

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Housing Services Committee

Date: 16 November 2020

Reporting officer: Daniel Killian, Assistant Director (Housing)

Subject: Additional Resources Project Update - DSO Building Management

Purpose and summary of report:

To update the Housing Services Committee on the progress of the Additional Resources project that commenced in October 2018 to expand the operational workforce within DSO Building Management in order to bring more work back in-house and reduce the reliance on contractors.

As the Additional Resources project is being completed using a phased approach, this report summarises some of the outcomes and successes of Phase 1 along with the proposed plans for implementation of Phase 2.

Recommendations:

1. For information only.

1. Background

- 1.1 The Overview Scrutiny Committee Topic Review in June 2016 made a recommendation to increase the current establishment in order to keep more work in-house and reduce the reliance on a contractor. To facilitate this, a number of significant changes have been made to the service over the last four years including;
 - 1.1.1 Amending the pay arrangements for the craft workers to ensure the Council were not paying above the market rate, and providing value for money
 - 1.1.2 Transforming the management of work through the implementation of a job scheduling system coupled with handheld technology to ensure jobs and resources were scheduled in the most efficient way
 - 1.1.3 Introduction of more robust policies and procedures for both staff and tenants to ensure responsibilities were clearly defined and properly adhered to.

- 1.2 Following these significant changes over a two year period, in October 2018 Cabinet agreed to the recruitment of 25 additional craft workers to be appointed over two phases to ensure the number of staff proposed was sufficient and that the investment being made by the service delivered value for money.
- 1.3 In the initial proposals to Cabinet, Phase 1 consisted of 14 new members of staff with an additional 11 to be recruited in Phase 2. It was agreed that prior to recruiting to Phase 2, a review of Phase 1 would be completed to ensure successful outcomes were achieved.

2. Update on Phase 1

- 2.1 As outlined in Section 1, Phase 1 consisted of an additional 14 craft workers to undertake some elements of responsive work along with the Kitchen & Bathroom programme that had historically been completed by a contractor as part of the HRA Capital Improvement Programme.
- 2.2 In response to the recruitment campaign for Phase 1, over 200 job applications were received but the actual recruitment of the crafts workers required took longer than anticipated due to the very specific requirements for each position. Therefore, the newly created posts were not fully occupied until September 2019.
- 2.3 The original report to Cabinet in October 2018 confirmed that whilst there would be financial benefits to the Council as a result of recruiting more crafts workers to take on more work in-house, there would also be a number of non-financial benefits some of which are outlined below along with the outcomes:

- 2.3.1 **Better value for money** – In 2019/2020 the budget for repairs and maintenance was set at £4,270,530 and the outturn was £4,076,972, delivering a saving of £193,558 on the 2019/20 budget. This saving was achieved in addition to the ongoing budget reductions within DSO Building Management over recent years.

To put this into context, historically and up to 2015/2016, prior to any changes being made to the service the budget for repairs and maintenance was set at £5,000,000, with an average overspend per year of nearly £500,000. The budget for 2020/21 was set at £3,992,000 and based on current predictions, a year-end saving of approximately £70,000 is likely to be achieved assuming there are no adverse incidents creating a spike in demand.

Assuming this position is maintained, the changes implemented over the last four years which include Phase 1 recruitment deliver annual saving of approximately £1,600,000 when compared to historical budget spend prior to any service delivery changes.

- 2.3.2 **Increase in performance and productivity** – In 2018/19 the percentage of work kept in-house was 74%. This increased to 84% in 2019/20 and continues to increase throughout 2020/21. Again to put this in to context, in 2015/16, 60% of work was kept in-house.
- 2.3.3 **Increased quality of work** – Whilst there was evidence that the in-house workforce delivered a higher standard of work due to the lower levels of failed post inspections, snags and complaints compared to the contractor, the majority of the new recruits were previously self-employed so had a clear understanding of what a ‘customer’ expects in terms of the work

quality and level of customer service. The number of compliments for this team are at an all-time high.

- 2.3.4 **Increase flexibility and resilience** – The impact of Covid-19 has really demonstrated the benefits of having an in-house workforce. The service was still able to provide a good level of service and return to normal service levels quickly and effectively. Gravesham were one of the few social housing providers in Kent to continue to operate a repairs and maintenance (including voids) service over the last six months.
 - 2.3.5 **A greater focus on prevention** – Since the increase to the establishment the majority of work that is pre-inspected is carried out by the tradesman who will be undertaking the work. This allows them to decide on the best long-term solution and materials for the repair but also allows them to book the appointment on site with the tenant whilst confirming what work will be carried out.
 - 2.3.6 **Improved customer satisfaction** – Customer satisfaction with repairs was 98% in 2019/20 compared to 96.93% in 2018/19. Whilst there is limited historical data on previous years, BMG were commissioned in 2016 to undertake a telephone survey to establish customer satisfaction across the key service areas. The report confirmed that 75% of tenants were satisfied with how the Council dealt with repairs and maintenance.
- 2.4 The service was also shortlisted as a finalist in the category of Maintenance Team of the Year in the National Housing Heroes Awards in July 2019. The submission outlined the journey and achievements of the service and it was a proud moment for all of the workforce to be recognised and shortlisted.

3. Proposals for Phase 2

- 3.1 In addition to the 14 roles that were required for Phase 1, the 2018 Cabinet report also identified 11 roles which were proposed for Phase 2 at that moment in time.
- 3.2 However, in undertaking a review of Phase 1, and further analysis as to what type of work is being given to our contractor and the skills currently held in-house, the update report to Cabinet this month proposed that this be increased from 11 to 23 additional roles, which is 12 more than originally agreed.
- 3.3 For Phase 2, it has been established that there are four areas to focus on which are summarised below:
 - 3.3.1 **Expanding current skill sets** – Expand the workforce in the areas where we already have the skillset to bring those trades in their entirety back in house, such as fencing and wet trades. Previously it was felt that there would always be a need for a contractor to provide these type of services. However over the last three years, our existing contractor has been unable to provide extra labour on request, particularly at short notice. With this and the efficient scheduling of appointments some trades are now completed using only our in-house workforce such as double glazing, electrical repairs and plumbing and now other trades have been identified where this could happen.
 - 3.3.2 **Increasing in-house skillsets** – Create new roles and recruit to the trades that we do not currently have in-house such as minor roofing

repairs, small scale drainage works, plastering and brickwork positions that have historically been completed by a contractor in their entirety.

- 3.3.3 **Creating less skilled roles to support trades** – Historically DSO Building Management has always kept the smaller jobs in-house giving the bigger work to a contractor. However, a refocus over the last 18 months has resulted in the series keeping the bigger and more expensive jobs in-house. This can mean that if it is a two-man job, two skilled craft workers would need to be used for one job for a whole week. In exploring the industry it has been identified that labourer roles would help to support the current operation and the new trades being brought back in-house, somebody to foot a ladder for a roofer is a good example. There will also be opportunities to develop such labourers with specific trade courses which will benefit both them and the service in the future.
- 3.3.4 **Planned Works** - The electrical testing and upgrade programme is a planned programme that has historically been completed by a contractor. The current contractor's contract for the Electrical Testing and Upgrade programme expires in March 2021 and it is seen as an opportunity to bring this work back in-house. The Code of Practice for Electro-technical Care in Social Housing confirms that social housing landlords should be undertaking an inspection of the electrics in a property every five years. Whilst the cost of the test undertaken by the current contractor is not expensive, any remedial work following the test is.
- 3.4 As with Phase 1, it is anticipated that further savings will be achieved in excess of £900,000 per annum assuming Cabinet and Full Council support the proposals to increase the workforce even further. There will of course be further non-financial benefits as experienced as a result of Phase 1, and as reported in Sections 2.3.1 to 2.3.6 of this report.
- 3.5 The current contractors for responsive repairs and the electrical upgrade programme are not local contractors and neither is their workforce, therefore expanding the workforce will bring employment in to the Borough at a time when it is needed most.
- 3.6 In addition to all the benefits an in-house workforce can deliver now, expanding the team and taking greater control of how we deliver our service more efficiently enables a more commercial approach to be taken which aligns with the corporate ambition of privately trading and selling our services to generate much-needed income.
- 3.7 In preparation for private trading, it is important to succession plan and increase the number of trade apprentices employed within DSO Building Management in order to grow and shape the future workforce. Work is on-going to review what is required and will be taken forward in Spring 2021 to fit in with the summer in-take of the local colleges.

4. Budget

- 4.1 As confirmed in Section 3.4 of this report, the proposed expansion of the workforce will deliver further budgetary savings against planned budgets as shown below:

Phase 2 Recruitment - Financial Implications				
Team	Resource	Current Budget	Future Budget	Potential Saving
Electrical Upgrade	6 x Electricians & 2 Apprentices	£831,600	£570,120	£261,480
Kitchen & Bathroom	3 x Multi-Trades	£1,300,000	£887,500	£412,500
Responsive Repairs/ Voids	7 x Multi-Trades	£717,560	£461,080	£256,480
Responsive Repairs/ Voids	5 x Labourers			
Total cost		£2,849,160	£1,918,700	£930,460

- 4.2 The future budgets shown in the table above include all salaries at top of scale with all on costs included such as overheads and materials and the savings identified are across HRA revenue and capital budgets.
- 4.3 There will need to be a Capital spend for the purchasing of additional vans. There is already £120,000 set aside for the purchase of new vans in Phase 2. However, due to the proposals to increase the workforce above what was initially planned for Phase 2, an additional 16 vans are required totalling £184,000. Working with colleagues in Finance, the additional amount required can be funded from an underspend within the current financial year.

5. BACKGROUND PAPERS

- 5.1 Cabinet Report, 08 October 2018 – Additional Resources – DSO Building Management
- 5.2 Cabinet Report, 09 November 2020 – Additional Resources – Phase 2 of the expansion of the workforce within DSO Building Management.

Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

IMPLICATIONS	APPENDIX 1
Legal	As a Landlord, the Council has a legal duty to respond to repair requests within set timescales to ensure compliance with legislation and therefore needs appropriate resources in place to comply with this requirement
Finance and Value for Money	<p>The total financial commitment of recruiting the additional craft workers would be £590,990 at top of grade, inclusive of on-costs and overheads which can be contained within existing budgets.</p> <p>The recruitment of additional craft workers can be accommodated within existing budgets, and will allow the service to continue to drive through efficiencies and savings by bringing more work back in-house.</p> <p>The changes as proposed within this report are likely to generate an overall saving of £672,500 within Capital HRA budgets and £256,480 within HRA Revenue budgets whilst also increasing the quality of work and capacity to deliver more for our tenants.</p>
Risk Assessment	<p>Under Phase 1 to mitigate the risk of over resourcing the service, a two phase approach to recruitment took place and over the last 18 months we have been able to monitor the service and it has given extra time to determine what is needed.</p> <p>There is a risk that we take on people without the exact skill set we are looking for however we are confident that our success in recruiting in Phase 1 will continue.</p>
Data Protection Impact Assessment	<p><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p>a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data? A definition of each type of data can be found on the Information Commissioner's Office website via the above links.</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk. N/A</p>
Equality Impact Assessment	<p>a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No</p> <p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. No</p> <p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Corporate Plan	#1 People

	<p>Provide a Proactive, Supportive and Financially Efficient Housing Service: high quality tenant management experienced through a service making full use of its assets.</p> <p>Deliver a skilled in-house building management team</p> <p>#2 Place</p> <p>Increased local opportunities for residents who wil have reduced need to travel outside of the Borough for employment.</p> <p>#3 Progress</p> <p>Develop an entrepreneurial culture.</p> <p>Deliver a more resilient, creative and cost effective council.</p>
Climate Change	Having control over the appointments for DSO Building Management ensures that work is programmed in the most efficient way potentially reducing fuel usage across the Borough.
Crime and Disorder	N/A
Digital and website implications	N/A
Safeguarding children and vulnerable adults	N/A