



Case Study

Salix Homes

Repairs Option Appraisal

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### Client

Salix Homes is a Registered Provider based within Salford which was created following the stock transfer from Salford City Council in March 2015 after operating as an ALMO for the Council since 2007.

Salix owns in the region of 8,200 homes and this includes a mix of high rise, general needs properties and independent living accommodation.

Salix Homes is an award winning social housing provider who put their customers at the heart of everything they do, from investing in homes and communities, to how they go about providing their services.

### Project Brief

The organisation had long held aspirations to potentially internalise its repairs and maintenance services but only subject to the findings of an in-depth feasibility study which demonstrated the benefits and savings involved. The study also considered alternative means of service delivery such as the establishment of a cost sharing group, a joint venture and retendering the service, to allow the client to make a fully informed decision on the best way to proceed.

Steve was lead consultant on the project and provided an options appraisal & feasibility study that detailed the future service delivery models for consideration.

The study included:

- Merits and disadvantages for all options
- An analysis of the risks involved
- Specification for the new service
- Timescales
- Current resource delivering the service
- Client resource currently managing the service
- Performance and KPIs Framework
- Budgets and costs involved for all options
- Costs of an in-house service
- Efficiencies derived from each option
- Demand on business resources for the option preferred



The initial focus had been on the potential to create a cost sharing group for the delivery of the service, working with other Registered Providers in the area to create the necessary vehicle to achieve this. Unfortunately, the initial interest expressed by all the parties concerned waned when faced with the complexities involved in creating the new legal entity required to set-up the group.

Other options around the creation of a Joint Venture and retendering the contract, along with internalising the service, were all explored and their merits and disadvantages to the client outlined in the report.

## Outcome

In 2014 the Board of Salix Homes considered the option appraisal and subsequently approved the transfer and creation of an In-house service based upon an anticipated annual saving of over £700,000 per annum, along with the wider benefits derived from direct service provision.

This option was favoured by Salix, in part, due to the VfM savings it offered but not before Board requested and considered a further supplementary report on the risks associated with the decision to internalise the service and the timescales involved. This supplementary report considered the resource implications of the internalisation project on the client's business which coincided with other significant challenges occurring at, or around, the same time.

Clearly, an organisation needs to very carefully consider the options available and to make its decision on the preferred option, in the context of business capacity and other competing priorities.

The internalisation process was eventually led by Steve and the project was completed in around 15 months, on time and within budget.

## Benefits

The internalisation of the service achieved considerable success for Salix Homes and the wider economy, this included:

- Year 1 cost savings of circa £700,000
- Subsequent year on year savings exceeded this value
- Creation of apprenticeship positions in back office support and trade technicians
- Significant improvement in performance to its customers, including year 1 satisfaction of 96%, 99% appointments made and kept and completion of jobs in target over 99%
- Local economy support and engagement of the local supply chain
- Enhanced service that in 2017 commenced delivery of capital investment works

## Summary

The option appraisal was delivered on time and within budget and allowed Salix Homes to make a fully informed decision on the preferred option for the future delivery of its repairs and maintenance services.

Following Go-Live Steve was retained by Salix Homes to manage the new service until a permanent Head of Service was recruited. Steve was later retained to assist with the merger of the service with the wider Asset Team and to review the Terms and Condition of Service of the transferring employees. Due to the project success the subsequent internalisation of the Grounds maintenance and caretaking services was undertaken.

Inforhousing are committed to satisfying the requirements of the client's original brief and where required remain with its clients through their journey to deliver their preferred outcome.