capture this work some of which is not planned to remain within the DLO. In addition, there is a planned competition to incorporate the RM 1 contract out of Joint Contracts Tribunal (JCT) into the New Engineering Contract 3 (NEC) contract due to commence 1st September 2014.

Current position regarding OGC Gateway™ Reviews:

The last Gateway Review undertaken was the Gateway 3 in September 2011.

It is two and a half years since the previous Gateway but where possible we have made comment on the Gateway 3 recommendations.

A summary of recommendations, progress and status from the previous OGC Gateway Review can be found in Appendix C.

Purposes and conduct of the OGC Gateway™ Review

Purposes of the OGC Gateway™ Review

The primary purposes of an OGC Gateway Review 5: Operations review & benefits realisation, are to assess whether the anticipated benefits are being delivered and that the ongoing contractual arrangements meet the business need.

Appendix A gives the full purposes statement for an OGC Gateway Review 5.

Conduct of the OGC Gateway™ Review

This OGC Gateway Review 5 was carried out from 1st April 2014 to 4th April 2014 at NIHE Head Office, Adelaide Street, Belfast. The team members are listed on the front cover.

The people interviewed are listed in Appendix B.

We would like to thank the Project Team for their support and openness, which contributed to our understanding of the project and the outcome of this Review.

Findings and recommendations

1: Review of operating phase

We found that a number of areas of the contract were working well. Improved performance from the contractor was apparent both in comparison to the previous contract arrangements as well as a progressive improvement through the first 18 months or so of this current contract. We found evidence of positive tenant satisfaction.

Whilst there are signs of improvement the continuing backdrop of scrutiny and external pressure has left its mark on the organisation as a whole, and in particular on the organisation's approach to contract management. The change from JCT to NEC as a contract form was in line with NI Procurement Board policy and aimed to redress the historic lack of contract management. We found evidence that the current approach has had the effect of stifling the contracts objectives leading to an inflexible approach. This is leading to significant frustration from both the NIHE staff and the contractors resulting in excessive time and cost spent on contract interpretation and administration.

There is a growing appreciation within NIHE that this approach is not sustainable and concern that continuation will lead to future difficulties. These difficulties could impact both on the day to day running of existing contracts and the NIHE ability to achieve successful secondary competitions as well as the future incorporation of RMC 1 due to be let from 1st September 2014.

NIHE is in the process of internal change. A Director of Transformation has been appointed by the organisation, and has begun a 'Journey to Excellence' programme (this Director is currently the acting CEO until a permanent appointment is made). Internal changes have brought together a new department of Internal Landlord Services with the Director of Landlord Services taking responsibility for all asset management including all maintenance in January 2014. The Director has retained the SRO role for this contract since 2012. In line with previous recommendations the SRO recognises that he is the contract owner. There is also recognition of the imperative that change in the application of the contract is vital for future success.

We found an assurance process in place but it appeared to reflect the needs of the organisation during a phase of extensive scrutiny. However, as the needs of the organisation and, in particular, this contract move forward this is a function that needs reviewing and adjusting proportionally to the needs of an established contract management arrangement in steady state. The overall assurance regime appears to be restricting the ability of the maintenance officers to act within the spirit of the contract.

We found an overall level of complexity and lack of clarity within the roles and responsibilities for those involved in the running of this contract, in the Centre generally and in particular, within the Central Maintenance Unit. The test of 'added value' should be applied to all the functions carried out in contract delivery and failure to demonstrate this should be recognised as adding to the administrative burden. It also dilutes the effectiveness and efficiency of decision making. This needs to be considered in line with our comments in Section 3, general governance, and the Recommendation 1 below. It is also recognised that this may form part of the overall review of Landlord services that is being carried out, but it is important that it is not unduly delayed if the overall department review has a longer timescale.

A comprehensive Post Project Evaluation was carried out during autumn 2013. We would generally endorse the findings of this report which has 34 recommendations. Of significant note is the following –

'I understand that there are 127 No permanent Maintenance Officers, 5 No Temporary Maintenance Officers and 25 No agency staff employed as Maintenance Officers. In my opinion it would be more beneficial to the organisation to determine the number of posts required and to make permanent appointments as soon as possible.' PPE Report January 2014

This continuous 'flux' and turnover of staff is impacting on consistency and effectiveness of contract management and is requiring continual re training of front line maintenance staff.

Recommendation 1: The SRO should undertake a contract resource review to clearly define what roles, skills, and training needs are required, and specifically give consideration to reducing dependency on agency staff.

We found evidence of a steady improvement in the training arrangement as well as a spread of good practice across the contract management function. However we did not see evidence of a Contract Management (operational) Guide to support staff (existing and new) in undertaking their contract management duties. This will be particularly important as a means of identifying and communicating any outcomes from the review in Recommendation 1.

Recommendation 2: The SRO should ensure the production of a (preferably online) Contract Management (operational) Guide on how the contracts should be managed.

We note the failure of two contractors who went into administration during the first year of the contract. Whilst not a direct factor the administration of the contract and in particular KPIs, have not helped this situation. In addition administrative issues may have impacted on the enthusiasm of existing contractors to take over the work, and/or to propose improvements in the overall running of the contract.

We understand that a Contractors forum was held in November 2013 to try and address some of these issues with limited success. Whilst we support such a forum it is likely to be more successful if it is formally constituted with clear Terms of Reference and an overall objective of constructive improvement rather than 'reasons not to change'. However it is decided to constitute this and the frequency of its meetings, its overall objective should be to ensure that decision makers are present with a constructive remit to continually improve delivery of objectives. To ensure that this forum doesn't become 'bogged down' with detailed issues, it may be appropriate for NIHE to aim to empower individuals within the organisation to implement improvements at this and other forums that both parties agree are essential.

Recommendation 3: The SRO should establish a properly constituted Contractors forum to ensure decision makers from both sides have the ability to air concerns and consider changes that will assist in the overall objective of improving maintenance services to tenants.

There are clear lessons from the original contract award in relation to 'under pricing', and it is essential these are noted and rectified for future procurements. Mechanisms and agreements for handling of such situations need to be addressed and documented in advance of tender Issue. In support of future decisions it may be of assistance to reflect on the following wording from government strategy.

Too many clients are indiscriminating and still equate price with cost, selecting designers and constructors almost exclusively on the basis of tendered price. This tendency is widely seen as one of the greatest barriers to improvement. The public sector, because of its need to interpret accountability in a rather narrow sense, is often viewed as a major culprit in this respect. The industry needs to educate and help its clients to differentiate between best value and lowest price. (Source – 1999 - Rethinking Construction)

It is a requirement of this procurement to improve reporting arrangements. Whilst we found significant availability of KPI data, the processing and analysis of this, whilst an improvement on previous, still requires further refinement. As a note of guidance each level of reporting should add value, and highlight issues. As the hierarchy of reporting progresses through the organisation there should be continual refinement of the key points leading to the presentation of a 'single dashboard' by the time it reaches the SRO. In addition the collation, coverage and management of risk and issues need to be improved and then included within the dashboard.

Recommendation 4: The SRO should review the flow of data within the project and assess how effectively it is processed, and its value in delivering concise information and reports appropriate to its audience, concluding in a single dashboard for SRO and Board scrutiny.

2: Business Case and benefits management

The Business case dated March 2011 highlighted the following key objectives covered in the body of this report cover.–

- ***Deliver a sustainable procurement by introducing framework contracts, maximising the number of framework members and introducing flexibility into the contracts.***

Partially achieved

- ***Provide clear guidance on the roles and responsibilities of the individual officers involved in the procurement as required under the Corporate Procurement Strategy and provides for better governance reporting at both pre and post contract stages.***

Partially achieved – needs reviewing

- ***Provide for better measurement of contractor performance with the introduction of a new robust suite of KPIs, driving behavioural change and maintaining quality. It also details clear guidance on the management of poor performance or breaches of contract on how to escalate if necessary through the governance structure.***

Partially achieved – needs reviewing

- ***Provide for regular reporting on performance so that issues can be addressed early.***

Partially achieved – needs reviewing

- ***Provide a contract that is more robust, will drive behavioural change from both in-house staff and contractors, have clear governance controls in place and address past failures and the issues identified in the Health Check and Governance Reviews carried out in 2010.***

Partially achieved – needs reviewing.

A Benefits Realisation Plan (BRP) was agreed by the Procurement and Contract Management Project Board on the 23rd November 2011, and the measures were agreed later in 2012. We were advised that the monitoring of this plan has not been carried forward. It is essential that this is revisited and reinstated at the heart of the project and responsibility for their realisation is owned by the SRO. Clear and frequent reference to such a document will provide direction for the project and will provoke earlier intervention for improvements such as the current administrative issues.

Recommendation 5: – The SRO should ensure that an updated Benefits Realisation Plan (with SMART objectives) is produced, agreed, and monitored regularly.

We found that the Project itself had ‘closed’ and had been absorbed into Business as Usual (BAU). As a result of this the overall project governance has become unclear, impacting on the ability to make decisions, changes and improvements.

3: Plans for ongoing improvements in value for money

We found that the ongoing contract administration is particularly burdensome and therefore costs are likely to be significantly higher than they should be after 20 months operation. These costs are also being born by the contractor on top of ‘very competitive’ tendered rates. We note that this is recognised, although there is very little evidence of a proactive approach to address this to the mutual benefit of both parties (See Recommendation 6 on KPIs in Section 4). In addition to this there are contentions with the costing of the Schedule of Rates (SoR’s) and the means for an impartial resolution is required to ensure that the contractors are not unfairly treated.

As a result of particularly low tender prices (noted in Section 1) two contractors have gone into administration, with the potential of others struggling to deliver the contract. The resulting districts have been covered both by the DLO and existing contractors on a temporary basis. The result of this is that TUPE has occurred back to the DLO adding a minimum of 20% increase in labour costs (due to pension contributions), as well as costs for investment in (but not limited to) plant, storage and IT. This is in addition to the cost and quality issues of the ‘temporary’ contractor operating to the ‘spirit’ of the contract and KPI’s only in shadow form. The net result of all this is an impact on the originally envisaged VfM and an increase in the size and cost of the DLO organisation, which was not quantified at the time of the review.

4: Plans for ongoing improvements in performance and innovation

The clear cost and administrative burden caused by the management of this contract and in particular the KPI is a continuing theme within this review. The need for KPI flexibility and a willingness and ability to resolve issues promptly is a key component in successfully managed contracts. Coupled with this is the flexibility to ensure that the contract has the correct KPI's measuring the right things.

This issue was highlighted in the November 2011 Gateway 3 review as highlighted below.

'We believe however that careful monitoring of the KPI regime will need to be undertaken to assess its effectiveness. The Project Team could usefully prepare a contingency plan to consider the recalibration of the KPIs in the unlikely event that the new suppliers are simply not able to satisfy the KPI thresholds for reasons outside of their control.....' (Source – Gateway 3 Report 20/09/11)

In summary, whilst it is clear the project recognised these issues; we found a lack of clarity as to how NIHE would resolve them. It is essential that this is considered as a matter of priority for the benefit of both Contractor and NIHE and appropriate changes made, and not least because plans are in place for the secondary competition to replace RMC 1 (due September 2014). Issues exist both in the number and relevance of the KPIs and in terms of their application. There seems to be little financial recourse for contractor when time and money is being expended to overturn incorrect applications of KPIs or indeed where they are applied without regard to proportionality or common sense.

Recommendation 6: - The SRO should review and consider reducing the number of KPIs, to ensure delivery of the projects current objectives and benefits, with clear direction on the application of penalties.

5: Review of organisational learning and maturity targets

A PPE was conducted autumn 2013 and published January 2014 (This report is noted in Section 1). The report made 34 recommendations and it is understood they have been accepted as an action plan has been created. However, governance arrangements are unclear should be put in place.

Recommendation 7- The SRO should confirm the formal acceptance of the PPE Report issued January 2014 and ensure governance is in place to oversee its implementation.

6: Readiness for the future – Plans for future service provision

At this stage of the project and given the significant issues that have arisen the SRO should undertake a review of the organisations objectives and how they are being met (or not as the case may be) by the current contracts. This review will form the basis of an Asset management strategy to maintain the future assets of the organisation (a housing stock of nearly 90,000 units). We understand that a process is in place to recruit consultants to assist in the production of this work. When this is complete the organisation will be in a position to update their procurement strategy to underpin delivery of future maintenance contracts. Our concern is that this work could be out of sequence with the needs of the refresh of these contracts. This should be undertaken within the next 12 months to meet the renewal of the next round of framework agreements.

As part of this exercise the project may benefit from a refreshed understanding of the principles of Rethinking Construction which remains the prevailing Government objective in relation to Construction procurement. The following provides a link to this report.

http://www.constructingexcellence.org.uk/pdf/rethinking%20construction/rethinking_construction_report.pdf

When undertaking this scoping review a full range of options should be considered as highlighted in the September 2011 Gateway 3.

Looking further ahead to the next contract renewal, we would also suggest that consideration might be given to a range of possible maintenance delivery options including integrating responsive maintenance with overall stock maintenance and possibly with wider housing management responsibilities. (Source – Gateway 3 Report 20/09/11)

In summary and in line with many of the points raised in this Review, it is essential that any improvements in contracting arrangements for the future are set within the context and timeframe for organisational change. We found that there are plans underway to deliver this. That said there were divisional plans back in 2011 noted by the Gateway 3 report (see below) and so it is essential that these actually happen.

The Project Team acknowledges that in order for the new contracts to work effectively, behaviours and attitudes of staff involved in maintenance need also to change - a cultural as well as a structural and procedural change is needed. We understand that initial work is underway to establish a change management plan but this should now be prioritised so that change plans can be in place ready for implementation when the new contracts begin. (Source – Gateway 3 Report 20/09/11)

Recommendation 8 – The SRO should produce a Vision and Strategy for the management and maintenance of the assets prior to the commencement of the next procurement exercise.

The next OGC Gateway™ Review is expected no later than 12 months and should consider a newly constituted Programme to review and update the procurement of the maintenance of assets and their management.

The Project Team are keen to move the confidence rating from Amber/Red back to Amber. Whilst this can be done internally by completion of the actions, the project may consider the more formal AAP (say in 3 months), and can speak to the NI Gateway Team about this.

APPENDIX A

Purposes of OGC Gateway™ Review 5: Operations review & benefits realisation

- Assess whether the Business Case justification for the project at OGC Gateway Review 3: Investment decision was realistic.
- Confirm that there is still a business need for the investment
- Assess whether the benefits anticipated at this stage are actually being delivered.
- Assess the effectiveness of the ongoing contract management processes.
- Confirm that the client side continues to have the necessary resources to manage the contract successfully.
- Confirm continuity of key personnel involved in contract management/'intelligent customer' roles.
- Where changes have been agreed, check that they do not compromise the original delivery strategy.
- Assess the ongoing requirement for the contract to meet business need. Ensure that if circumstances have changed, the service delivery and contract are adapting to the new situation. Changing circumstances could affect: partner management; relationship management; service management; change management; contract management; benefits management; performance management.
- Check that there is ongoing contract development to improve value for money.
- Confirm that there are plans to manage the contract to its conclusion.
- Where applicable, confirm the validity of exit strategy and arrangements for re-competition.

APPENDIX B

Interviewees

Name	Role
Gerry Flynn	Director of Landlord Services and SRO
Tim Gough	Assistant Director Business Support, Landlord Services
Charlie Walker	Quantity Surveyor Central Policy and Standards, Landlord Services
Harry Dornan	Assistant Director Policy, Landlord Services
John McCartan	Senior Principal Officer, Central Maintenance Unit, Landlord Services
Graham Houston	Principal Officer, Central Maintenance Unit, Landlord Services
Frances Gallagher	Head of Legal Services, Corporate Services
John Gracey	Senior Principal Officer, Landlord Services
Ian McCrickard	Regional Director Belfast, Landlord Services
Drew McMath	Maintenance Manager South, Landlord Services
Owen Brady	Area Manager South Landlord Services
Arthur Crowe	Contracts Manager North, Landlord Services
Stuart Hill	PK Murphy Contractors
Paul Murphy	PK Murphy Contractors
Paul Cunningham	Bayview Contractors

David Lamb	Assistant Director Finance
Raymond Kitson	Response Maintenance Manager, Corporate Assurance Unit
Declan Allen	Assistant Director Procurement, Corporate Services
Jonny Blease	Head of Corporate Communications and Secretariat
Michael Kavanagh	Acting Assistant Director DLO Services
Valerie Rooney	Tenant and Supporting Communities NI representative
Mags Lightbody	Acting Chief Executive

APPENDIX C

Recommendations from previous NI Gateway Review 3

Ref. No.	Recommendation	Progress/ Status	Gateway 5 – Comments
1.	The Project Manager should prepare a comprehensive Contract Management handbook.	Policy and Procedures completed	This is updated by a Recommendation in this report to produce a Contract Operational Guide.
2.	The Project Manager should implement an effective benefits realisation process and management plan to capture, baseline, measure and quantify benefits over time.	Complete	Plan Signed off in Nov 2011. No evidence that this is being actively managed and benefits realised.
3.	The Project Manager should introduce a comprehensive risk management process that embraces the operational phase and wider corporate risk management processes.	Complete	Superseded by Rec on risk management process for Business as Usual.
4.	The Project Manager should further consider the inflation component of the ITT and as a minimum introduce visibility into the inflation allowances included in bidders' offers.	Complete	Due to be reviewed 2 years from Contract Commencement (Aug/Sept 2014).
5.	The Project Manager must prepare a detailed activity programme for the remaining actions in the procurement phase with a critical path analysis in order to determine and agree the service commencement date.	Complete	No Additional Comment
6.	The SRO should ensure that an assurance report is prepared for sign off by the Project Board at key	Complete	No Additional Comment

	procurement milestones including ITT, frameworks award and contracts award.		
7.	The SRO should ensure that plans to finalise change management are in place ready for implementation when the new contracts begin.	Complete	Limited success due to delays in implementing training.
8.	The SRO maintains the Project Board governance into service delivery and benefits realisation phase.	Agreed	Taken on by the Procurement and Contract Management Board, and latterly the Works Procurement Board.

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NIHE Response Maintenance Contracts: Gateway Review Gate 5 April 2014

Report on Follow-up to Recommendations: 14-15 August 2014

I have reviewed progress on all eight recommendations from the above Gateway Review with Tim Gough, Assistant Director Landlord Services and his the team and report as follows:

Recommendation 1: Status Essential by June 2014

The SRO should undertake a contract resource review to clearly define what roles, skills, and training needs are required, and specifically give consideration to reducing dependency on agency staff.

Findings:

When the Gateway Review took place the organisation of Response Maintenance was in transition and operational and central support roles were still being clarified. These are now more embedded but there is still more work to do. A skills gap analysis is being completed by November and graduate trainees are currently being recruited to create a pool of leaders for the future as part of succession planning. When the way forward is clearer in spring 2015 (see Findings on Recommendation 8 below) a contract resource review will be conducted. However, an interim staffing strategy is needed by October 2014 so that vacancies can be filled, where needed, in the meantime.

Recommendation 2: Status Essential by September 2014

The SRO should ensure the production of a (preferably online) Contract Management (operational) Guide on how the contracts should be managed.

Findings:

A first draft of an Operational Guide has been prepared and, when finalised and agreed, the intention is to put this on the NIHE portal with links to the existing detailed guidance already on the portal. Although some consultation with operational staff has already taken place, it was agreed that further testing of the robustness of the Guide was needed before it would be ready for use. Also, because this is such a key document to support performance improvement and training, it is essential that a communications and implementation plan is developed to maximise the effectiveness of this Guide. The Guide should be ready for implementation from November 2014.

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Recommendation 3: Status Critical

The SRO should establish a properly constituted Contractors' forum to ensure decision makers from both sides have the ability to air concerns and consider changes that will assist in the overall objective of improving maintenance services to tenants.

Findings:

The Contractors' Forum has been set up and had its first meeting on 24 June. Terms of Reference are out for consultation and are scheduled to be agreed at the next meeting on 17 September. Future meetings will be quarterly.

It is recommended that NIHE make the best use of this Forum to encourage improvements in working relationships with their existing suppliers and to consider using it as a sounding board for informing future decisions.

Recommendation 4: Status Essential by June 2014

The SRO should review the flow of data within the project and assess how effectively it is processed, and its value in delivering concise information and reports appropriate to its audience, concluding in a single dashboard for SRO and Board scrutiny.

Findings:

Revised reports on KPIs are now being submitted to the NIHE Board using the Covalent system. The Asset Performance Review Group has been set up from August to bring together and review information on all aspects of asset management. It is recognised that further work is needed to develop a wider based report for Response Maintenance as a whole using a balanced scorecard approach. This would include additionally reporting on people and finance matters as well as adopting a risk management based approach.

NIHE has made a very encouraging start to implementing this recommendation but there is further work to do and, realistically, is now looking at a January 2015 implementation.

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Recommendation 5: Status Critical

The SRO should ensure that an updated Benefits Realisation Plan (with SMART objectives) is produced, agreed, and monitored regularly.

Findings:

The first draft of an updated Benefits Realisation Plan is currently being reviewed. A final version will be put to the Landlord Services Programme board in October for approval.

It is essential that this process is completed to this timescale and the Plan regularly monitored.

Recommendation 6: Status Critical

The SRO should review and consider reducing the number of KPIs, to ensure delivery of the project's current objectives and benefits, with clear direction on the application of penalties.

Findings:

A review of KPIs has taken place in consultation with stakeholders (including existing suppliers and legal and procurement advisors). Proposals are out for consultation and comment by 31 August and the final package will be put to the Chief Executive's Business Committee in September for approval with implementation likely from early 2015.

The implementation of this recommendation is well advanced but it would benefit from a clear implementation plan to ensure successful delivery. This work should inform a future procurement strategy.

Recommendation 7: Status Essential by May 2014

The SRO should confirm the formal acceptance of the PPE Report issued January 2014 and ensure governance is in place to oversee its implementation.

Findings:

The Post Project Evaluation (PPE) report was accepted in full by the Landlord Services Programme Board on 4 June 2014 and they will oversee the implementation of all the recommendations.

An Asset Management Improvement Plan is now in place, which includes all the recommendations from the PPE and the Gateway Review reports, and a person appointed to oversee implementation.

NIHE needs to ensure that there are sufficient and appropriate resources in place to support this programme of work.

UNCLASSIFIED

Recommendation 8: Status Recommended

The SRO should produce a Vision and Strategy for the management and maintenance of the assets prior to the commencement of the next procurement exercise.

Findings:

A NIHE Asset Management Systems Review has been progressed and, following consultation with staff, a draft report developed. Preliminary findings will be reported to the NIHE Board by the end of August and a Final report submitted in September. Additionally, a joint DSD/NIHE Asset Management Advisory commission has just been awarded to Savills UK and this will include a report on future investment needs and strategies and will be completed by March 2015.

Conclusion and recommendation for future action

NIHE has made a good start to implementing the eight recommendations from this Gateway Review and work is well under way.

It is accepted that not all the original timescales were achievable for operational reasons but NIHE is developing clear plans as outlined above to ensure that all recommendations are implemented by spring 2015, with many well before then. The programme of work arising from these recommendations will need continuous management attention until completed and it would benefit from a change management programme approach to ensure that the impact is maximised and integrated, where appropriate, with other changes occurring in NIHE. A suggested draft programme is attached.

I recommend that the Delivery Confidence Assessment of this Project can now be changed to **AMBER**.

It is recommended that a further Assurance Review takes place in March 2015 when, assuming work on this programme continues as at present, Amber/Green should be achievable.

Peter Besley
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Report: Final v 1.0

