

# CWH Response to Altair Review

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## Introduction

This report outlines the CityWest Homes (CWH) response to the Altair findings, detailing the planned actions to achieve the improvements and recommendations highlighted within the Altair report.

We have summarised our plans to respond to the Altair recommendations within the following sections of this report.

## Background

We are considered to be one of the leading housing providers in the sector when compared to our peers with high levels of resident satisfaction, high debt recovery rates and excellent satisfaction with repairs. However, we also recognise that we have to make improvements in achieving VFM, major works and communications and our digital services capabilities. There is also a financial imperative where future expected financial pressures would mean our costs would continuously increase if we did not offset these with productivity improvements. We therefore produced a new strategic plan in 2014 with the following main ambitions:

- Improve VFM across our business by driving up quality and in so doing reduce costs with a relentless and structured focus on Continuous Improvement and utilising smart IT.
- Develop multiple 3<sup>rd</sup> party revenue streams to offset costs.
- Redefine our asset strategy for the benefit of existing and future residents.
- Improve our communications with our residents, councillors, WCC and other stakeholders particularly in areas of major works.
- Develop digital services to transform customer service delivery.

This plan is now underpinned by a comprehensive transformation strategy and execution plan that focuses on transforming customer services and the operating model through the innovative use of digital services.

## Moving forward

Since the publication of our plan we have had the opportunity to have it and our overall business model scrutinised by Altair. The CityWest Executive Team welcomed the engagement of Altair and the subsequent publication of the review as it created the opportunity to take an independent look at the strategic plan, benchmark against the industry as well as identify other opportunities for improvement.

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Overall, Altair's recommendations were helpful and were supportive of our strategic plan. However, as mentioned above there were areas for improvement identified and where necessary we have now refined and reprioritised our plan to align to the priorities of Westminster, linking into the "City For All" strategy, and Altair's key findings. These were summarised on paragraph 5 in the 'Review of Housing Management Options' paper dated June 2015.

The Altair review also highlighted the following specific areas of service delivery, which we should address in more detail - (paragraph 6 in the 'Review of Housing Management Options' paper):

- **VFM**
  - o Major works
  - o Responsive repairs costs
  - o ICT and other overhead costs
  - o Staffing
- **Communications**
  - o Communication with residents and Councilors
  - o Consultation with leaseholders regarding major works
  - o Complaint and enquiry handling
- **Formal alignment between the strategic goals of WCC and CWH**

This report summarises CWH's progress to date in addressing the above:

## **VFM:**

- Incorporating major works, responsive repairs, staffing and restructuring ICT & other overhead costs. Our target is to achieve £5m of annual savings to the HRA by 2020. This will be achieved by: Transforming our service delivery through innovative digital solutions, extending our call centre capability and realigning our face-to-face interactions to meet residents' needs including:
  - o Developing online digital services not only focused on streamlining interactions with CWH and WCC but also on addressing broader lifestyle needs of CWH's residents and other stakeholders.

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- o Embedding mobile working capability to create greater flexibility in CWH's delivery model enabling more local surgeries, increased service availability and tailoring of services to resident needs / availability.
  - o Reviewing the services proposition of our estate offices including how to redesign the model into community spaces focused on resident needs.
- Restructuring the approach to maintenance & other outsourced contracts whilst maintaining service levels, by 2018. By way of background to the opportunity: The majority of our responsive repairs and maintenance is delivered through 'term contracts' expiring Q1, 2017. Currently as part of this service provision we in-source the maintenance client function and call centre. In addition, the HRA major works programme, which consists of circa 40 people annually procures through a series of location-specific contracts, which is also managed by an in house team. In total the annual spend is around £75m. To identify future VFM opportunities:
  - o We have established a dedicated team to fundamentally review during the next two years our operating model for delivering all of these services. We will research the market and benchmark against other service providers and suppliers to create a suite of option appraisals and business cases for delivering services more efficiently. In doing so we will consider in-sourced, out-sourced and blended models. Our future team structure will be within the scope of this exercise. Our responsive repairs service achieves 92% resident satisfaction and so we will need to carefully consider with WCC the potential impact on our residents of lower-cost options.
  - o CWH delivered 60% more volume of major works in 2014-15 than in 2013-14 and achieved a 6 basis point increase in resident satisfaction (to 80%). This direction of travel is as a result of new leadership, increasing the proportion of professionally qualified staff, separating procurement and construction delivery teams, a relentless focus on improving quality through better design and better contract management and a fully resourced team.
  - o Whilst we are seeing a growth in volume and satisfaction, we remain committed to further improving value for money, quality of works and improving our 'right first time' success rate.
- Reducing overheads including reviewing central requirements, restructuring overhead departments and reducing staff costs through a subsidiary company. Final target date 2020.

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## **Communications:**

We will focus on improving all aspects of our communication activities, which will incorporate reviewing consultation with leaseholders regarding major works, complaint & enquiry handling and communication with residents and councillors.

This will be achieved as follows:

- o CWH are in the process of developing an innovative new digital engagement channel for major works to engage with all residents on the Major Works activities taking place in their localities. This is planned for launch latest Q3, 2015.
- o Undertaking new voice of the customer research to develop an AS-IS and TO-BE customer journey map to transform the approach to complaint handling.
- o Review the impact and success of current resident engagement structures and implement improvements as required. This will lead into September / October 2015 when new members are required to be elected for the Area Management Committees.
- o We are also looking to develop and implement a new approach to front line service delivery training.
- o Design and implement a formal programme of councillor engagement activities including an estate walk about programme, briefing sessions and improved written communications.
- o In addition, we have asked Westco to review our communications and identify further options for improvement. Westco will advise on structure, the corporate narrative and key messages, effective channels for reaching internal and external target audiences, including key stakeholder analysis. We will be starting this work shortly and the initial review will take around 6 weeks.

## **Formal alignment between the strategic goals of WCC and CWH:**

- We see this as a critically important area for CWH and WCC to focus on as closer integration of CWH with the City For All ambitions in particular is crucial to ensure we can continue to make a long term and positive impact on our residents. We plan to improve our focus in this area through the following:
  - o Develop social impact reporting to monitor, report on and measure the impact of activities that align to WCC's City For All ambitions. Our first report will be published in June 2015.

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- o Work with WCC Officers to identify opportunities for further engagement with WCC.
- o Review our youth engagement programme to identify options to improve the quality of engagement with young people in WCC. This will include opportunities to work on increasing awareness about child obesity and finding innovative ways to engage young people, potentially through promoting social enterprise opportunities, particularly in digital services.
- o CWH digital services programme is not only focused on enabling its residents to engage through a different media but to use this channel to address issues of digital, social and financial exclusion that affect a large number of its residents. This could include helping to find employment, develop job seeking skills, making financial savings online and more broadly reducing social isolation. Objectives aligned to WCC's City for All objectives.
- o We have created in partnership with WCC a new 'asset strategy & regeneration' team to lead our 30-year HRA business planning. We have externally recruited new leadership to shape this function, to provide much stronger thought leadership as managers of WCC's valuable residential real estate assets. We expect this new team will strongly demonstrate to WCC our ability to perform a more strategic role in HRA business planning, building on our strengthening partnership with the recently restructured WCC Growth, Planning & Housing directorate. We will focus on adding value to the HRA, both financially, in terms of improving homes and communities, and in terms of increasing the supply of high quality new homes. 25% of our existing built assets are over 100 years old and a key component of our asset strategy is to recycle aging stock to acquire or develop lower-cost, energy efficient homes.
- o CWH's asset development & property directorate has new leadership. We have worked hard during the past year to ensure our focus is on delivering results for WCC and specifically the HRA business plan. CWHs strategic plan published in 2014 is evolving in response to WCCs change in housing strategy and policy, to ensure it fully reflects the requirements of the HRA business plan, to deliver WCCs 2018 City for All strategy and to more swiftly address some of the potential improvements highlighted by Altair. We are working closely with WCC to develop efficient, streamlined governance and

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performance management metrics so that the focus of the CWH executive and board is fully aligned with WCCs business plans.

All initiatives will be carried whilst we continue to ensure high quality service delivery and maintain customer and stakeholder satisfaction.

## **Closing Comments**

We recognise the significant responsibilities and trust placed in us by WCC to manage the assets in our portfolio. In addition we are very focused on ensuring these assets are maintained to the highest possible standard.

We are also equally focused on ensuring that in everything we do we continue to find ways to positively impact the lives of our residents and improve the communities within which they live.

The Altair report has enabled us to consolidate our focus in certain areas but has also provided strong validation for our strategy to transform our service delivery model.

We remain committed to this strategic plan and to ensuring we deliver the commitments to change set out in this report.