

Report on: DLO Healthcheck

Report by: Graham Coupar, Tribal HCH Asset Management Consultancy

Dated: 19th July 2005

1.0 Purpose of the Report

- 1.1 To provide an update on progression with the Healthcheck on the DLO.

2.0 Background

- 2.1 Tribal HCH Asset Management Consultancy was commissioned to undertake a DLO Healthcheck on the Argyll & Bute Building DLO, in preparation for a potential housing stock transfer.
- 2.2 The review commenced on the 29th June 2005 with a meeting with the lead client officer and issuing the data set requirements.
- 2.3 Further meetings have been held with the DLO Manager and tenant / resident representatives.

3.0 Issues

- 3.1 As part of the data requirements, we assessed the cost of the service by benchmarking this against a peer group. Appended to this report is the outcome of the analysis which shows costs of delivering the service are within acceptable parameters, factoring in the geographically dispersed nature of the stock. We also applied the industry standard assessment 'tool', the High Level Diagnostic. This has confirmed that there are several key issues with regards to the DLO performance which are requiring attention. The analysis is also appended to this report.
- 3.2 Further replies to the benchmarking data have been received, although some of these appear to contradict other data sets. Accordingly, we need to verify the data to ensure the analysis is informed by robust and accurate information.
- 3.3 Moreover, we have been advised that some data that we would consider standard for any DLO to have is not available. These include (but are not exclusive):
- Sickness levels;
 - Benchmarking details;
 - Committee / Board reports;
 - Best Value Reviews and Improvement plans;
 - Details of sub-contractors and expenditure profile;

- DLO business risk management strategy;
 - Process and procedures for responsive and voids maintenance (DLO perspective);
 - DLO training plan;
 - Budget / outturn figures specific to the Housing contract (not combined);
 - Customer satisfaction system / quality control.
- 3.4 We require positive confirmation that this is the case, so that we can advise on future data needs.
- 3.5 We acknowledge that some data has been provided previously to ACHA, before our appointment. However, as our report needs to conform to the requirements of the brief from Communities Scotland, we require the data to be issued to us which is current and in the prescribed format.
- 3.6 In considering the future shape of the DLO and the potential for the DLO to undertake some of the future capital works, we are concerned that such an approach would increase the degree of business risk to ACHA with regards to financial liabilities. We are advised that historical losses of the DLO were attributable to Capital Works programmes. However, should it be possible to invest in the DLO to establish a Capital Works team, along with all of the support functions that would be needed, this would act as a 'market buffer' in an already constrained construction market. We would wish to reserve our recommendation upon this until such times as the healthcheck is completed.

4.0 Concluding the project

- 4.1 We have further meetings arranged for early August. Assuming we receive all data by this time, we can conclude the analysis and issue a draft report and action plan to ACHA by mid August.

5.0 Summary

- 5.1 Our initial review is indicative that the DLO provides a responsive maintenance service that is reasonably competitive. Performance management data requires improvement. We are also concerned on the apparent lack of data available, that one would expect as standard in a trading unit of this size.

High Level Diagnostic Model**Argyll and Bute Council**

Issue	Measure	Benchmark	Actual Performance (e.g. 86%)	Score (e.g. 3)
Responsive Maintenance	Speed of response PIs	Emergency repairs completed within target 3 = below 93% 2 = below 96% 1 = below 97% 0 = DLO does not do this work	81.0%	3
		Urgent repairs completed within target	67.4%	3
		3 = below 88% 2 = below 92% 1 = below 95% 0 = DLO does not do this work		
		Routine repairs within target	60.6%	3
Responsive Maintenance	Responsive Maintenance expenditure per dwelling per year	3 = below 89% 2 = below 90% 1 = below 95% 0 = DLO does not do this work 6 = more than £300 4 = more than £240 2 = more than £200 0 – DLO does not do this work	£356	6
Void maintenance	Average turnaround time	6 = more than 22 days 4 = more than 14 days 2 = more than 10 days 0 – DLO does not do this work	7.8 days	1
Void maintenance	Void maintenance cost per unit per year	4 = more than £140 2 = more than £90 1 = more than £70 0 – DLO does not do this work	£1,057.35	4
Trading account	Trading surplus as a % of turnover	3 = deficit of more than 5% 1 = deficit of less than 5% 2 = surplus of more than 5% 3 = no trading account kept	*0.6%	0
Level of external trading	Income from external sources as a % of total DLO income	3 = more than 10% 2 = more than 5% 1 = between 0% and 5% 0 = none	*14.3%	3

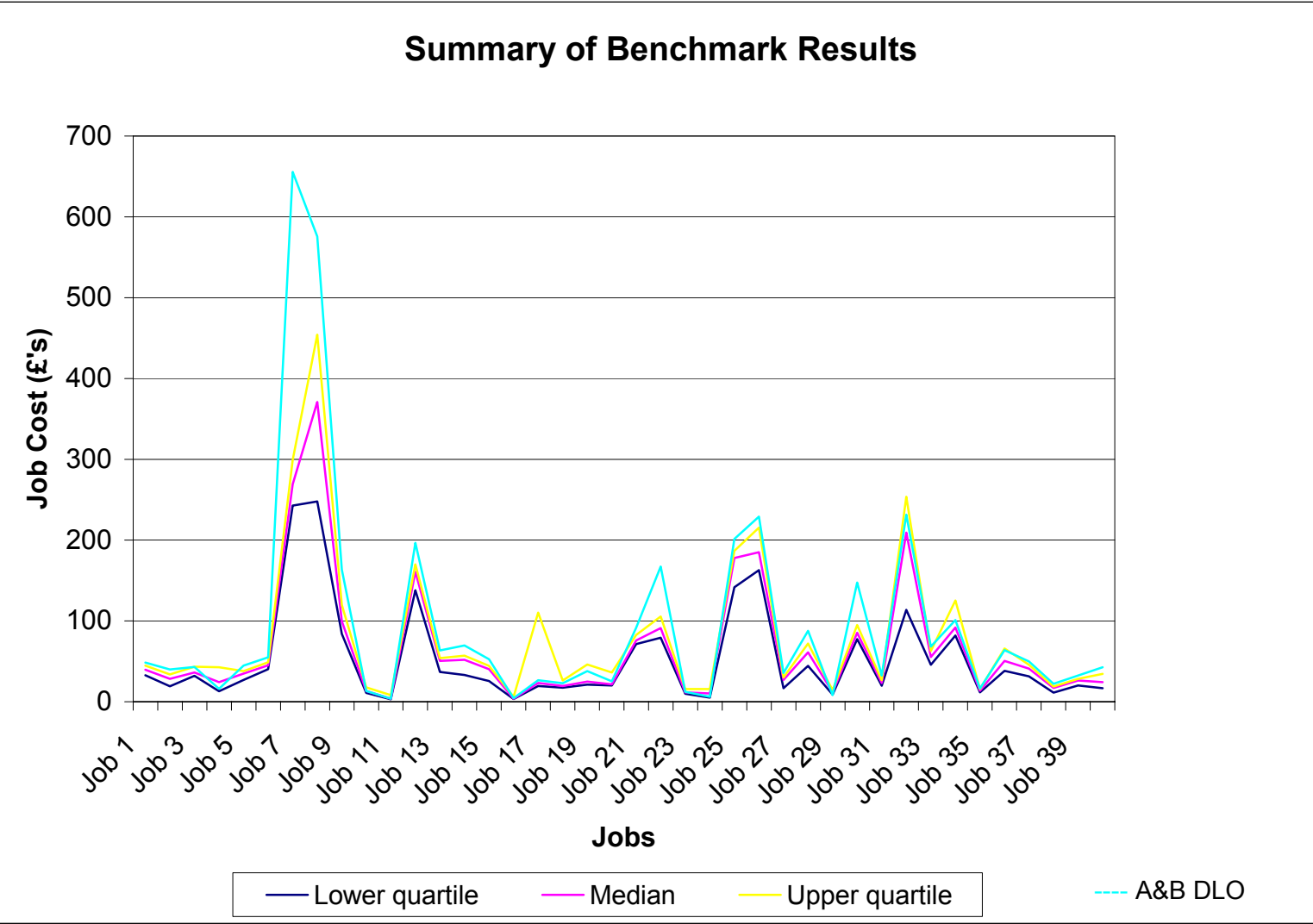
(* source Information Pack for DLO Marketing / Expressions of Interest)

Total score = 23

The overall score from the High Level Diagnostic Model has been contrasted with the following:

Score	Action
More than 20	Undertake a complete review of all aspects of the DLO
Between 15 and 20	Review key aspects of the DLO performance as indicated by the High Level Diagnostic Model
Below 15	Indicative of no obvious areas of concern. Review areas may focus on discrete parts of the DLO that would benefit the organisation or customers

In conclusion, the High Level Diagnostic review indicates that there are some concerns and some areas requiring management attention.



Lower quartile: This cost is exceeded by three quarters of the benchmark group Median: This cost is exceeded by half the benchmark group. Upper quartile: This cost is exceeded by one quarter of the benchmark group.