

# New partnership spruces up property service unit



## Property design and maintenance partnership, Merton

Client – London Borough of Merton  
 Consultant – Serco Property and Design

### Case history

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 Theme(s): Partnering

Arrangements for service manager Serco to take over its ailing building design and maintenance section have solved the London Borough of Merton's problem of balancing skills and needs. Service levels are higher, after a difficult handover phase. The five-year partnership, now in its third year, covers the procurement and management of maintenance, servicing and minor building improvements, as well as major building projects, including the functions of designer and Planning Supervisor.

The Council's Head of Service Development, Ade Adebayo, explains their partnering concept: "Irrespective of the split of duties between the Council and its partner, the service must operate seamlessly from the viewpoint of client department representatives, building users, members and officers who receive advice on property design and maintenance issues. We were looking for people with fresh ideas to make it work better."

Serco admit it has been a steep learning curve for them. Property and Design practice manager, Kath Cortizo, says: "We are convinced this is the way for consultants to go if they really want to deliver appropriate solutions for clients. We now have a unique understanding of the environment and pressures under which public organisations work and we're well placed to apply what we've learned in other organisations."

The existing eight permanent and fourteen temporary council staff were transferred to Serco in April 2000 when the consultant took responsibility for the service. Many of the 'temps' were absorbed and the core team has since grown to 20. Serco assigns additional employees to the unit according to the workload and skills required. The Serco team are based in the Borough's Civic Centre.

### BENEFITS

**Customer satisfaction** – Measurements of the agreed performance indicators in the first two years show client satisfaction with Serco consistently in the range 98-99% of projects. The 'very good' rating has risen from 33% to 46%. Satisfaction with contractors managed by Serco rose from 88% to 97%, although there has been a slight fall in the number of jobs rated "very good". There are no

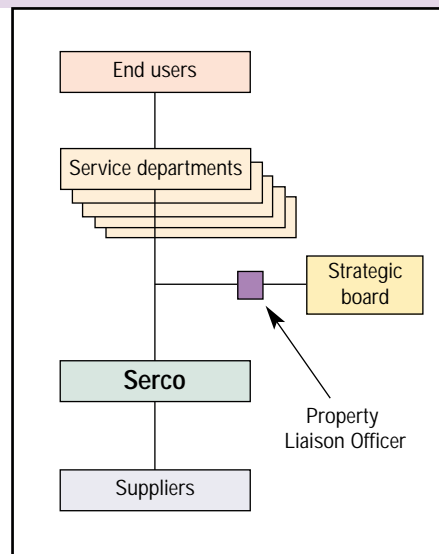
equivalent baseline figures to compare before the partnership, but Adebayo recalls: "Historically, end user satisfaction was good but the effort needed to get that quality was disproportionate."

**Proactive maintenance** – The ratio of planned to reactive maintenance shows whether spending is targeted at priorities. The ratio of planned maintenance has doubled since Serco took over, from 13% of the maintenance budget to 25%.

**Turnover** – The value of work done in the section was declining before the partnership, but it has increased by 16% in the first two years. Although their contract has a 'minimum fee' provision, Serco are doing what consultants should be good at - attracting more work from the service departments.

**Productivity** – Serco has moved away from using temporary staff; only one-third of the team they inherited were permanent employees. This policy has stabilised the workforce and productivity is showing a 5% rise from the baseline in April 2000.

**Gathering hard evidence of performance** – The partnership operates an impressive system for recording key performance indicators (KPIs). For example, the Helpdesk team respond to 88% of calls within 15 seconds and 99% within 30 seconds. Serco have introduced a more rigorous system for recording complaints and safety incidents, which includes an audit trail for following up actions. Further, Serco have now resourced a dedicated member of staff to act as personal interface on quality and service delivery issues. The accuracy of estimates is also monitored and is showing an improvement.



How Serco is positioned between service departments and suppliers

### LESSONS LEARNED:

- **Monitoring the whole service, via KPIs, is essential to respond properly to all stakeholders**
- **Continuing effort is needed to change cultural attitudes for harmonious partnering with a consultant**
- **Each party must understand and adopt the other's objectives as their own**
- **Define work in fixed fee arrangements clearly with work in progress quantified at handover to the consultant.**

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# The Rethinking Construction Strategy model – applied to this innovation



## THE CHALLENGE

The Building and Maintenance Section at Merton had experienced a decreasing demand for their services and there were significant fluctuations in workload. They did not always have the right skills and it was difficult to attract suitable permanent employees. Their clients, the service departments, were concerned about whether the section offered value for money. Realising the problem needed fresh ideas, the London Borough of Merton turned to the private sector for a solution.

## THE SOLUTION

**Flexibility** – Merton drew up a contract that anticipates fundamental changes over its life and a commitment to extend the partnership to works contractors. A guaranteed minimum fee encourages investment and the fee structure is biased towards planned rather than reactive work. There is a comprehensive annual review that includes end users, as well as full disclosure of accounts and the business plan of the partner organisation.

**Procurement** – Merton used the EU Negotiated Procedure. Selection criteria favoured bidders who understood Merton's issues and culture and had a good fit in their strategic objectives. The open call for proposals did not prescribe any solution, thereby inviting innovation. There was full disclosure and transparency in the whole bidding and selection process and one firm of solicitors advised both parties. Once the preferred bidder was selected, tendered price was taken as a guide only and every aspect of providing the service was open to negotiation, including the specification, cost, fee structure and conditions of contract.

**Handover** – The handover period was short, only 12 weeks. The parties agreed a transition plan covering staff issues, the TUPE transfer of eight personnel, systems, procedures and customer liaison. The office was fully refurbished and operational at the end of the transition period.

**Implementation** - The client's representative, the Property Liaison Officer, has a deliberate policy to foster direct contact between service provider and users, with minimal interference from the central client.

The partners monitor several KPIs that measure both objective and subjective data, for example time to answer the telephone (objective) and user perceptions (subjective). Service department representatives attend a monthly meeting, chaired by the Property Liaison Officer, to consider performance and other common issues at operational level. The Strategic Board of senior officers from both organisations meet quarterly and takes a longer view of progress and forecasts what changes will be needed in future.

## HOW PROBLEMS WERE ADDRESSED

It was found that KPIs covered mainly reactive maintenance and the Helpdesk. This revealed the need to monitor the whole service and led to the partners devising further indicators to plug critical gaps, such as service visits achieved against programme, and project work and time analysis. Key departmental property officers are now asked to complete a quarterly customer survey covering the whole service, because the satisfaction indicators did not initially reflect what all stakeholders thought.

In the early days, 'ownership' of the partnering strategy did not extend beyond senior managers involved with the negotiation. This has been expanded through 2-day annual review workshops for key personnel from Merton and Serco.

The process for Serco to take over residual responsibilities at handover was not clearly spelled out, for example, the supervision and monitoring of third party contractors. Formal 'Permit to Work' practices were subsequently implemented which afforded strict control in this respect.

## WHAT HAPPENS NEXT

Serco are committed to working with the client, developing their existing system to provide better reporting for KPIs and to predict outcomes more reliably.

A service improvement plan is focusing on health and safety arrangements, technical standards and quality systems. The partners are making good progress with regular assessments made through strategic review meetings and annual workshops.

## Next steps:

Things you could do to apply these ideas:

- Read the case study for The Housing Forum demonstration project Broomleigh Housing Association Maintenance: *Partners reveal secrets of maintenance success*, at [www.thehousingforum.org.uk](http://www.thehousingforum.org.uk).
- Use the Respect for People Toolkits, available from Rethinking Construction. Apply to be a Respect for People demonstration project. Tel: 020 7837 5702
- Ask Camargue about the Learning by Doing course: *Skills to Develop Innovative and Motivated Team Working*. Tel: 01242 577277



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