

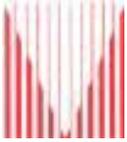


Common reasons for public sector housing service failure

...and what to do about them

“Armed with this knowledge you will have everything you need to be able to transform your service”

Vanguard Scotland
2010

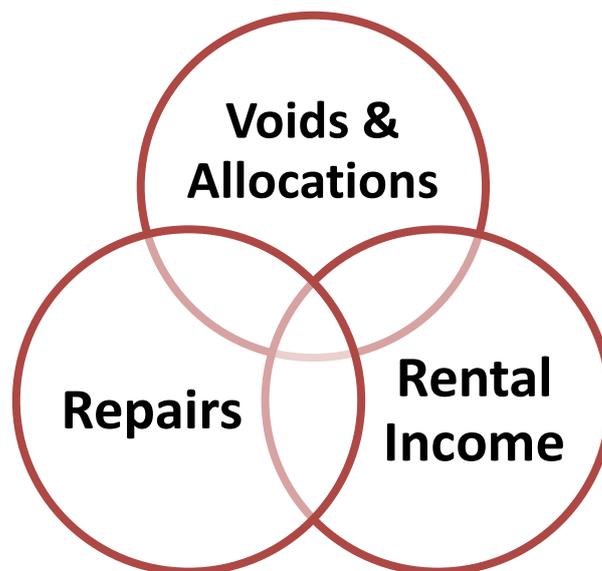


Common reasons for public sector housing service failure ...and what to do about them

Introduction

It's no secret that public sector housing is failing. Much of Vanguard Scotland's consultancy work over the past 11 years has been working with local authorities and housing associations to help them fix their underperforming housing services.

In this report I'll cover three main services that are failing and why. They are:



There is a reason why these services are failing. Simply put, management and government insistence on target setting, the implementation of service standards, the functionalisation of the organisation and the use of unit costs and job specialisation needs to change.

Though this change is not always easy to achieve, if large Registered Social Landlords (RSLs) such as the Glasgow Housing Association can make the move then there is no reason why others can't follow suit; it simply requires management to change their thinking and behaviour around how to design and manage work.

In order to make this report easy to read I've used the same structure in each section. First you will see a section on the common issues within the service, then our view of the common solutions, the problems created by the common approach and finally our view of what to do differently to transform your service.

Section 1: Voids and Allocations

Common issues

The most common problem encountered in this service is that properties stay empty for too long resulting in a loss of rental income.

Additionally, increasing amounts of resource are often used in making offers to new or existing tenants for properties that no-one wants, hence there is a high refusal rate.

The bigger issue is that these problems are caused by the way the work is being designed and managed, in other words these failures are completely predictable.

Here are some typical examples of problems we have seen in voids and allocations services:

44% of prospective tenants don't turn up for property viewings - thus wasting valuable staff time and costs.

50% of prospective tenants refuse the property they've been offered. Again think of the staff time wasted in meeting clients, not to mention the disappointment for the tenant.

10-30% of the time properties are not ready for a client on their moving in date. In some cases the client could not move in, in others they moved in but without vital services such as heating.

Common Causes

1. The prospective tenant's needs are not fully understood. In our experience the focus from the housing provider's management is 'get the form completed and update the list'. As a result there is no real knowledge of what type of property the client will and will not accept. This typically leads to a high refusal rate on properties and a long period before a tenant is found. Further it can be a cause of abandoned properties and a high rate of property turnover.
2. Housing providers display no real knowledge of which properties most frequently become available and what the client might be offered. If the time was taken to understand this there would be much less time wasted on unsuitable offers to tenants.
3. The voids and allocations service are often run as separate services. This functional work design causes delays and results in pressure on staff to fill the void property as quickly as possible.
4. Management are more focused on hitting their void target than doing the right thing for the customer. As a result unfinished or unsuitable properties are often offered to unwilling customers.

5. Void properties are not prioritised for repairs. This causes tradesmen to do a little work on a lot of properties. The result is that all void properties take longer to complete and consequently to fill.
6. Tradesmen are given due dates to complete their work. Rather than being told to complete the work in the time that the task should take and do it correctly, task due dates are allocated. This either causes tradesmen to slow down to fill the time available, or to cut corners to hit an unrealistic due date (often leading to return visits to repair rushed work at additional expense).
7. There is no understanding of resource contention or a properly planned sequence point. This means that often tradesmen are jumping between numerous properties and a property can wait for days between one trade completing and another starting their work.

The solution

As hinted at in the causes, the solution for the voids and allocations service is actually rather simple, but it does require a significant shift in thinking on the part of management.

The principles are as follows:

1. Take the time to understand what matters to the client. The better you understand what your client will and will not accept, the more likely it is that you can offer them a property that they will accept and take pride in.
2. Make sure that staff are armed with knowledge of what types of properties (and areas) most frequently become available. This way they can explain to clients what is most likely to become available and whether they might get it.
3. Use a common set of cross-functional measures for voids and allocations.
4. Use measures to drive performance. This means having meaningful data that reflects what matters to customers and the service's ability to meet customer demand. Drop targets, they won't help you to learn or to improve your service, in-fact they will contribute to its failure.
5. Have a rule for the prioritisation of void properties. Have properties listed according to this rule. Only work on a small amount of properties at any one time (25-50% of those empty) this will increase overall throughput.
6. Don't give tradesmen due dates. Instead ask them to work at the correct rate and do the job properly.

I realise that the solutions I've outlined are, for some, common to your current beliefs about how to run your service and for others they may sound just plain crazy, but trust me they work. Our clients are continuing to see performance improvements in the order of hundreds of percent by thinking differently about how they design and manage their work.

Section 2: Repairs

Common Issues

There are two common problems in the repairs service:

1. Repairs take too long to complete
2. There are too many visits before a repair is complete

Here are some examples:

In our work it is common to encounter housing services where a repair takes anything up to 300 days to be completed (and this is not for complex repairs).

The degree of variation in the performance of the service means that one tenant may get their repair done fast but for another it can take months. The problem is the lack of consistency.

The other main issue is often the number of visits it takes to complete the repair. We've found that anything up to five visits is not unusual.

The causes of poor performance

1. As in most organisations, management are obsessed with unit costs. This in turn leads to an emphasis on productivity and cost reduction activities. For example diagnosis is typically poor in the repairs services we see. This is because management try to rely on standard scripts and lower costing staff to do the initial assessment. And if the diagnosis is poor then jobs will take longer to complete and need more visits.
2. Another manifestation of the cost/productivity mentality is the use of schedule of rates codes. Again because staff try to shoehorn the diagnosis into an SOR code it can reflect in the inaccuracy of the diagnosis. There is frequently a great deal of work created for those at the end of the process in unpicking the wrong SOR and allocating the right one, it's simply waste.
3. Like voids, repairs also suffer from ailments caused by targets and service standards.
 - a. The first problem is that work is categorised by its service standard i.e. Cat 1 = emergency, Cat 2 = 24hr repair etc. Again the problem is the behaviour that this categorisation policy creates within the service and its consequences. It is common for repairs categorised as less important to take months or just never get done.

- b. The service standard applied to the repair often creates a behaviour called student syndrome. Do you remember your time at school, college or university? When you were asked to do an essay did you rush home and start work on it straight away or did you wait... and wait until it was due and then there was a mad rush at the last minute? That's what usually happens when work is categorised. Rather than just getting on with the work as it comes in, it is put aside until it is near due. So there is no chance of an early finish and it is frequently completed late.
 - c. Vast amounts of time and resources are spent on sorting and re-categorising work to assign it to the standards and targets system rather than just doing the work itself. Sound familiar?
4. A final problem is the separation of the process. Diagnosis, scheduling and repairs are all managed and measured separately (if yours isn't then well done). The result is that the different departments are more interested in meeting their respective targets than thinking about the customer experience. For example: a tenant calls into the contact centre and is given a date and time for a repair visit (if they're lucky) and then they get a call back a few hours later from the scheduling people to change it because it suits them better to do it at a different time.

The solution

1. The largest benefit can be gained in this service by thinking of it as one system from the customer's perspective. By running the service in this way you can get an accurate picture of your performance; this means real data on end to end repair time and number of visits. Also rather than measuring unit cost performance, try to get actual data on the month by month cost of running the whole service, in reality this is much more useful.
2. Get real knowledge at your front of house. Study the data on the type and frequency of customer demand: how often do they call and why? This will give you insight into the skills and knowledge needed to provide a good repair.
3. Use measures not targets. If what matters to customers is a good diagnosis, a short time to fix and a one-stop service, measure this and find out why it's not happening. For example we found in one service that plastering jobs took longer than everything else. It wasn't complexity but simply that the vans were too small to handle a complete piece of plasterboard so it had to be delivered and as a result there were delays.
4. Dump your service standards and categories. Ok, you can keep two: Cat 1 = emergency, Cat 2 = everything else. Then do all repairs first in first out.
5. Remove the schedule of rates and move to narrative, with the emphasis on a good diagnosis.
6. Get rid of your trading account. It's causing the wrong behaviours; the focus becomes 'productivity to make a profit and keep our jobs' rather than doing the job right.

Just like in voids, the solutions here are probably hard to swallow for some and completely contrary to current practice. But if you think about it logically, first and foremost you want staff and tradesmen doing the right thing for the customer, because providing better service always costs less in the end.

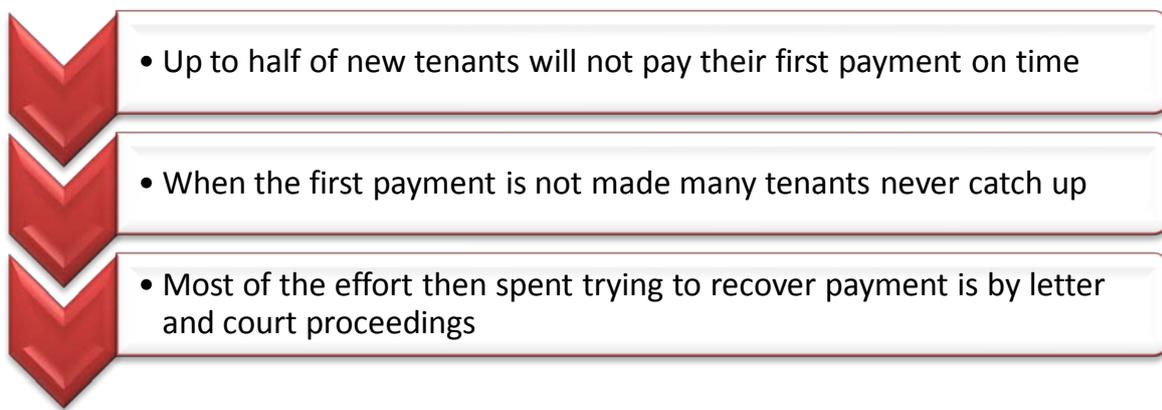
Section 3: Rental Income

Common issues

Like in repairs there are only a few real problems in the standard rental income process but the consequences of those problems are harsh in terms of how they can affect an RSL or local authority.

- The first problem is the failure to collect rent
- The second, is the cost associated with the over engineered process for rental recovery

Here are the typical issues in our experience:



The causes

We believe that most tenants are good people who want to pay their rent. The problem is that the system has set them up for failure.

1. The cause of the problem begins back in the voids process. The target associated with letting the house means that the tenant is forced into the property early. The problem is that –unknown to them - they’re going to have to make two rental payments. Naturally the ones that we’ve spoken to felt angry and cheated, many felt that they didn’t see why they should make a double payment; especially as they felt forced to take the house early.

There is a way around this. The client can take possession of their new home whilst still in their existing home. They have to move into their home as soon as they get their key and they can get a double benefit payment. But most are not ready to do this nor is the procedure properly explained to them. Once again the focus on hitting the target rather than doing the right thing for the client is the root cause of the problem.

2. The second problem (which exacerbates the first) is that rather than trying to help the client sort the problem, RSLs are too keen to take court action.
3. In one RSL we found that of the 23,000 tenants in arrears, after a very lengthy and costly process of recovery, just £50,000 was collected.¹

¹ This case study can be read in full in John Seddon’s book ‘Delivering Public Services Volume 1’, Triarchy Press

The solution

The solution, much like the others we have discussed here, involves doing the work correctly at the front of the system rather than trying to clear up the mess at the back.

1. Again, seeing the system as one entity is an important factor in fixing the rental income system. The problem begins back in the voids and allocations process and trying to treat them as separate and isolated from one another is at the root of the failure.
2. Taking time to set the client up correctly is paramount. In any system where you want compliance, the rule should be 'make it easy for the clients to do what you want'.
3. Get connected with and knowledgeable about the benefits system. Have people who know how the benefits system works, can give advice and point people in the right direction. Go one step further by having the relevant forms in your office. And provide tenants with information on the evidence required for the benefits process. You will save yourself time and a lot of money in the long term.
4. Spend your time setting the client up correctly rather than trying to collect rent arrears through court proceedings. Like the other processes, design the system from the client's perspective.

Conclusion

To be completely honest, I was reluctant to provide the solutions for these services in a simple report, for the answer lies not in copying the solution but in understanding why the system has failed in the first place. I relented because I know how frustrating it is to be told the problem without any hint at the direction of the solution. But a word of caution: the answers I have outlined here are not a quick fix and require a fundamental shift in thinking for both senior and middle management.

And for those looking for a real step change in performance, the answer lies in experiencing the process of discovering the solution for themselves, for it is these people who will not only be willing to take the action required to find the answers but who will gain the knowledge to be able to repeat the process again and again.

The process is relatively simple

1. Determine and communicate the purpose of your system from the customer's perspective.
2. Study the nature of demand in customer terms to find out why and how often they call.
3. Now look at how well your organisation performs against its purpose and the nature of demand.
4. Study the processes to find out the cause of the failures.
5. Use the data to examine how management think about the design and management of the system.

Armed with this knowledge you will have everything you need to be able to transform your service. But for now I'd recommend reflecting on the problems and causes outlined in this report to see if any of them resonate with you.

In the next report I will be interviewing some clients who have already gone on this journey, so you can understand what has to happen in order to get dramatic change. I haven't talked about results in this report as I'd like you to hear direct from your peers rather than me about what they've achieved. In the final report I will also outline a method you can use to get started on your own journey.

I truly hope that you are finding the information of use, you can send your comments to admin@vanguardscotland.co.uk and we will collate them. Please let us know if we can share them in future reports.

Stuart Corrigan
Vanguard Scotland Partner & Managing Director

www.vanguardscotland.co.uk