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***Housing Scrutiny Committee***  
***Technical Services***  
***Programme overview***

October 2016

Lead Officer: Phil Davison

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## Useful information

- Ward(s) affected: All
- Report author: Phil Davison
- Author contact details: 0116 454 3069
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### 1. Purpose of report

This report provides an overview of the Technical Services programme.

## 2. Briefing

### 2.1 Introduction

The second phase of the Technical Services Programme started in September 2015 and was given a total savings target of £7m. It was established to conduct spending and service reviews in the following areas.

- Stores
- Depots
- Disposals
- Facilities Management
- Reactive Maintenance
- Planned Maintenance
- Planning, transport and economic development
- The energy and environment teams

The overall programme to achieve £7m p.a. of savings from 2019/20 from the areas listed above (including a corporate landlord model) was approved by the City Mayor on 19<sup>th</sup> August 2016.

This report provides a further update on the delivery of the programme.

### 2.2 Vision for the programme

The vision for the programme is to:

*To deliver a clear and effective joined up maintenance function for all buildings owned and managed by the council, supported by a functional stores service and a high quality facility management service.*

*Achieving a range of benefits including financial savings and income generation, and an improved experience for internal and external customers.*

The programme is designed to focus on improving internal services through reviews and consolidation exercises, whilst the wider portfolio of corporate buildings reduces. It

has the potential to impact on all Leicester City Council staff in some way.

## **2.3 Programme scope and delivery**

### **2.3.1 Transforming Depot Services**

This work-stream focuses on how 35 depot sites across the city can be rationalised. Some of these depots are primarily stores or workshops, and others are depots with staff based there. The depots cover a range of service areas, namely Parks and Open Spaces, Housing, City Cleansing, Transport Fleet, Cemeteries and Crematoria. Some are used for the purpose of storing supplies for repairs and maintenance of properties, roads and fleet. Others are used as workshops to support repairs functions, for the storage of fleet vehicles including specialist vehicles used in the upkeep of parks and open spaces for example, and as bases for craft workers and other staff.

In the first phase of the work an initial 8 sites have been identified and agreed for early disposal. These have been identified as readily surplus to requirements and disposal will have little impact on service delivery and negligible impact on staff.

The second phase of the review is working on identifying depots that are not a strategic priority for future service delivery, not in the right locations and not fully utilised as depots, and will propose a future model which rationalises further the remaining 27 depots. This will be developed into a business case for approval in early Autumn.

### **2.3.2 Corporate Landlord Transformation Project**

The Corporate Landlord approach evolved from looking at how facilities services and planned and responsive maintenance were delivered across the council. Representatives from both Housing and Estates and Building Services (EBS) attended a series of workshops to look at existing work structures and services delivered. Both services deliver similar works, albeit to significantly different types of property, and there would be merit in increasing the crossover of services delivered in the future.

From a strategic level, site visits to other councils such as Derby, Manchester and Wolverhampton who had or were implementing a Corporate Landlord approach were conducted. It became clear that Leicester could learn from their experiences for corporate buildings and that significant benefits could be achieved by implementing this approach locally.

Work is underway to plan for the delivery of this project.

### **2.3.3 Stores Transformation Project**

This work stream initially commenced with Housing and Highways stores services in May 2015, and has subsequently been absorbed into the wider Technical Services Programme.

The stores transformation project was approved by the Assistant City Mayor on 9th June 2016. This will bring Highways and Housing Stores together in a move towards a managed service by an external supplier. This is expected to deliver savings of £1.8m p.a. from 2019/20.

The project has three key elements to it – staffing and structure, procurement and location. Highways stores have been undertaking a mini review supported by HR to unpick the roles that crossover between stores and operations. Housing's focus has been on working with Unions and affected staff to ensure they have been fully consulted, and in conducting a voluntary redundancy exercise.

The location of the stores site is also a consideration in terms of minimising the impact on services delivered to residents by the operatives. Working with the Housing Transformation Programme, particular requirements are to ensure matters such as waste transfer stations and easier access to the stores service are built in. A large proportion of the stores function based at Blackbird Road has already relocated to Leycroft Road, where there are stores functions for both Highways and Housing. The sites at Leycroft Road are also part of the Transforming Depot Services Project, and there are linked dependencies to both projects which are being carefully managed. As part of the procurement exercise to find a supplier, we will be asking for a price based on the service being located at an existing LCC site (e.g. Leycroft Road) or a site of their own.

The procurement element is currently putting together the documentation for the general requirements and consultation with both Housing and Highways staff primarily, and the legal and procurement teams, is underway. It is expected that the procurement exercise will commence in October or November 2016 following the completion of the staffing consultation exercise.

It is anticipated that the new service provider will have been identified by April 2017. This will be implemented alongside the existing stores function to ensure service continuity.

### **2.3.4 Energy and Environment**

A key element of the Technical Services Programme is the delivery of sustainable energy and environmental initiatives. This forms a key part of working across the Council to maximise carbon reduction and engage with staff and partners to be more environmentally friendly. There are plans to commence a service review in the autumn.

### **2.3.5 Disposal of surplus assets**

This is a reactive work-stream which runs alongside and responds to the decisions taken in other work-streams within the programme, such as Stores and Depots and other programmes such as Using Buildings Better and Transforming Neighbourhood Services. It supports the appraisal of disposal options in relation to buildings in each work-stream as appropriate, and co-ordinates the disposal of those assets that become surplus. Disposal routes can include sale, demolition and subsequent sale or development, housing development, provision of school places and community asset transfer.

There has been a focus at the outset on tightening up the process by which disposals are managed and to ensure that all relevant aspects are properly considered including for example how we effectively decommission facilities management and ICT infrastructure in existing buildings identified for disposal.

## 2.4 Programme Benefits

The programme overall is aiming to deliver savings from 2016/17, rising to some £7.0m p.a savings from 2019/20 across the entire project areas. Table 1 outlines a description of the expected benefits by project area, whilst Table 2 below outlines the breakdown of the proposed financial savings as set out in the City Mayor decision of 19th August 2016.

**Table 1**

<b>Project area</b>	<b>Description of Benefit</b>
Corporate Landlord Transformation Project	Better alignment of the council's land and property assets to strategic priorities of the council through development of a strategic asset management plan with one division being responsible for carrying it out.
	Front line staff free to deliver service specific works
	A clear approach with Estates and Building Services being responsible for providing safe, functioning and efficient buildings for all council departments.
	Centralised data and oversight of all council's buildings including information relating to the statutory compliance within buildings.
	Consistency in the treatment of budgets and tighter control of costs.
	Streamlined processes, including reduction in complicated non-value adding activities including service recharges
	Establish a centralised Facilities Management budget for the council.
	Establish the appropriate staffing levels to deliver these services and then set the right price level for their delivery (internally and externally).
	The corporate landlord model will reduce the total level of contracts to the optimum level and ensure the prices are set at the right level thereby delivering savings for the council
Depots / Disposals	Reduction in number of LCC operational buildings
	Release of sites for business investment and value to economy or for housing and increase in total housing yield
	Total value of capital receipts
	Co-locating services, enabling equipment, location and plant sharing and therewith enable services to better prioritise income generating service provision to external customers.
Energy/ Environment / All	Reduction in carbon emissions form LCC estate

Table Two: Proposed Cumulative Savings (£000s)

	2016/17	2017/18	2018/19	2019/20
	£000's	£000's	£000's	£000's
1 Staffing review / organisational restructure	-	200	1,050	1,665
2 Corporate Landlord	100	350	450	675
3 Centralised FM Budget	-	325	325	325
4 Services to Schools	-	75	150	150
5 Building Maintenance and cost recovery	-	80	150	200
6 Procurement / Contract Management exercise	-	200	500	500
<i>Sub-total Corporate Landlord Model</i>	<u>100</u>	<u>1,230</u>	<u>2,625</u>	<u>3,515</u>
7 Stores - Approved 9th June £1.5m now £1.8m	180	1,063	1,815	1,815
8 Transforming Depot Services	82	189	340	340
9 Energy and Environment	32	235	400	400
10 Planning , Transportation and Economic Development	505	690	690	700
11 Fleet	-	-	-	200
<b>Total</b>	<b>899</b>	<b>3,407</b>	<b>5,870</b>	<b>6,970</b>

## 2.6 Cross Programme opportunities

Whilst the Technical Services programme in its own right is a significant piece of work for the Council to deliver on, there are very close links to and dependencies with other programmes and divisions.

In terms of Housing, elements of the Technical Services Programme will help to support the changes being delivered in the Repairs and the Voids Improvement Projects as part of HTP. The Stores project will provide an effective service delivered by sector experts and will help facilitate easier access to materials. Operatives will be able to manage materials more effectively and access to these materials will be quicker. This will have a positive knock on effect on the levels of service provided to the residents. The management of waste, and the provision of skips and hippo bags will be incorporated into this part of the project, together with ensuring that the location of waste transfer stations minimise the travelling for operatives also. There is also consideration of the best use of plant equipment and how this is purchased or hired; therefore this element will also be built into the future contract.

The depots project and the disposals project also impacts on elements of Housing. Already some housing depot sites have been identified as surplus to operational requirements, whilst the wider project is looking at options to bring together depot functions to a single site. This has the potential to free up land that can be considered for housing development opportunities and maximise the return on these assets longer term. Provision for the existing workshops and stores sites at Blackbird Road are a big part of that and the options for those going forward have not yet been established.

Relating to the work as part of the Corporate Landlord, there will be efficiencies realised through the consolidation of facilities functions and how some of these services are procured. Also, there is a big opportunity to look at the work types required by corporate premises and see if there are ways in which the skills and abilities of the current housing operatives could be utilised.

### **3. Financial implications**

The target savings for this review are some £7m p.a. from 2019/20 and are intended to come from a range of areas as detailed in the report. They will make a significant contribution to the Council's financial pressures.

However, the risks to delivery should be noted. The individual savings are of necessity largely estimates at this stage. Significant organisational and cultural change across the Council is entailed. The implementation will take place against a backdrop of generally declining budgets and building closures where the premises costs may already have been factored into savings to be counted towards service-led spending reviews. The savings will inevitably be challenging to achieve in full.

It should also be noted that the savings will be shared across the General Fund and the Housing Revenue Account. Hence they will contribute to the pressures occasioned by the cuts in Government funding and the annual rent reductions respectively. As a guide based on the budgets, this could be in the region of 28% HRA (£2m) and 72% General Fund (£5m).

Colin Sharpe, Head of Finance, ext. 37 4081

### **4. Legal implications**

There are no implications arising directly from the recommendations. Legal services are being engaged on aspects of the review and will continue to support however it should be noted some of the larger projects will require significant legal support and as such legal input should be sought from early stages, where not already.

Emma Horton  
Head of Law (Commercial, Property & Planning)

### **5. Equalities implications**

When thinking about the council's building stock, the main equalities issue is that of people's access to buildings to receive services (location relative to where they live) and access into a building should they have mobility difficulties. The Transforming Neighbourhood Services programme addresses the issue of local access to services and buildings that house them through its resident consultation activities for respective areas of the city. This is therefore not a consideration for this proposal.

Access into any council owned building is an ongoing issue for consideration and review as a reasonable adjustment for mobility impaired people wishing to use the building, as visitors or as tenants. This consideration is addressed within the Corporate Landlord Transformation Project cited in Table 1 of the report.

There are no other equalities implications directly arising from the proposed changes to the operation of Technical Services.

Irene Kszyk, Corporate Equalities Lead, ext. 374147.