

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Council

Date: 01 December 2020

Reporting officer: Nick Brown, Director (Housing & Operations) and Deputy Chief Executive

Subject: Additional Resources - Phase 2 of the expansion of the workforce within DSO Building Management.

Purpose and summary of report:

To advise the Council of the Cabinet recommendation to expand the operational workforce within DSO Building Management and to request Council to approve the expansion as set out within this report.

The expansion of the workforce will reduce the reliance on external contractors within the DSO Building Management Team by increasing the in-house resource which can be done at a more competitive rate than current contractors to further assist with efficiency savings, improving the quality of work and timescales in which it is completed.

In addition to this, the proposals outlined within this report would also enable a more commercial approach to be adopted within the repairs teams to ensure the service is in the best possible position for trading to the public through Rosherville Limited.

Recommendations:

1. Council is requested to approve the proposals to further increase the in-house workforce within DSO Building Management as set out in Section 4 and Appendix 3 of this report and to make the necessary amendments to the relevant Capital and Revenue Budgets as recommended by Cabinet on 09 November 2020.

1. Overview

- 1.1 As a landlord, Gravesham Borough Council has a statutory duty to ensure its housing stock is properly maintained, that equipment is serviced and that any responsive repairs are completed in a timely manner.
- 1.2 Gravesham Borough Council is the only Council within Kent that has a Direct Services Organisation (DSO) which directly employs a number of craft workers to carry out responsive repairs on council-owned housing, both tenanted and non-tenanted (void) ensuring compliance with the council's landlord obligations. Through Phase 1 recruitment we also took responsibility for the Kitchen and Bathroom programme back in-house.

- 1.3 The craft workers employed to work on properties are split into three separate teams, Responsive Repairs, Voids and Kitchen & Bathroom but they do also work across all sections when required to meet the needs of the service. This proved vital during Covid-19, and due to successful outputs despite the difficult operating environment, really confirmed the decision to increase the front line workforce as being the best way forward for our tenants and the authority.

2. Background

- 2.1 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.
- 2.2 A number of significant changes have been made to the service over the last four years including changing the pay arrangements for the craft workers, implementing a job scheduling system coupled with handheld technology and introducing more robust policies and procedures for both staff and tenants.
- 2.3 In October 2018 Cabinet agreed to support the proposal to recruit 25 additional craft workers to be appointed over two phases, Phase 1 was to recruit 14 new members of staff with an additional 11 to be recruited in Phase 2.
- 2.4 Cabinet gave delegated authority to the Director to recruit the additional craft works detailed in Phase 2 of the proposal in consultation with the Lead Member and the Section 151 Officer following the review of Phase 1 after six months of being fully operational. However having reviewed the current workload and organisation of the teams for Phase 2, it is now 23 craft workers that are needed (12 more than originally agreed) to ensure that as much work as possible is kept in-house whilst also providing the opportunity to bring the electrical upgrade programme in-house.
- 2.5 An update report was presented to Cabinet on 09 November 2020 to explain and justify the increase in staff numbers for Phase 2, with a recommendation to support the revised proposals and to recommend to Council to approve the proposals to further expand the in-house workforce as set out in Section 4 and Appendix 3 of this report, and to make the necessary amendments to the relevant Capital and Revenue Budgets. Cabinet recognised that an in-house workforce is more competitive than using contractors to carry out certain elements of work and recommended Full Council to approve the proposal as set out in the report.

3. Current situation

- 3.1 Phase 1 of the expansion began in November 2018 and saw a well-publicised recruitment campaign. There was a really good response with over 200 people applying for the vacant positions. However whilst a high calibre of applicants was received it was essential that people were recruited with the exact skill set that we needed to generate the savings and efficiencies that had been identified. The very specific requirements meant that recruitment took longer than first anticipated, and the newly-created roles in Phase 1 were not fully occupied until September 2019.
- 3.2 Whilst it took much longer to recruit than originally anticipated, ultimately, it has been a benefit to the service and our tenants as the new recruits not only have the skill sets that were required but also more skills than had been anticipated which has given us the ability to undertake a wider range of work such as specialist flooring, qualified locksmith work and disabled shower cubicle work which would have previously been given to a contractor.

- 3.3 The expansion of the workforce also allowed the service to take the monthly testing of emergency lighting back in-house, which was not originally planned for when setting out Phases 1 & 2. Whilst the testing of the lighting undertaken by the contractor wasn't expensive at £5.60 per check the remedial works generated from this was.
- 3.4 This emergency light testing work was carried out by our in-house team from July 2019 and it generated a saving of £28,503 in 2019/2020. It has also allowed the service to rationalise fixtures and fittings which long-term will generate further efficiency savings.
- 3.5 Compliance rates for the 'flick' testing of our emergency lighting have also increased and are now at 100%, whereas when this work was carried out by a contractor, compliance averaged at around 60%. Once the lighting has been fully rationalised and a barcoding system introduced via Oneserve the responsibility for the testing of lighting will transfer to the Caretakers as part of their routine checks without the need to increase the workforce.
- 3.6 In the report presented to Cabinet on 8 October 2018 it was confirmed that in addition to the financial benefits the service would realise in increasing the workforce, there would also be a number of non-financial benefits, a summary of which can be found below along with an update on how this was achieved:
- 3.6.1 **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.
- 3.6.2 **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.
- 3.6.3 **Increase flexibility and resilience** – the impact of Covid-19 has really demonstrated the benefits of having an in-house workforce. The service was able to still provide a good level of service and return to normal service levels quickly and effectively. We 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.
- 3.6.4 **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.

3.6.5 **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.

3.7 Performance levels have also improved and can be found below:

	2018/2019	2019/2020
Number of emergency repairs completed within target	99.92%	100%
Number of non-emergency repairs completed within target	90.78%	91.31%
Customer satisfaction	96.93%	98%
Average days to complete a repair	12	8
Average cost per repair	£110.36	£106.71
Average spend on repairs per property	£534	£495.37
Number of completed jobs by DSO	14,120	19,892
Percentage of repair work kept in house	74%	84%

3.8 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. Our submission outlined our journey and achievements and it was a proud moment for all of the workforce to be recognised and shortlisted.

3.9 Covid-19 has delayed this proposal being progressed and Cabinet permission being sought earlier, however it is important that that permission is sought before the end of the calendar year to ensure that the 2021/2022 budgets can be aligned to reflect the proposal. It should be noted that the current electrical contract would need to be extended for a further year if agreement to expand could not be sought within the same timescale.

3.10 Appendix 2 outlines what was presented to Cabinet in October 2018 in terms of Phase 1 and the potential benefits along with the update for each of the trades recruited.

4. Proposal

4.1 The 2018 report identified the roles which were needed at that moment in time for Phase 2. However, in undertaking further analysis as to what type of work is being given out to our contractor and the skills currently held in-house, it has been established there are four areas to focus on which are summarised below.

4.1.1 **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.

4.1.2 **Increasing in-house skillsets** - recruiting to the trades that we do not currently have such as roofing and drainage as outlined in Appendix 3.

4.1.3 **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 us keeping the bigger and more expensive jobs in-house. This can mean that if it is a two-man job, we may lose two skilled craft workers on one job for a week. In exploring the industry it has been identified that we need labourer roles which will 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.

4.1.4 **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 Electrotechnical 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.

4.1.5 A comparison between the contractor's schedule of rates and the costs to the DSO Building Management can be found below:

Work to be carried out	Cost of Contractor to complete work	Cost of DSO to complete work
Renew 20A DP Ceiling Switch	£24.78	£11.52
Install and size RCD	£76.91	£23.03
Fan renew variable speed timer	£154.57	£23.03
Install new kitchen ring	£451.39	£170.42

- 4.2 Using the detailed information on Oneserve from 2017 we have forecast that we will need to grow the establishment in line with the new craft worker posts detailed in Appendix 3 and seek Council agreement to increase the establishment accordingly and start the recruitment process for these posts.
- 4.3 If approval is given and due to the current climate with Covid-19, the recruitment campaign will be focused on the fact the no staff have been furloughed and our expansion will be a good news story when there are so many companies having to make their staff redundant.
- 4.4 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.
- 4.5 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.
- 4.6 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.

5. Budget

- 5.1 A summary of the financial implications supplied by the Finance team can be found in Appendix 4.
- 5.2 In addition to the costs that have been identified in Appendix 5, there will also need to be a Capital spend for the purchasing of additional vans. There is already £120,000 in budget line C212/C001 and C212/C0048 set aside for the purchase of new vans in Phase 2.
- 5.3 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 (budget H882/5113).

6. BACKGROUND PAPERS

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> <p>There is also a risk that we may over resource however due to the data held in regards to levels of work and what is required this is unlikely.</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.</p> <p>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	<p>#1 People</p> <p>Provide A Proactive, Supportive & 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 will also have reduced the need to travel outside 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	<p>Having control over the appointments for DSO Building Management ensures that work is programmed in the most efficient way reducing fuel usage across the Borough.</p>
Crime and Disorder	<p>N/A</p>
Digital and website implications	<p>N/A</p>
Safeguarding children and vulnerable adults	<p>N/A</p>