



Housing Scrutiny Committee
Technical Services
Programme overview

November 2017

Lead Officer: Phil Davison

Useful information

- Ward(s) affected: All
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1. Purpose of report

This report provides an update on the progress of the second phase of the Technical Services Programme.

2. Briefing

2.1 Introduction

A paper was presented to this committee in October 2016 outlining the second phase of the Technical Services Programme which 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 by 2019/20 (and starting in 2016/17) from the areas listed above (including a corporate landlord model) was approved by the City Mayor on 19th August 2016.

This report provides a progress 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 delivery to date

2.3.1 Transforming Depot Services

This work-stream has been focussed 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 8 sites were identified and agreed for early disposal or alternative use. These were identified as surplus to requirements and the reduction of these have had little impact on service delivery and negligible impact on staff.

The second phase of the review was scheduled to have commenced work at the start of this year, however, other issues have delayed progress in this phase. In addition, acquiring the relevant expertise to fully cost up the value of improvement works to the remaining sites has taken time also. External surveyors are assessing those essential requirements and will report back on the identified works needed, mainly advising on the cost of upgrade and as appropriate including consideration of requirements relating to staff facilities. This information will form part of the final Executive report in providing reassurances on the extent of capital expenditure required to deliver the improvements and information on which sites will remain. It is currently anticipated that the paper to Executive will go first to the UBB Board and then Executive during November/December. The timetable will depend on approval being.

The overall approach will be delivered in key stages in order to minimise staff and service disruption, ensure that Health and Safety arrangements are not compromised and to make sure that capital receipts are available to deliver the works. The stages are as follows:

- Stage1 – Identify staff and work with service areas to relocate to one of remaining 10 sites.
- Stage 2 – Dispose of surplus sites.
- Stage 3 – Deliver essential upgrades to sites once capital receipts received for disposed sites.

It should be noted that some service areas have already vacated some of the sites listed within the planned Phase 2 disposals. These sites will be disposed of within the delegated powers of the Director of Estates and Building Services Team and with due consideration to alternative LCC priorities - e.g. housing development.

2.3.2 Corporate Landlord Transformation Project

The Corporate Landlord model for managing corporate buildings went live in April 2017 following a number of activities culminating in the first phase of the budget consolidation exercise which pulled in property related budgets that sat outside of Estates and Building Services. Corporate Landlord budgets were set up to reflect the new operation model and a review of senior managers and service managers within EBS was completed to meet the operational property management needs of the council.

A second phase of budget consolidation exercise is commencing shortly which will aim to transfer the remaining property related budgets by April 2018. The reason for having the second phase was due to the dependencies on other major projects which were running at the time of the first phase, such as TNS and Early Help reviews and because of those budgets linked to the HRA expenditure which would require more detailed analysis first.

On completion of the budget consolidation exercise, we will be in a position to also move staff embedded in service areas over to Estates and Building Services as part of a single delivery team. This element will need to be managed sensitively and with HR and the unions' involvement.

Other parts of the transition to Corporate Landlord have included work on contract consolidation. There are over 2000 individual property related contracts that have been identified already that provide similar services for our corporate properties. We recognise that consolidating these to about 20 single contracts will not only assure economies of scale and realise significant savings, but will also allow these contracts to be properly performance managed –as is the case with the washroom services contract which was the first of the consolidation exercise - which has reduced the number of individual contracts from 230 with multiple suppliers to one contract/ one supplier and has delivered savings of £60k alone.

Every service area in Estates and Building Services has completed the first stage of the transformational service delivery review which has been an exercise to determine how the delivery of the service can be made more efficient and effective. A number of savings have been identified and delivered on, and each process has been fully mapped out. This information along with the identified constraints to the service will be designed out of the current processes as part of the next stage. Whilst this part of the process is solely looking at how services are delivered efficiently, it should be noted that a separate organisational staffing review exercise is due to commence in December 2017.

As part of the ongoing infrastructure redevelopment of the management systems, Concerto – a web-based asset management tool had been implemented earlier in 2015 and modules have been developed in order to manage property and contractor data effectively. It has been important to ensure all data held in relation to properties were put into one place and this exercise has been ongoing.

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 targeted to deliver savings of £1.8m p.a. by 2018/19. Some savings have already been achieved by changes to the internal operations, in anticipation of the new externally managed service.

The project has reached a critical stage in terms of the procurement process, and therefore information shared will be restricted, due to the sensitive nature of the competitive dialogue currently undergoing. Following a successful CPN (Competitive Procedure with Negotiation) tender process and a set of negotiated Invitation to Tender (ITT) discussions with suppliers, we have been able to be clear about the service requirements going forward. As a result of the submissions, we have reassessed our position, and in order to still meet our requirements has led to making changes to the documentation. We will be reissuing the PQQ based on revised information.

The process has had representatives involved from both service areas and observed by Trade Union officials. There has also been much support from Procurement and Legal Teams.

It is anticipated that the new service provider will still have been identified by April 2018. This will be implemented alongside the existing stores function to ensure service continuity.

2.3.4 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 by 2019/20 across the entire project areas. Table 1 outlines the breakdown of the proposed financial savings as set out in the City Mayor decision of 19th August 2016.

Progress in the delivery of these savings targets has been successful so far – Table 1 outlines progress to date (below), whilst Table 2 shows the original savings targets

agreed by Executive in 2016.

Table One: Budget reduction savings delivered (year on year)

Year	Budget Reduction target	Achieved/ Projected*
2016/17	£0.9m	£1.1m
2017/18	£2.5m	£2.0m*

Table Two: Proposed Cumulative Savings (£000s)

	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £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
Total	899	3,407	5,870	6,970

2.6 Cross Programme dependencies

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, 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 procurement process so far, despite some delays has proved a positive process, allowing the Council to make informed decisions in light of new information and current sector thinking. Waste management and plant hire have now been included in the future delivery of stores whilst other issues which could not have been foreseen at the start of the process have now been raised and addressed so as not to put us at future risk.

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.

In relation 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. We have already seen this success in the provision of washroom services, of which Housing now receives those new services. Further opportunities around the use of operatives to deliver works across the corporate portfolio are still being explored.

3. Financial implications

This report provides an update on the delivery of the Technical Services Spending Review, the anticipated savings from which are of key importance to the Housing Revenue Account and the General Fund.

Colin Sharpe, Head of Finance, ext. 37 4081

4. Legal implications

All matters outlined in the report should progress in conjunction with seeking appropriate legal advice on the commercial and property aspects.

There are no legal implications arising directly from the recommendations of this report.

Emma Horton
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