

Report of: Chief Officer of Civic Enterprise Leeds (CEL)

Report to: Deputy Chief Executive

Date:

Subject: Transfer of Property Maintenance to Environments and Housing

Are specific electoral wards affected? ALL	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity or cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Purpose of this report

1.1 The purpose of this report is to approve the creation of a single construction service within the Council, which will be based in the Directorate of Environments and Housing.

2 Background information

2.1 In April 2013 the function of council housing management, which was previously managed through the ALMOs, returned to the council with staff being part of a TUPE transfer. The transfer included a direct construction service which was part of Leeds East North East Homes and is the service which originally developed following a voluntary transfer of housing maintenance operations from City Services ten years ago.

2.2 Following the transfer of the housing management service into the Council there are now two providers of direct construction services within the Council, both operating from depots in East Leeds.

2.3 Property Maintenance sits within CEL and reports to the Chief Officer: CEL through the Chief Officer: Property and Fleet Services. This service turns over £27.5m annually (on average 50% of this turnover is council house stock related.) It employs 282 direct staff and around 30 agency staff currently. Functions include: the corporate property management function transferred from the Director of Development in January 2014 to Property Services; which now manages statutory landlord functions for council buildings and planned and responsive maintenance.

- 2.4 Construction Services sits within the Directorate of Environments and Housing and is based with the Chief Officer: Contracts and Property. Construction Services delivers the repairs and maintenance function to council housing stock in a third of the City and also assists in the delivery of the Council's Housing Capital Programme as well as delivering major adaptations on a city wide basis. The annual turnover this year of both service providers will be approximately £49m.
- 2.5 Given that over 70% of a future combined Construction Services turnover would be Council house related, a decision has been taken that the management of this function would be best placed sitting within the Directorate of Environment and Housing. Given this decision the service has been transferred to the Chief Officer, Housing Leeds Property & Contracts, who has been asked to lead on the work to develop a model to fully integrate the delivery of a single, internal construction service. This will allow the service to build on the joint internal expertise that already exists in the City and to move the service forward in a positive way in line with the Council's Key Objectives.

3 Proposals

- 3.1 It is proposed that the two Internal Service Providers (ISPs) are brought together on the 1 August 2015, although some informal arrangements to provide some interim management arrangements have been introduced from 1.7.15. The single ISP will consolidate its operation into the Seacroft Ring Road depot, thus allowing the termination of the lease of the depot at Limewood Road, which will deliver an immediate financial efficiency.
- 3.2 Over the last few months Housing Leeds, CEL and colleagues from the relevant Trade Unions have had a series of positive meetings regarding the service realignment and designing a smooth transition. The group have also been tasked with harmonising terms and conditions for both ISP's and implementing a consolidated pay scheme that will eliminate performance pay; the emphasis being on quality customer outcomes and improving Right First Time levels. The new service will form one of the largest ISP's in the country and when complete, will employ nearly 500 staff and operatives.
- 3.3 As part of the delivery model, the ISP will review the current contract, service level agreements and supply management arrangements to ensure that efficiencies are delivered alongside improved service delivery. Running parallel to the realignment activity will be a review of fleet management arrangements to ensure that the new ISP has the most efficient and economical vehicles available. This includes the consideration of both electric and gas powered vehicles and working with fleet services to prioritise the reduced of our carbon footprint in operating a fleet service to support the business.
- 3.4 Training is recognised as key within the new ISP, as is investing in the local labour so that we can maintain a programme of around 45 apprentices going forward to ensure workforce sustainability and ensure that the benefit of the significant workforce is shared with local people.

- 3.5 The original proposal for merger, which has been the subject of consultation with the Trade Unions, has looked at the construction operations within the two ISP's but not the statutory landlord function and associated capital schemes that remain with CEL .
- 3.6 The lead Chief Officers believes this decision should be reviewed. This is because in developing the detail of the transfer a number of pressures arise as a result of this proposal:
- An increase in back office costs and management overhead
 - Pressures on surveying capacity
 - Potential for a client /contractor relationship to be reconstituted
 - A potential lack of transparency in accountability for capital schemes
- 3.7 It is therefore proposed a review of the optimum arrangements for residual functions is considered and relevant consultation undertaken with key stakeholders (particularly the Director of Development) and staff; and a second and separate recommendation is made and be the subject of a DDN. Linked to this will be a parallel exercise undertaken by CEL, with input from PPPU, on what the optimum model for Facilities Management should be for the council, and how it should be discharged: given the significant reconfiguration of city centre accommodation taking place

4 Corporate considerations

4.1 Consultation and engagement

- 4.2 The proposal has been developed with the support and approval of relevant Executive Members and Director Environment and Housing, and Deputy Chief Executive
- 4.3 Consultation and negotiation with the Trade Unions and Staff will be ongoing in order to agree a new pay strategy for the operatives in the re-aligned ISP in order to harmonise existing terms and conditions.
- 4.4 Further consultation will be undertaken with staff and the Trade Unions to consider the management structure that will be required to support the delivery of a single organisation structure post service transfer.

4.5 Equality and diversity, cohesion and integration

- 4.5.1 A full Equality Impact Assessment will be prepared by the Project Team as part of the Project Management Plan.

4.6 Council policies and the best council plan

- 4.6.1 The integration programme will support the Council's initiative for being an Enterprising Council and further enhance Team Working and the One Council Policies.

4.7 Resources and value for money

- 4.7.1 The trading accounts for both Construction Services in Housing Leeds and Property Maintenance within CEL have been transferred, and are currently managed within Environments and Housing with effect from 1.4.15.
- 4.7.2 The service integration will produce savings of £460k by reducing any duplication of resources both in staffing and operational processes. There is an expectation that following the service transfer and reorganisation external trading could be considered which could deliver additional external income for the Council.

4.8 Legal implications, access to information and call-in

- 4.8.1 This proposal sits within the delegated powers of the Deputy Chief Executive.

4.9 Risk management

5 Conclusions

- 5.1 There may be a risk re service continuity but, as the transfer will be a 'pick and drop' exercise in the first instance, this should be avoided.

6 Recommendations

- 6.1 The Deputy Chief Executive is asked to approve the transfer of staff and associated costs.
- 6.2 The Deputy Chief Executive is asked to approve a further piece of work to consider residual functions outlined at para 3:5, and how they should be configured; to avoid any duplication in delivery, ambiguity about scheme accountabilities and ensure efficiencies by reducing overheads.

7 Background documents¹

- 7.1 None

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.