



WHITEPAPER

'Mixed economy' delivery models in housing.

A spotlight on the potential of flexible procurement.

Table of contents.

Greater diversity in service delivery.

In this white paper, you will learn how greater diversity in service delivery can create cost efficiencies that allow housing providers to re-invest into their communities. It aims to showcase that sustainability in repairs and maintenance delivery can create measurable social value in the form of local employment and good quality, well maintained housing stock.

Using the right framework and technology can create commercialisation opportunities that leverage the power of the community whilst adding value back into it.

03 An introduction by John Roche

04 A mixed economic, community-driven approach.

05 The challenge of satisfaction and service delivery.

06 Creating improved local opportunities.

07 SBHG: First time fixes and the future of in-house maintenance teams.

09 Generating economic and social value.

10 CDS: Using appointed contractors alongside an open marketplace.

11 A flexible, agile maintenance strategy.

An introduction by John Roche.



Housing providers constitute a large part of the service industry. Their ability to provide more affordable homes and more reliable services relates directly to customers finding shelter and safety within the places they live. But this doesn't always go according to plan.

In 2020, 81% of the United Kingdom's (UK) economic output (Gross Value Added) was delivered through service-based organisations.¹ The country relies on its ability to provide excellence in service delivery across all sectors: private, public and not-for-profit.

Despite the vital nature of it, January 2021 saw the UK Customer Satisfaction Index (UKCSI) drop to the lowest it has been since 2015.² This has far reaching implications for the property market.

I have long believed that organisations which place an emphasis on service delivery survive the sharpest economic changes, and that is especially true in this environment of falling satisfaction levels.³

Below you will find two cases where the importance of service delivery is underscored in the context of repairs and maintenance. These two cases will contrast current models with a more diverse and agile means to deliver cost-effective repairs in an 'always on' world.

The purpose here is to showcase how housing providers with a more dynamic supply chain (ie. a mixed economic delivery model) can balance costs and customer satisfaction effectively. Done correctly, this also has the potential to improve diversity and create more specialism in procurement whilst uplifting local economies.

The results* of this procurement transformation speak for themselves:

30%-85%

Housing providers have seen first-time-fix rates rise from 30% to 85%, creating more headroom in their budgets.

2.3 days

Organisations with a 10 day KPI on work order completion have reported an average time to completion of 2.3 days.

1.3 days

Property managers have reported that, in some cases, end-to-end times for non-emergency jobs have fallen to as little as 1.3 days.

96%

Operations managers have noticed resident satisfaction rise to 96% in as little as a 6 month time period.

200

Over 200 local trade businesses have been employed, creating more local opportunities and bolstering local communities.

* The results herein are local to a study with two UK housing providers, are not globally indicative.

Read on to find a more detailed understanding of what's required to accomplish this transformation. You will understand the role culture plays in creating the right procurement environment, the benefits of an agile, 'on tap' supply chain and how this helps maximise both savings and sustainability.

John Roche, Director of Key Accounts, Plentific

1. UK service industries: key economic indicators <<https://commonslibrary.parliament.uk/research-briefings/sn02786/>>
2. Institute of Customer Service Findings January 2021 <<https://www.instituteofcustomerservice.com/research-insight/ukcsi/>>
3. Why the housing sector needs to up its game in customer service <<https://www.vividhomes.co.uk/news/customer-service-blog>>

A mixed economic, community-driven approach.

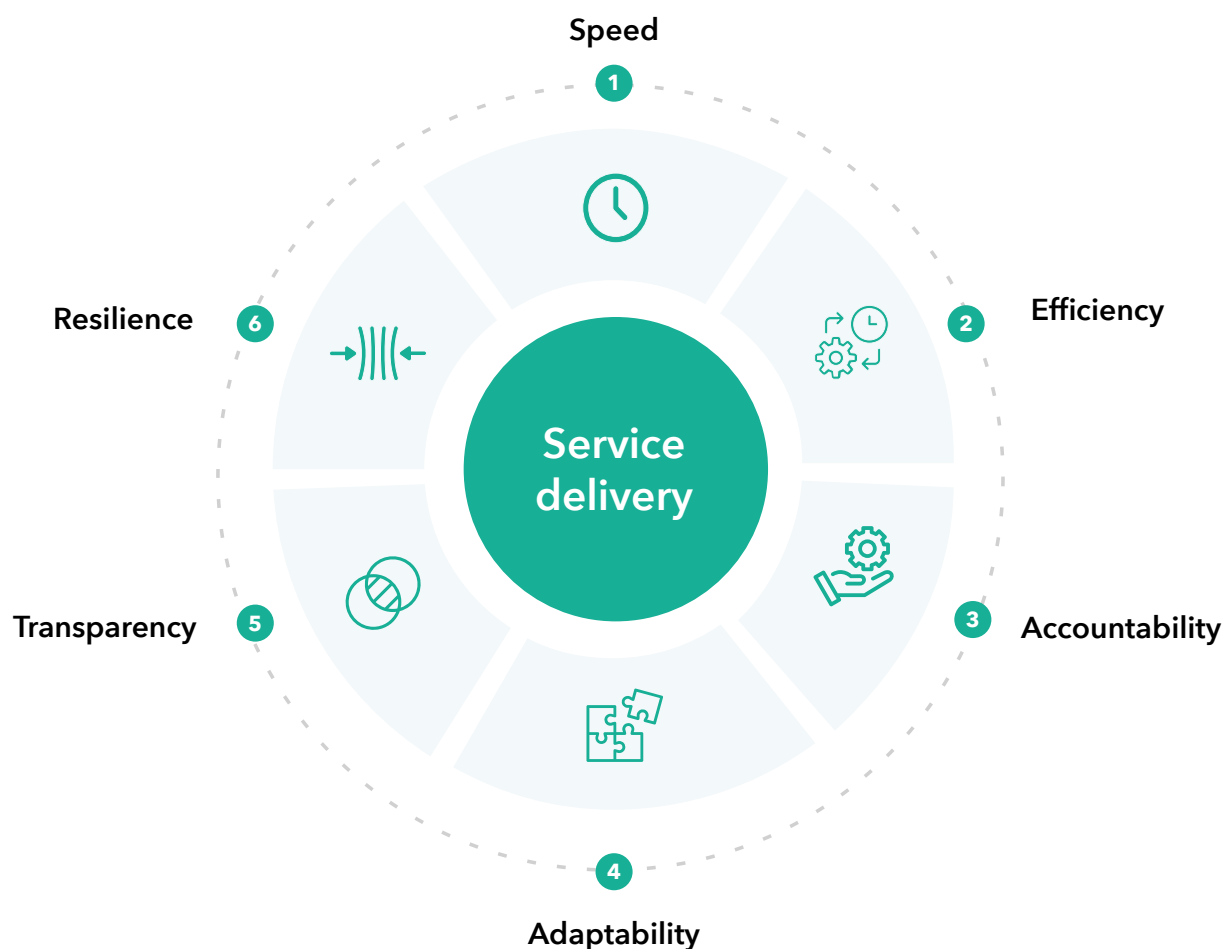
This paper posits that current supply chain solutions in housing organisations are not effective enough in creating cost headroom to address more complex challenges - such as that of balancing satisfaction with the efficient delivery of resident services.

Today, digitally savvy residents have a rapidly evolving relationship with the speed and efficiency of service delivery. Technology has set a new precedent for how they transact and communicate with service providers. The ubiquity of such frictionless, fast interaction

has set high expectations which even organisations with upgraded supply chains could struggle to provide. As evidenced in the case studies to follow, current solutions may also lack the resilience and adaptability to cater to changing expectations. Moreover, factors such as transparency and accountability have become key to satisfaction and these put their own cost pressures on repairs.

These challenges provide both the necessity and inspiration to explore more dynamic, flexible models of service delivery - those with a mixed economic, community-driven approach at the heart of them.

An unprecedented opportunity to evolve service delivery



The challenge of satisfaction and service delivery.

Landlords are faced with tough choices in creating and maintaining methods of reliable service delivery. In a time of cost pressures and more stringent regulation⁴, landlords and housing organisations are forced to trade speed for cost. Cost for quality.

Providing better services to residents at lower costs can feel like an impossible challenge, let alone the growing impetus on measuring the sustainability and societal impact of investment in an organisation.⁵

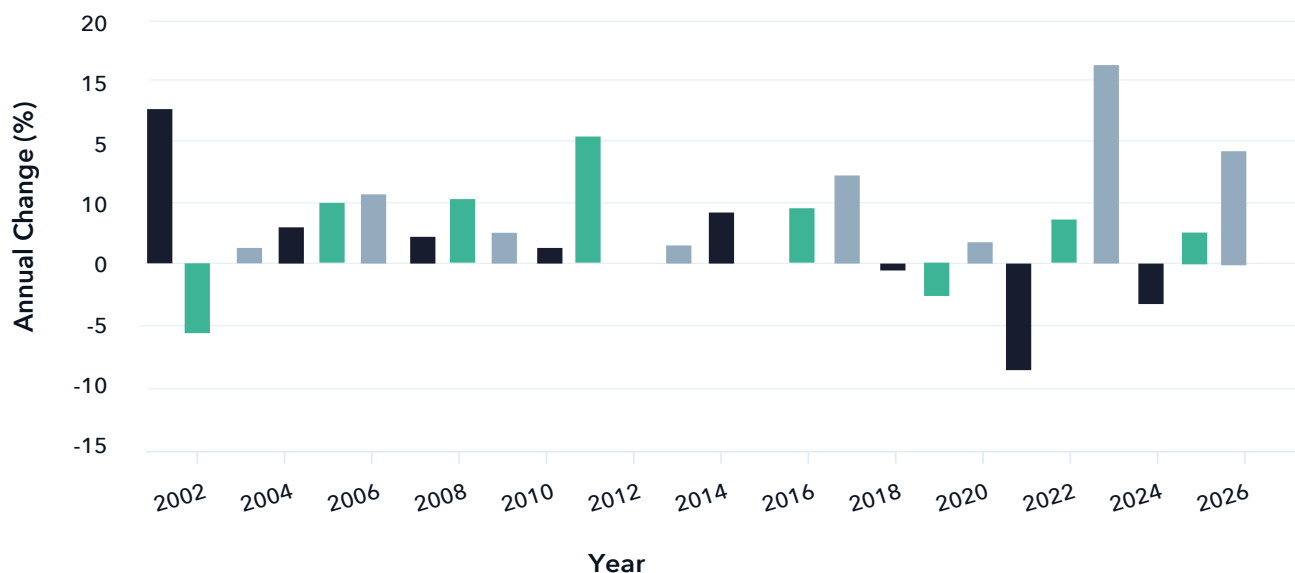
Arguably, a maintenance and upkeep strategy is the backbone of quality housing and can address crucial environmental, social and governance goals alongside. But this requires a cultural change as much as an infrastructural one.⁶

“With up to one third of operating costs going into repairs and maintenance, what this is spent upon and how this delivered are now under exacting and ever closer scrutiny.”

- Rethinking Repairs, Chartered Institute of Housing

UK Household expenditure on repairs and maintenance (annual change).⁷ Updated May 2021.

The COVID-19 outbreak and subsequent national lockdown caused an initial decline, but as the economy reopens, demand is soaring and forecasted to further increase.



4. Explained: the draft safety bill <<https://www.gov.uk/government/news/explained-the-draft-building-safety-bill>>

5. Environmental, Social, and Corporate Governance (ESG) <<https://www.insidehousing.co.uk/insight/insight/explainer-what-is-esg-and-why-is-it-important-68516>>

6. Why creating a more agile organisation must focus on culture as well as technology <<https://www.insidehousing.co.uk/comment/comment/why-creating-a-more-agile-organisation-must-focus-on-culture-as-well-as-technology--63454>>

7. IBISWorld Business Environment Profiles, UK. Household Expenditure on Maintenance & Repair <<https://www.ibisworld.com/uk/bed/household-expenditure-on-maintenance-repair/44221/>>

Creating improved local opportunities.

As it stands, finding the cost headroom in budgets and creating efficiencies to better focus on delivering more, better homes, poses challenges of its own. Chiefly, these are:

- 1 Working with multiple systems to manage work orders.
- 2 Finding the right tradespeople for the job, fast.
- 3 An increased volume of repeat visits due to lower 'first-time-fix' rates.
- 4 Time lost due to poor communication across teams and with residents.
- 5 Failed access attempts.

Let's focus on tradespeople and the wider labour market as part of both showcasing how this can help address the need of the hour as well as create the culture necessary to align social good with organisational goals.

Improved connectivity to a labour market starts with the old adage 'be the change you want to see'.

Working exclusively with large incumbent contractors has been shown to create instances of cultural misalignment, alongside more immediate concerns on lack of visibility and accountability within their processes.⁸ This lack of insight into a contractor's workflow can impact both value for money (VFM) metrics and service reliability.⁹

In contrast, there are elements of 'pride, respect, unity and integrity'¹⁰ that come

"A big part of our ethos is to use local tradespeople. A hybrid delivery model means more client choice, a better safety net and better support for emergencies/out of hours - without relying on just one contractor."

- Christina Friedenthal, Operations Director, CDS

with a local workforce - one that brings the community closer to the homes within an area and helps local residents achieve independent, fulfilling lives.

The cultural alignment acts as the conduit that will always have the basic values of accountability, equality and political neutrality within that specific community that other delivery bodies may not necessarily hold.

Let's look closely at the wider impact a diverse labour force can have - how it can lead directly to cost efficiencies, greater specialised trades, improvements in the lives of residents, and positive area dynamics.

8. Different structures for delivering public services using social housing as a case study <<https://gov.wales/sites/default/files/publications/2019-05/different-structures-for-delivering-public-services-using-social-housing-as-a-case-study-area.pdf>>

9. CDS' need for greater visibility within its repairs (see page 10)

10. Ibid.

SBHG: First time fixes and the future of in-house maintenance teams.

Shepherds Bush Housing Group (SBHG) prides itself on being more than just a landlord. SBHG builds communities by providing homes that people can afford and invest in people and places.

The housing provider manages 5,000 homes and endeavours to make affordable homes of quality the foundation of our society. SBHG regenerates neighbourhoods, enables residents to live independently and helps people onto the property ladder through low-cost home ownership.

Impact of using a mixed economy delivery model for resident services:



Average time to job completion is 2.3 days (with a KPI of 10 days)



First time fix rate up from 30% to 85%



Customer satisfaction up from 52% to 70%

"Steering away from big companies has its advantages. There's more flexibility with smaller, local businesses that can turn up on short notice. It's a better service that's cheaper - not as many overheads - and supports local businesses that absolutely need the work."

- Andy Hardwick, Director of Repairs & Maintenance, SBHG

Why a mixed economy model?

Andy Hardwick, Director of Repairs and Maintenance at SBHG explains that with a flexible procurement model for service delivery - one that uses in-house maintenance teams alongside the Plentific marketplace - he's able to offer better services, faster and whilst supporting local businesses in line with SBHG's ethos.

How does this work?

By hybridising the business model, SBHG puts its in-house teams on dedicated disrepair duty and puts the rest of the open work orders on the Plentific marketplace.

The local businesses on Plentific's marketplace offer a more cost-effective service as there are not as many overheads involved. This also supports the growth of smaller businesses that absolutely need the work. It's more flexible so there's a greater likelihood of a contractor turning up on a Sunday morning.

SBHG: First time fixes and the future of in-house maintenance teams.

Andy sees the potential in making local procurement more geographically specific so that even some residents who are tradespeople can join on and support their own communities, improving their economic situation and re-investing in their neighbourhoods.

Value for money.

One major advantage to doing so is also proving value-for-money (VFM), a crucial metric for housing associations. Using work order management software with a marketplace tethered to it offers a real-time job overview, reducing lag between repairs.

The marketplace generates up to 5 quotes on each job posted, creating competitive pricing that helps maintain VFM goals.



Business resilience.

Andy cited a recent case where 90% of tradespeople in SBHG's in-house teams had to self-isolate because of a reported COVID incident. SBHG was able to switch off these teams and put all jobs onto the Plentific marketplace.

Commercialisation.

New agility and flexibility in the delivery model allows SBHG the potential to offer a service outside of expected resident and housing provider responsibilities.

Andy explains that this is maintenance work SBHG typically wouldn't do. But with a mixed economy model, the organisation has the capacity to be able to offer a wishlist of non-essential repairs. An example of this would be getting working taps replaced with something of a resident's choice, without diluting SBHG's in-house maintenance teams.

Future of work order management?

Andy explains that there's some sensitivity around repairs that in-house teams are better suited for. But after a working relationship is set up with contractors on Plentific's marketplace, direct feedback using our texting service helps residents form a relationship with the contractors, and a rating system on the platform allows property managers to give repeat work to highly rated local tradespeople.

Generating economic and social value.

There are far-reaching benefits of using the abovementioned, 'hybridised' service delivery method.

Outside of services that feel personalised to residents, areas become future-ready - for when newer residents (digital natives with their own high standards of consumer service delivery) enter into these communities.

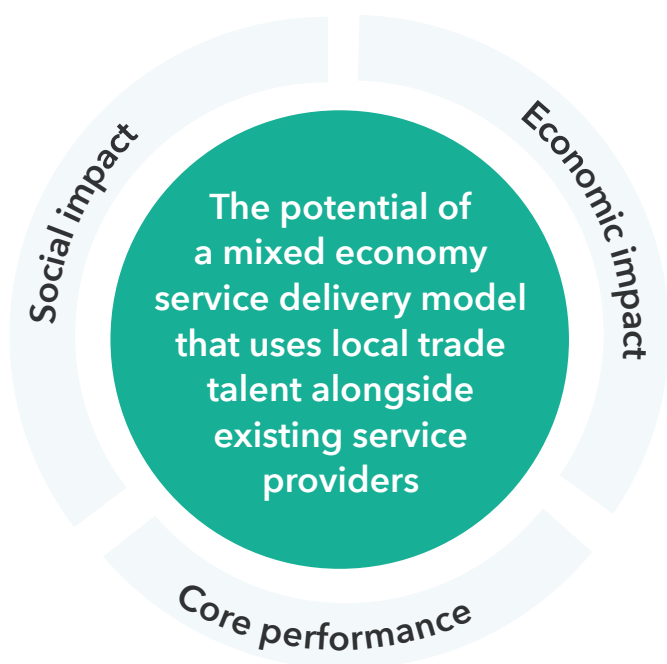
Such areas also see steadily strengthening demand, leading to a rise in property values and improved performance on national service targets.

As the following client-account will showcase, areas become increasingly more self-sustainable too, as a positive 'area effect'¹¹ starts to emerge.

Readers will notice that this approach, albeit with a single community as a microcosm, becomes indicative of the macroscopic potential of a mixed economy.

Bolstered local economies contribute to government policy objectives, helping place emphasis on steady improvements to health and housing, strengthened by the service delivery advancements of institutions, both private and social.

Valuing more than money. How an emphasis on social value can drive better business decisions across the economy.¹²



Social impact:

- 1 Livelihoods and skills
- 2 Community engagement
- 3 Equality and fairness

Economic impact:

- 1 Payroll
- 2 Profits
- 3 Investment

Core performance:

- 1 Capacity and supply
- 2 Customer satisfaction
- 3 Operating efficiency

11. Evaluation of the 'mixed communities initiative' <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/6360/1775216.pdf>

12. Adapted from pwc's TIMM model and inspired by IPPR's research paper on social value in the housing sector <<https://www.ippr.org/research/publications/valuing-more-than-money>>

CDS: Using appointed contractors alongside an open marketplace.

CDS is a co-operative society established in 1975 with the goal to provide, support and promote co-op and community-led housing. It provides 700 affordable rented homes and 300 leasehold properties. Its services also support 45 co-ops and 2,000 homes in the South-East.

Community-driven services.

The organisation works to a nationally adopted definition of community-led housing so that more people can be involved in helping to meet their own housing needs and aspirations.

CDS sought a mixed economic delivery model to:

- 1 Create a robust safety net for peaks and troughs in demand.
- 2 As a way to establish greater efficiencies in emergencies, out of hours.
- 3 Offer clients and customers a choice between maintaining existing, tried relationships and a faster, more agile service.

Following a successful pilot with Plentific, the mixed delivery model of CDS' appointed contractors and Plentific's open marketplace was extended to more properties in its portfolio.

Today, CDS uses the marketplace for bigger jobs that its appointed contractors might not be able to handle.

Impact of using a mixed economy delivery model in CDS' housing community (1st July - 31st December 2020):



100% emergency jobs completed within target (target was 100%)



£60 reduction in average direct cost of repairs (previously £268)



96% of customers satisfied with their last repair (target set at 80%)

Greater visibility.

Christina Friedenthal, Operations Director explains that CDS was previously accustomed to a small pool of contractors outside its community and central tenets. She was never sure if she was being overcharged for this repairs service and had no visibility into any of the repairs. Now she can track local quotes, quote variations and completion reports with a click.

No more over-reliance.

CDS was previously over-reliant on a single tried and tested contractor to ensure repairs were up to the mark. This resulted in outstanding routine repairs and lowered customer satisfaction. Using Plentific's marketplace allows the organisation to select only the highest-rated professionals without spreading their own appointed contractors thin. Using Plentific's dashboard, housing officers and residents can both leave feedback at the end of a repair to help maintain a reliable, quality service, no matter the delivery method.

A flexible, agile maintenance strategy.

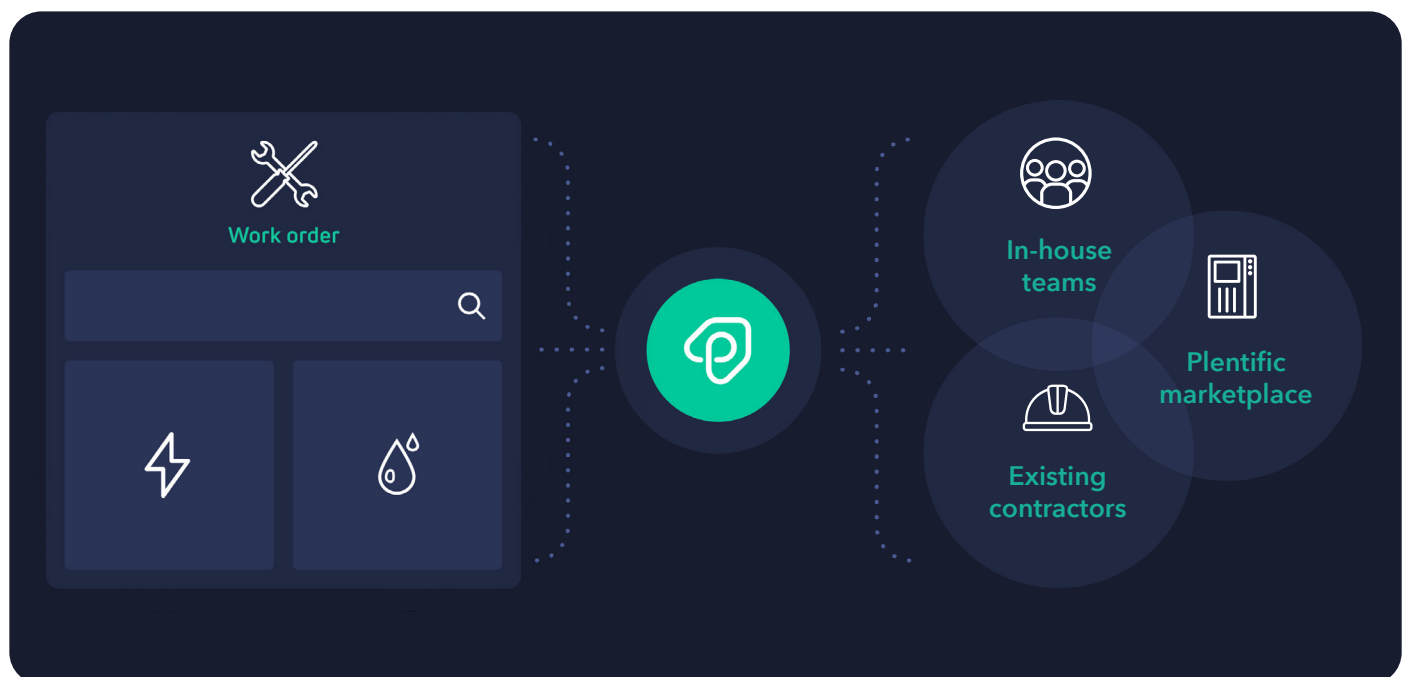
As observed, using a platform and marketplace like Plentific in conjunction with existing teams (both in-house and external) creates a robust, action-oriented approach focused on enriching local economies and strengthening communities.

This doesn't happen alone - nor should it happen in isolation.

A collective focus on improving facilities, services and opportunities together will have the greatest impact. With our technology, we are determined to do our part in creating more prosperous communities.

"Traditional repairs delivery models led primarily by either simple tenant demand for reactive repairs or by the predicted lifecycle of components in the case of planned maintenance will no longer match the value and economy thresholds now expected"

- Chartered Institute of Housing



Plentific is an all-in-one delivery platform for property maintenance.

Founded in 2013, Plentific is trusted by some of the best-known organisations in property, including L&Q, Peabody, and Notting Hill Genesis, to manage more than 350,000 properties across the UK, Germany and USA.

Plentific's software integrates repairs, compliance, and voids management to streamline property maintenance and provide instant insight into the health of a property portfolio.

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