

**Submission
No 24**

FOLLOW-UP REVIEW OF THE MANAGEMENT OF NSW PUBLIC HOUSING MAINTENANCE CONTRACTS

Organisation: O'Donnell & Hanlon

Date Received: 29 April 2021

29 April 2021

Mr Greg Piper
Chair – Public Accounts Committee
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Delivery: pac@parliament.nsw.gov.au

Dear Mr Piper,

O'Donnell & Hanlon Submission: Review of the Management of NSW Public Housing Maintenance Contracts

We are writing in response to your letter dated 30 March 2021, formally requesting O'Donnell & Hanlon (ODH) make a submission to assist in the inquiry into the management of public housing maintenance contracts.

As a Head Contractor carrying out maintenance work on behalf of the NSW Land & Housing Corporation (LAHC), we can provide the following insights that will hopefully be of some assistance to your enquiry:

1. The measurable improvements and evidence-based outcomes for public housing tenants as a direct result of the changes to public housing maintenance introduced in 2015/2016

With the direct changes made to public housing maintenance in 2015/2016, came significant improvements and positive outcomes for not just the tenants, but a range of stakeholders.

Improvements made as a direct result of the contract include:

- ▶ Significantly increased tenant satisfaction levels, evident by the volume of positive feedback received and consistently high-performance scores arising from the completion of monthly tenant satisfaction surveys.
- ▶ The timeliness of service being provided to callers for the raising of maintenance requests and the completion of required works.
- ▶ Educational opportunities for tenants as a result of events such as Tenant Pop Up Shops that were held at various public housing complexes throughout the contract areas in which we manage. These events provided an invaluable opportunity to educate tenants on support channels available to them, as well as educating them on basic home care and maintenance.

2. Supporting economic growth within the communities in which we work

The Responsive Pain/Gain model implemented in the contract, enabled a positive and flexible approach to be taken, where Contractors were in a position to build a strong network of Subcontractors across a diverse range of trades using any remuneration approach suitable to Contractors. This in turn created direct and indirect employment opportunities and supply chain demand, contributing to overall economic growth.

3. Commitment to Innovation and continual improvements

Despite the challenges faced throughout the lifecycle of this contract, the NSW LAHC and ODH have been committed to taking a collaborative approach to continually improve service standards and achieve contract objectives. At the forefront of any proposed change, was a shared focus to not only improve contract performance, but ultimately enhance the tenant experience and fulfil tenant expectations. The consistently high-performance scores achieved by ODH throughout the entire contract, is evident of this collaboration and shared focus.

4. Social Obligations

While ODH cannot speak on behalf of other Head Contractors, ODH witnessed outcomes of significant benefit in the Social Obligations space. Under this public housing maintenance model, ODH has:

- Directly employed 4 ATSI people, one of which is also a tenant of public housing, and all of which have sustained ongoing employment with ODH.
- Engaged Community Service Organisations to carry out the vast majority of all Lawns, Grounds & Cleaning services, providing meaningful employment for people with a disability, throughout the entire contract lifecycle.

5. Schedule of Rates and Work Identification Codes (WICs)

As previously mentioned, in the initial stages of contract implementation, the intended pain/gain model was a flexible approach that empowered contractors to engage Subcontractors in a “best fit” remuneration approach for their circumstances. This approach enabled Head Contractors to adequately service the contract and contribute to ensuring contractual obligations were being achieved i.e., the NSW LAHC was achieving success and ODH were working within the Responsive Benchmark.

Unfortunately, this approach changed throughout the contract, with a heavy focus on the use of WICs. Head Contractors operating under a Schedule of Rates (SOR) model were better aligned to the framework under which LAHC operated and relied on Office Estimates for WICs in determining Value for Money.

As a Head Contractor, it became difficult to gain full clarity from the NSW LAHC around the actual scopes of works being represented by some WICS, in particular, the “Total/All” WICs. This became increasingly frustrating as audit findings repeatedly indicated ODH were performing key processes incorrectly, yet the required information and clarification required for process improvement could not be provided.

6. Pain/Gain Methodology

It was only following the first open book audit, that the calculation methodology for calculating Responsive Pain/Gain became fully clear. To align with the Collaborative Contracting Principals, this methodology could have been explained clearer in the Contract, which would have eliminated some of the difference in contract interpretations as to how Pain/Gain was to be calculated.

7. Challenges in effective tenant expectation management

At the initial Start Up Workshops, it was clear that the key focus areas for achieving contract success were:

- Providing an exceptional tenant experience at each and every interaction
- The NSW LAHC and ODH taking a proactive approach, working as a team to support one another and achieve success.

Whilst the NSW LAHC and ODH were very collaborative on many occasions, there were areas where collaboration and communication was not strong, resulting in incidents where tenant expectation was not managed as effectively as it should have been.

Planned Works Program

Throughout the life of the contract, the management of tenant expectations in situations where their maintenance request fell within the planned works program, has proven to be extremely difficult.

Many of the tenant complaints received through the Client Feedback Unit, have been in relation to maintenance requests being considered for completion under planned works. The root cause of the issue in many cases has been a lack of clear and timely communication, especially concerned with the tenant feedback loop.

Criticality Repairs Matrix (CRM)

The CRM was a tool that at times also made the managing of tenant expectations difficult. Stakeholders had different interpretations of its use, with some believing it was just a guideline and others stating it had to be followed to the letter. An example is lost and stolen keys with some insisting they must be replaced by ODH and others advising it is a tenant responsibility.

There were trends identified, where a high volume of maintenance requests being raised were for low-cost works, commonly used by tenants, that fell under planned works on the CRM such as screen doors, range hoods and flyscreens. The CRM was amended to include screen doors under the responsive program, which achieved a positive outcome for tenants. Had the CRM been amended to include some further lower cost component items under the responsive program, we believe the tenant expectations and satisfaction levels would have been enhanced even further.

Contract Knowledge and Interpretation of Scope

From the early stages of the contract, it was evident that there were varying opinions amongst stakeholders in relation to contractual requirements and scope. This included varying opinions within the many divisions of LAHC. From a Head Contractor perspective, this was frustrating as receiving 'consistent and correct' information could at times prove difficult. This impacted the contract delivery and management of the tenant experience, particularly when acting on one set of advice, to then be told something different.

It was evident very early on that the level of contractual and operational knowledge, including responsibilities of each i.e., HCC, ODH, LAHC, the local office etc., varied. In some cases, it may not have been a result of lack of knowledge but the way in which the contract was interpreted. Regardless, it caused issues in managing tenant expectations. There were many times where a tenant was transferred from department to department, even coming through to the CCC numerous times in the same phone call because no one felt the issue at hand was their responsibility under the contract.

Had the regular strategic workshops with all stakeholders been facilitated throughout the contract lifecycle and comprehensive training on contract requirements and responsibilities been delivered to all stakeholders, these issues could have been resolved collaboratively, efficiently, and effectively, enhancing outcomes.

8. Escalation and Decision Making

To drive efficiencies and assist in the effective management of the contract, we believe the NSW LAHC needs to have a main contact point for all contract functions. It was often confusing knowing the correct contact points within the NSW LAHC when requiring clarification and assistance.

In addition to this, it is often difficult to get a quick decision when required, as it appears there is limited decision-making authority for the LAHC representatives that we liaise with on a daily basis so there is a consistent need for queries to be escalated for decisions.

ODH believes that this contract has delivered many positive outcomes and has improved the quality of life for tenants in public housing. This contract has improved the standard of living conditions, an improved standard in the physical conditions of public housing stock and undoubtedly, enhanced tenant satisfaction levels.

We trust that the feedback provided in this submission will assist in further enhancing the management of public housing maintenance contracts in the future.

Yours Sincerely,
O'Donnell & Hanlon



Ben O'Donnell
Director
