



Gwasanaethau Eiddo  
**Calon Cymru Cyf**  
**Heart Of Wales**  
Property Services Ltd

# ANNUAL REPORT

## Heart of Wales Property Services Limited Joint Venture 2017-18 (Year 1)

Phil Oades, Chair – Heart of Wales Property Services

## Contents

EXECUTIVE SUMMARY - including Business Plan Objectives / Actions Overview

APPENDIX 1 - HoWPS Year One KPI Performance

APPENDIX 2 - Year 1 Business Plan Objectives / Actions

## EXECUTIVE SUMMARY

Welcome to the Heart of Wales Property Services Joint Venture 2017/18 Annual Report.

### Overview of the Joint Venture

**Introduction** Heart of Wales Property Services Limited (the “JV”) is a 50:50 Joint Venture Company between Powys County Council (the “Council”) and Kier Facilities Services Limited (Kier). Its establishment marks the fulfilment of several years’ planning by the Council to find an effective vehicle with a suitable private sector partner to deliver sustainable savings across all areas of property maintenance and asset management. Organisationally the JV will possess the necessary resources, skills and capabilities to deliver the services directly, calling off specialist services from either the Council or Kier. Additionally, it will be well placed to deliver further services to other customers within or beyond Powys. The Joint Venture is governed by a Board that has a constitution of 4 Powys County Council directors and 4 Kier directors and it went live on July 3 2017.

### **Scope of Services**

The JV covers:

- Responsive buildings repair and maintenance contracting to housing, public and commercial buildings, including housing void works. The Estate comprises approximately 5,400 homes and 630 corporate properties
- Statutory and regulatory testing to assets for the same estate, this includes asbestos management

### **Consultancy Services**

A Design and Build contractor service (Individual works order value £10k to £1.5m);

Consultancy services to deliver the Council’s major capital investment programme in new buildings; (construction contract value over £1.5m). The Council has a combined capital works pipeline estimated at around £19m, a significant proportion of which supports the Welsh Government’s 21st Century Schools Programme.

### Objectives of the Joint Venture

The Joint Venture Company objectives are to:

- Create and maintain a successful long-term partnership spanning at least 10 years;
- Through a Customer Charter and Performance Management Policy provide measurable excellent customer service with a high level of service user engagement with a focus that supports diversity and customers with differing needs;
- Drive efficiencies and continuous improvement across all service areas. These service areas are principally Corporate Property, Housing Maintenance and Consultancy. Savings will be aligned to the Council’s annual budget reductions;
- Develop a trusted brand that will encourage and underpin growth in these service areas with a diversified customer base;

- Maintain a safe and accident free working environment for all employees, subcontractors and suppliers.
- Support the local economy and communities by employing local people, contractors and suppliers with a focus on equalities and diversity
- Develop the local workforce through apprenticeships, education and training programmes and creating employment opportunities in the wider Kier Group
- Grow the business supported by the provision of expertise from Kier, the Council and their respective networks

### **Year 1 Commentary**

The Joint Venture went live on July 3 2017 and this resulted in 109 staff successfully TUPE transferring across from Powys County council as part of the process, 99% of our people live and work within Powys.

We have continued to operate from 3 bases in Llandrindod Wells, Brecon and Newtown.

### **Our People**

Our people remain a significant asset to the joint venture and we continue to be committed in helping them achieve their own development / career aspirations and goals as well as focusing on their health, safety and wellbeing.

We see the continued investment in our people as being one of key goals to enable us to have the organisational capability and culture to support our growth aspirations whilst becoming an employer of choice.

We have recently undertaken a full staff employee engagement survey with a participation rate of over 70%, this is encouraging, and we are committed to driving up our engagement levels over the next 12 months.

Whilst there is still much to do to enable the HOWPS culture to emerge the signs are positive and our staff remains committed to delivering a service that we can all be proud of.

### **Our Supply Chain**

We have set up a local supplier network and have engaged with over 52 sub-contactors and 95 suppliers within Wales. It is pleasing to report that 80% of our sub-contractor spend has been with companies within Wales and that 44% of these are based within Powys. Our material spend shows a similar picture with 83% being within Wales and 73% of that being with Powys based suppliers. We remain committed to driving this up further in future years to keep the pound within the Powys economy wherever possible.

### **Financial Performance**

It is fair to say that Year 1 has been challenging from a financial perspective, mobilisation was difficult and has led to a significant learning curve for the business, and we cannot understate the training impact on our technicians and back office teams during the early months of the Joint Venture.

Supply chain payments after 12 months are largely where we need them to be, however, this needs to be recognised in relation to the input from the local delivery teams and PCC in assisting with managing the relationships with our suppliers in the first 9 months. The New Back Office systems are integrated within the business and we are now moving forward on a much better basis.

It was always anticipated that the JV would show a loss in Year 1, which is not unusual when this type of entity commences trading and the statutory accounts when published will reflect this.

Cash flows remain strong, and we continue to ensure that our local supply chain partners are given preference in respect to payments.

### **Safety, Health and Environment (SHE)**

One of the company's key objectives is to maintain a safe and accident free working environment for all of our employees, sub-contractors and suppliers and it is pleasing to report that Year 1 has been RIDDOR reportable accident free and that we have completed over 1 million-man hours accident free.

There is still work to do to get the SHE culture to where we want it to be, but this has been a good start to achieving our objective.

### **KPI Performance**

It has been a busy year for all involved in the partnership in terms of agreeing and setting up the performance reporting mechanisms that are needed to enable timely, accurate and meaningful reports to be generated. This was impacted in the first quarter by ongoing IT issues that are now resolved and there is growing confidence in the data and reports produced.

Attached at Appendix 1 is the year 1 summary for the KPIs that we currently report on. It is worth noting that we have:

- completed 17,640 housing repairs
- completed 8,880 corporate and farms repairs
- completed 400 voids repairs
- completed 736 emergency call outs
- achieved an average Customer satisfaction score of 92.37% with the Housing Service
- achieved an average customer satisfaction score of 96.17% with the Corporate reactive service

### **Year 1 Business Plan - Actions to be Developed (2017/18)**

Prior to the Joint Venture going live a Year 1 business plan was developed and, as part of this, a document was produced that created a summary of operational actions to be developed/delivered in Year 1, these focussed on the company objectives that are set out earlier in this report.

There were 52 actions and these have been reviewed and Red, Amber, Green (RAG) rated at the year end. An overview of these is included on page 6 of this summary.

These are attached at Appendix 2, any ambers or reds have been carried forward/further developed within our Year 2 Operational Plan.

### **2018/19 Areas of Focus**

We will maintain our commitment to directly deliver as much of the service as we can, thus becoming less reliant on sub-contractors, and this will drive our ambition to achieve an efficient and effective delivery model. We will also continue to strive to deliver our services right first time, every time and there are many lessons to learn from Year 1 to ensure that we deliver year-on-year continuous improvement.

The 2018/19 objectives are set out in our refreshed Operational/Action Plan with some key highlights being:

- Implement a new fit-for-purpose structure
- Training plans in place for all employees
- Introduce a balance scorecard incentive scheme for frontline technicians
- Drive up employee engagement
- Develop a local supply chain partnering strategy
- Introduce innovation and fresh thinking
- Produce and implement a business development and growth plan
- Develop a social value strategy that supports the welsh communities' toolkit
- Recruit 7 apprentices
- Deliver more financial stability
- Achieve all KPI performance levels
- Improve voids performance
- Drive up engagement levels with all key stakeholders
- Promote good news stories

### **In Summary**

It is fair to say that it has been a tough start to the Joint Venture and that early relationships were rocky at times which were not helped by many Board level changes. However, more collaboration and true partnership working is starting to emerge, and the Board is starting to behave more strategically as the reviewed governance structure starts to embed, this all bodes well for the future. It is important that 2018/19 delivers a more stable working platform to enable the foundations for sustainable growth to emerge that support our future aspirations.

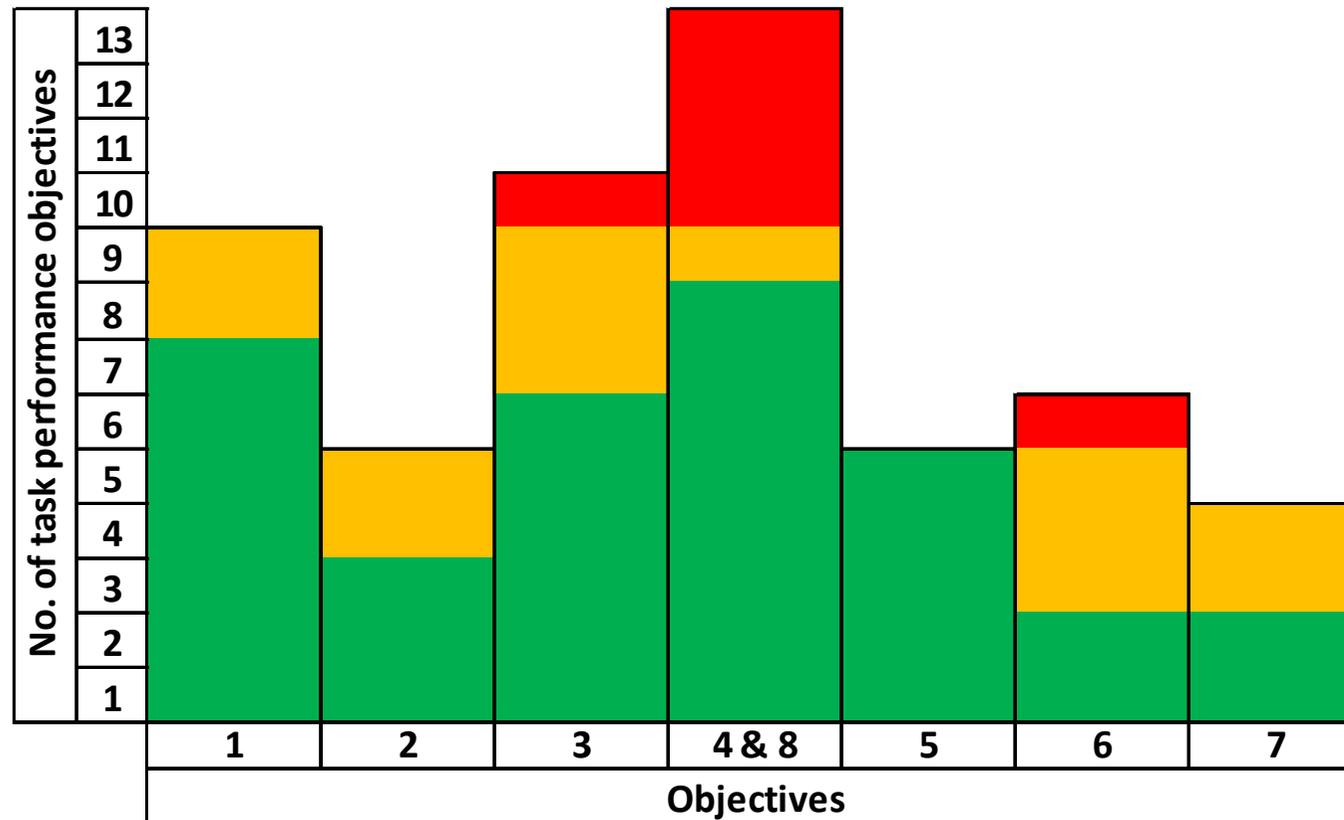
There is still much to do but it is an improving picture and there have been lots to be proud of in Year 1. The financial performance of the business is now in line with expectations from a profit and loss perspective across all work streams, and the quality of our data being provided to the PCC has much improved.

Crucial to making 2018/19 a year of success will be the ongoing dedication of our people and ensuring that the working relationships that we have created during Year 1 are built upon.

### **PHIL OADES – HoWPS Chair**



## Business Plan Objectives / Actions Overview



Objectives	
1	Create and maintain a successful long-term partnership spanning at least 10 years
2	Through a Customer Charter, engage with service users and provide excellent customer service
3	Drive efficiencies and continuous improvement
4 & 8	Develop a trusted brand to underpin growth – grow the business
5	Maintain a safe and accident free working environment
6	Commitment to sustaining the local economy and working with local suppliers and contractors
7	Develop the local workforce