

Meeting:	Performance & Finance Sub-Committee
Date:	20 July 2009
Subject:	Progress Update - Lean Housing Responsive Repairs Project
Responsible Officer:	Paul Najsarek - Corporate Director of Adults & Housing Tom Whiting – Assistant Chief Executive
Portfolio Holder:	Councillor Barry Macleod-Cullinane - Portfolio Holder for Adults and Housing Councillor Paul Osborn – Portfolio Holder for Performance, Communication and Corporate Services
Exempt:	No
Enclosures:	None

Section 1 – Summary and Recommendations

This report provides a brief background and introduction into the processes involved in a Lean project and the decision to engage with a number of Directorates, in order to commence a pilot review in the Housing Responsive Repairs service. The information provided includes issues identified by the team that have significant potential for improving the service and an outline of progress to date.

Recommendations:

None – for information

Reason: (For recommendation)

Not Applicable

Section 2 – Report

Background

As part of the council's service improvement and efficiency drive a Lean Thinking Pilot Project has been commissioned. The pilot project will train the team to be able to identify and establish new approaches to service improvement and efficiency as well as facilitating capacity building across the Housing Responsive Repairs (HRR) service. The objectives of this pilot project are to

- Improve customer experience for tenants
- Make the process more efficient
- Develop the team to sustain improvements within their service areas
- Learn lessons in order to extend Lean in other areas

The pilot is being carried out on an end to end process that is delivered across 4 teams. The pilot project started in April 2009 and aims to complete by October 2009.

The pilot has been designed as a rapid approach which can be implemented more quickly than BTP projects and more formally than current in-house methods. The pilot aims to test assumptions that such an approach is achievable.

The Lean approach will teach the HRR project team about whole service analysis enabling them to understand and remove root causes of failure demand/waste¹ in a service, and then on to how to control, sustain and establish a continuous improvement cycle therefore building the Council's knowledge and experience of using lean thinking to improve services and establish continuous improvement.

Current situation

Housing repairs is an important, high visibility service. It has several components and functions across directorates that make up the "housing repair system". Whilst it works most of the time, when problems occur they can be difficult and time consuming to resolve. Longer term, the entire housing repairs service needs to be able to run within its financial constraints, and there is a link between how the parts of the system work together effectively and the cost to deliver it and maintain the housing in a good state of repair.

The contract with Kier was established to provide the council with single construction and maintenance point of contact, within a partnership arrangement, that allows both parties to develop the service to improve efficiency.

¹ Failure demand/Waste is anything that does not meet the customers' needs and generates additional work caused by a failure to do something or do something right for the customer. It is opposed to value demand, which is something the customer wants and would be willing to pay for.

A responsibility of Kier is to contribute to the delivery of the council's corporate objectives by;

- Providing a consistent User focused service
- Achieving right first time maintenance and repairs
- Achieving greater User satisfaction
- Demonstrating value for money
- Moving towards planned repairs and less responsive repairs

This pilot project will deliver benefits to the partnership as it aims to facilitate Kier's fulfilment of their responsibilities within the contract, achieving innovation, greater effectiveness and reduced waste by means of collaborative working.

As the Lean pilot seeks to focus in on specific areas, with improvement potential that could lead to reduced failure demand, a complementary improvement plan, managed jointly by Kier and Harrow, will address other efficiency based targets. These include more immediate benefits, such as significantly increased co-location of internal and external staff, strengthening customer engagement and a review of payment mechanisms.

Purpose

This project aims to achieve its objectives by redesigning the end-to-end process allowing for process flow and for the variety of demand to be absorbed. Also improving process management enabling managers to more efficiently forecast demand (including seasonality) and plan capacity, stock etc against it and remove root causes of problems.

A second purpose is to create the knowledge and skills within the areas' staff to undertake this redesign work, and following implementation of the initial redesign work, be able to use the same skills to improve the service still further enabling continuous improvement in the service through dedicated capacity to the systematic removal of waste and variation in performance.

A change in the service process is required to address the following issues;

- To remove the primary cause(s) of delay / failure in the system.
- To improve the end-to-end time between initial customer contact and either repair being complete, or notification that a repair will not be made.
- To ensure the housing repairs service cost remains sustainable.
- To establish process measures that allow managers to control quality, cost and outcomes with minimum effort and risk.
- To train people from all key roles across the service in service improvement thinking / method, and use to embed a process of continuous improvement.
- To identify key process components that can be further improved by the use of ICT, as part of the existing business transformation programme.

Approach

This pilot project necessitated high levels of stakeholder engagement, corporately, operationally and with sub-contractors ensuring that managers understood the requirements of each phase. Meetings were held with the Lean lead consultant on a one to one focused basis and through small group sessions.

The HRR pilot project consists of 4 stages;

- **Mobilisation phase:**

To conduct a review of the housing response repairs system, highlighting emerging issues that will require further investigation during following phases. To define the project (purpose, scope, approach, resources, risks and issues) and obtain management agreement on the need for and approach to project.

- **Analysis phase:**

To bring together front line staff and managers to analyse the nature of demand, capacity, flow and waste across all aspects of the Housing Response Repairs service, and so create a data-driven priority list of improvement opportunities and 1st cut improvement plan.

- **Implementation phase:**

To bring together front line staff and managers to design and implement the 1st cut improvement to the end-to-end service and make proposals for further investigations to make improvements in areas such as technology.

- **Control & Sustain phase:**

To establish the process management required to sustain the new processes, measure improvements and identify 2nd cut priorities.

Traditionally the Implementation and Control and Sustain phases are run separately but for the purposes of this pilot it was more effective to combine the two, as the team is implementing changes to control the financial process.

The end of each phase provides a “Stop/Go” point enabling the management team to consider the proposals recommended by the project team, before progressing into the next stage.

Progress

The project team has carried out the following activities during the Analysis Phase;

- Defined and captured measures that monitored the “purpose” of the service from the customers’ perspective
- Identified areas in which efficiency improvements could be made within the current service model
- Prepared staff to implement a single constrained improvement which will release capacity
- Provided data and analysis supporting visioning a refined service model

From the data gathered and analysed from the Analysis Phase the following recommendations were made by the project team to the senior managers.

To improve the service the project team has identified 3 key areas where improvement would be most beneficial.

1) Financial Control Process

The current financial processes, in line with accepted audit controls, revolve around Kier reporting back when work is likely to cost more than initially authorised. This arrangement is managed through variation order, schedule of rates and enabling order procedures, along with staff management input. It has been identified as the largest area of waste with over 50% of orders requiring variance. There are significant benefits in amending the process, not least of which will be an increase in jobs completed at the first attempt, improving customer satisfaction. Work flow in this area has been identified as stable and therefore predictable, allowing average value per order procedures to be considered alongside alternative control measures.

2) Parts Availability

The second area of potential improvement relates to the supply and availability of parts for the repairs service operatives. Currently Kier buy in the majority of spares on a just in time basis, reacting to the individual demand of a responsive repair job. Initial research has shown that this approach is insufficiently pro-active, in that demand is relatively predictable, although affected by seasonal demands such as heating. The conclusion is that Kier's build up of knowledge during their two years in Harrow, together with further process mapping, will allow sufficient spares to be carried with staff on the front line, to significantly reduce call backs and delays.

3) Workman Quality and Recalls

The third area involves work quality and the need for customers to request a recall to a property to address the problem. The team identified this issue as responsible for around 15% of waste in the system. While not the major area of potential, this item is a source of customer concern and is therefore significant. Further research is needed to track the causes and identify repetition that can therefore be addressed.

As a result of considering the above areas, the recommendation agreed was for the project team to undertake a redesign of the Financial Control Process as its first priority.

Implications

Equalities Implications

There is a positive implication in that a lot of work is for more vulnerable tenants and residents and thus in keeping with the positive duty to promote equality for the council

Legal Implications

There are no adverse legal implications affecting the delivery of this project.

Community Safety Implications

There are no adverse community safety implications affecting the delivery of this project.

Financial Implications

- The whole repairs service is HRA funded so efficiencies will not deliver savings within the Council's general fund
- Can only be delivered as long as the council will pump prime the work
- Future work depends on successful conclusion on how to generate income to re-invest

Performance Issues

Measures of performance

- Key Process and Outcome Measures:
 - Volumes of failure demand coming into the service
 - Volumes of failure demand between different parts of the service
 - End-to-end time from initial point of contact to completed repair
 - Capacity required to provide the service
 - Absolute cost to provide the service
- Project Outcome Measures (expected, but depends on priority):
 - % reduction for each of the key process and outcome measures
 - Return on Investment from the project
 - Project team trained in basics of lean service improvement
 - Improved results from regular tenant surveys
- Tenants Satisfaction
 - Increased satisfaction levels indicated from regular tenants surveys

Risk Management Implications

A project risk log is maintained with weekly project status updates. Some of the key risks are;

- Capacity release – without this the 'internal capability' objective fails making the project unviable, or need to be delayed
- Role redesign and balancing – the new design may require a change to the mix of people. People will only contribute to achieving this where assurances are made for their own futures.
- Slippage during the project – this approach assumes that the phases flow through seamlessly, with only light touch sign-off. Any delays between phases will reduce the impact and possible success of the work.

Section 3 - Contact Details and Background Papers

Contact: Paul Najsarek – Corporate Director of Adults and Housing

Background Papers: None