

**Report of Director of Environment & Housing**

**Report to Deputy Chief Executive**

**Date: 30<sup>th</sup> September 2016**

**Subject: Implementation of a new Technology Suite across Leeds Building Services**

**Capital scheme number: 32624/000/000**

Are specific electoral wards affected? If relevant, name(s) of ward(s):	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. The Housing Leeds Services are supported by a number of key business applications to deliver front line services to council tenants. Housing Leeds Property and Contracts having brought together the former Construction Services and Property Maintenance Service to form the new Leeds Building Service, have identified the need to unify the current processes in order to make better use of its resources.
2. Key to these changes is the requirement for improvements to the current ICT applications, with Construction Services using Orchard's SVS Mobile Offer in conjunction with Orchards Direct Works and Property Maintenance using TotalMobile and TotalRepairs as a Mobile Solution.
3. To enable the service to operate as a unified business, the two former services will need to move away from operating two distinct ICT applications to one standard suite of systems. This will allow the new service to drive further efficiencies and unify processes. The preferred option is to leverage the recent investment in TotalRepairs and TotalMobile.

**Recommendations**

4. The Deputy Chief Executive is requested to inject funding into the capital programme and authorise spend of £485.8k to allow the implementation of TotalMobile across Leeds Building Services.

## **1 Purpose of this report**

1.1 The purpose of this report is to secure the funding for developments to TotalMobile and TotalRepairs in order to enable the consolidation of the former Construction Services and Property Maintenance within Leeds Building Services. TotalRepairs is the back office job costing and repairs module (ICT application) used by Property Maintenance.

## **2 Background information**

2.1 The former Construction Services provides the following services for Leeds City Council Tenants:

- Responsive Repairs and Maintenance Services including Emergency and Priority Repairs
- Capital Programme of works for the Council Housing Stock
- Adaptations for Tenants with particular needs

The former Property Maintenance provides a similar service for both tenants and all council Directorates. Both these services have been consolidated into Leeds Building Services (LBS).

The combined service now comprises of 591 staff including 448 operatives.

While the two services have been consolidated as Leeds Building Services they currently continue to operate as 2 distinct services, with separate trading accounts and financial information generated from two distinct costing systems. With Construction Services using Orchards SVS Mobile Offer in conjunction with Orchards Direct Works and Property Maintenance use TotalMobile and TotalRepairs as a Mobile Solution.

Implementation of a single suite of solutions for both trading functions (TotalMobile and TotalRepairs, an advanced Job Scheduling tool Optimise, Wolseley van stock integration and Telematics Tracking software ) will reduce the operating overheads of two solutions and streamline processes. It will also facilitate LBS to operate as a single trading concern.

2.2 As set out in the Medium Term Financial Strategy 2017/18 to 2019/20, that was received at Executive Board on 20<sup>th</sup> September , £1.8m in savings are anticipated to be realised in service efficiencies by LBS and the implementation of this single suite of solutions is fundamental to realising these targeted efficiencies.

2.3 Leeds Building Services therefore requires this development to make better use of its resources, unifying process and practices, which either present a serious risk to the organisation, or constitute a significant and unsustainable amount of time and resource to maintain.

2.4 It is envisaged that the required efficiencies will be delivered by the unified service changing its operations in order to allow:

- Operational staff can work on jobs across both former services
- Mobile working reducing visits to the depot

- Van stocks linked directly to Wolseley reducing journeys for materials
- Real-time automated job scheduling increasing the number responsive repairs per operative
- Work to be arranged for operatives geographically
- Vehicle assets to be managed more efficiently

### **3 Main issues**

#### **3.1 Design proposals and full scheme description.**

3.1.1 It is proposed that the council invest in technology to facilitate increased operational productivity and back office efficiency in LBS. The investment will comprise:

- an extension of the 2013 investment in TotalRepairs and TotalMobile to provide a single back office and mobile working solution across LBS
- an investment in smartphones in the former Construction Services
- improved integration to Wolseley
- investment in vehicle tracking software across the whole LBS fleet
- investment in a new responsive repairs advanced scheduling tool, i.e. TotalMobile's Optimise

3.1.2 The proposed system will manage all LBS work, including:

- Responsive repairs
- Planned works
- Voids
- Aids and adaptations
- all subcontracted work
- replacement of paper forms and associated manual processing
- management of all vanstocks, stores and materials

3.1.3 It is proposed to use the provision within the existing contract along with internal IM&T resources to implement the system developments to support a single back office and mobile working solution across LBS

3.1.4 In conjunction with CPR rules and EU regulations, the proposed advanced scheduling tool will be procured and implemented via a new contract to be issued to TotalMobile Ltd

#### **3.2 Programme**

- Phase 1 Smartphone Setup and Rollout: - October 16 to November 16
- Phase 1 TotalMobile and TotalRepairs Go Live - February 17
- Phase 1 Wolseley vanstock integration Go Live - February 17
- Phase 2 Telematics Vehicle Tracking software Go Live - April 17
- Phase 2 Optimise Scheduler Go Live - May 17

## **4 Corporate considerations**

### **4.1 Consultation and engagement**

4.1.1 Staff and managers from housing, ICT and the PPPU have been involved in detailed discussions in relation to this project

4.1.2 Discussions have taken place with TotalMobile Limited around the advanced scheduling tools available for use.

4.1.3 E&H IM&T will be involved in the project throughout.

### **4.2 Equality and diversity / cohesion and integration**

4.2.1 A screening document has been prepared and an independent impact assessment is not required for the approvals requested.

### **4.3 Council policies and the best council plan**

4.3.1 This fits with the Leeds Building Services Vision

It is Leeds Building Services vision to provide high quality services to the people of Leeds and to underpin the Councils ambition to become the best city in the UK. We will:

- Become an employer of choice with a diverse workforce and a culture of ongoing training and opportunities for local people
- Prioritise the health, safety and wellbeing of our workforce and customers
- Listen to our customers and continually improve what we do with the drive towards completing all our work right first time at the forefront of everything we do
- Deliver financial savings through innovation, improved efficiency and partnership work with our clients

## 4.4 Resources and value for money

### 4.4.1 Capital funding and cash flow.

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2016 £000's	FORECAST				
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's
TotalMobile Implementaton Cost	42.5		42.5				
ICT Infrastructure	86.5		86.5				
Smartphones	70.5		70.5				
TotalMobile Optimise 100 Users	35.0		35.0				
TotalMobile Optimise Implementa	25.7		25.7				
Overall Project Resource Costs	211.2		211.2				
Tracker Fitting 192 Vehicles	14.4		14.4				
<b>TOTALS</b>	<b>485.8</b>	<b>0.0</b>	<b>485.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2016 £000's	FORECAST				
			2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's
LCC Departmental Borrowing	485.8	0.0	485.8				
Total Funding	485.8	0.0	485.8	0.0	0.0	0.0	0.0
<b>Balance / Shortfall =</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Parent scheme number : 32624/000/000

### Revenue effects

(a) The Revenue costs in respect of the project are identified below:

Table 1

Recurring Revenue Costs	2016-17 £,000's	2017-18 £,000's	2018-19 £,000's	2019-20 £,000's	2020-21 £,000's	Total £,000's
Cost of Borrowing	101.8	101.8	101.8	101.8	101.8	509.1
Additional O2 Data (extra 165 Smartphones)	4.0	7.9	7.9	7.9	7.9	35.6
Additional IM&T Staffing (PO2 & PO4)	43.5	87.1	87.1	87.1	87.1	391.8
Additional ICT Infrastructure Software Maintenance	0.0	5.8	5.8	5.8	5.8	23.0
Est. Phase 2 Scheduler Maintenance	0.0	7.0	7.7	8.5	9.3	32.5
Tracker Annual Fees (Service Charges)	0.0	46.1	46.1	46.1	46.1	184.3
<b>Total Revenue Costs</b>	<b>149.3</b>	<b>255.6</b>	<b>256.3</b>	<b>257.1</b>	<b>258.0</b>	<b>1,176.4</b>

As well as the cost of borrowing the revenue cost assumptions include the provision of a permanent additional PO2 and PO4 IM&T posts. These posts are to supplement the existing SO1 and PO6 IM&T posts providing the ongoing support, maintenance, and development of TotalMobile. The additional IM&T resources are to support the whole mobile working estate within Property and Contracts which will increase from the current 275 users to circa 550, and within CEL where numbers are expected to reach 275 within the next calendar year. Additionally the back office TotalRepairs solution will see an increase from the current 100 users to circa 200. At the same time, we are rolling out additional functionality which will support further efficiencies which are documented within

the business case. The recruitment for the additional posts will follow normal E&H vacancy clearance procedures for approval.

Provision has also been made for the Tracker Annual Fees (Service Charges) due to the increase in the service requirements.

(b) The project also identifies the generation of overall revenue cashable benefits from 3 different elements and these are summarised in the Benefits table below:

**Table 2**

Benefit Phase	2016-17 £,000's	2017-18 £,000's	2018-19 £,000's	2019-20 £,000's	2020-21 £,000's	Total £,000's
Phase 1 General Repairs Benefit Analysis	18.7	(69.3)	(69.3)	(69.3)	(69.3)	(258.7)
Phase 2 Responsive Repairs Benefit Analysis	127.6	(172.0)	(524.8)	(877.7)	(1,230.5)	(2,677.4)
Phase 3 Vehicle Tracking	3.0	(632.6)	(632.6)	(632.6)	(632.6)	(2,527.2)
<b>Total Cost/Benefit</b>	<b>149.3</b>	<b>(873.9)</b>	<b>(1,226.7)</b>	<b>(1,579.6)</b>	<b>(1,932.4)</b>	<b>(5,463.3)</b>

It can be seen from Table 2 that in 2017/18 it is envisaged that the implementation of the project should generate cashable savings of £874k. This will contribute towards the savings target included in the Medium Term Financial Strategy reported to September's Executive Board.

It should also be noted that the benefits identified in table 2 reflect the full anticipated costs of the project as identified in Table 1 above and Table 5 later in this report.

Further, that the additional costs currently anticipated to be incurred in 2016/17 (£149k) are to be offset by current anticipated overhead savings identified within the current LBS forecasted position.

An explanation of each Benefit Phase being provided below:

### **Phase 1 – General Repairs Benefit Analysis**

This benefit analysis covers the 110 operatives working on general repairs, i.e. Maintenance (Voids), Capital Planned Works Operatives, and Adaptations. The introduction of Mobile Working and Wolseley van stock integration is anticipated to increase productive time by 1.67% from year 2 to year 5 (equivalent to 1.84 operatives each year). Assumptions based on outturn in 15-16 are:

- LBS General Repairs employ 110.20 FTE operatives
- Each employee generates £97k per annum
- Employees are productive for 42 weeks out of the 52 week calendar year

The table below illustrates the 1.67% increase in productivity achieved by the increase in productivity by 30 minutes per week:

**Table 3**

	<b>Working Week (hrs)</b>	<b>Productive Hours (based on 42 weeks)</b>
	37.00	29.88
<b>Efficiency</b>	Avg. Weekly Saving (hrs)	% Productivity Increase
Mobile working. Less visits to the depot to pick up job tickets and return paperwork. Appointment reminders text messaged to tenants.	0.25	0.84%
Van stocks. Levels to be re-assessed to last a full week. Integrate to Wolseley so replenishments are ready to pick up.	0.25	0.84%
<b>Total</b>	0.50	1.67%

The Benefits Table above (Table 3) identifies the benefits in cash terms of the 1.67% increase in productivity from year 1 to year 5 (equivalent to 1.84 operatives each year).

The cashable benefits of £69k per annum will be realised through a reduction in sub-contractor spend. (The increased efficiency of the operatives will result in a reduction in the requirement to use sub-contractors).

## **Phase 2 - Responsive Repairs Benefit Analysis**

This benefit analysis covers the 87 operatives working on responsive repairs. Introducing Mobile Working, Optimise Job Scheduling, and Wolseley van stock integration are anticipated to produce efficiencies of 7.7% (equivalent to 6.7 operatives) in year 2 up to 30.7% (equivalent to 26.80 operatives) in year 5 (achieved by the stepped increase from the 15-16 baseline of 3.25 jobs to 4.25 jobs per operative per day).

Five organisations were canvassed to assess whether the target of 4.25 days was realistic. While this business case reflects a lower figure than the other organisations the parent project will also be targeting gains in this area via other means:

**Table 4**

<b>Organisation</b>	<b>Jobs Per Day</b>
Together Housing Group	6
Mears (Leeds)	5.26
Keepmoat	4.5
Fife Council (Electricians only)	6.46
Kirklees Council	5.75
<b>Average</b>	<b>5.6</b>

Assumptions based on outturn in 15-16 being:

- LBS Responsive Repairs team employ 87.11 FTE operatives
- Each employee generates £81k per annum
- Each employee completes on average 3.25 jobs per day, or 16.25 jobs per week
- Average value per job £118

The Benefits table above summarises the benefits in cash terms of a stepped increase from the 15-16 baseline of 3.25 jobs to 4.25 jobs per operative per day (equivalent to 26.80 operatives) in year 5.

Again, the cashable benefits of £172k per annum will be realised through a reduction in sub-contractor spend.

### **Phase 3 Vehicle Tracking**

The installation of vehicle trackers across the whole 300 strong LBS fleet is projected to increase productive time by 15 minutes in a morning and 15 minutes in an afternoon which is anticipated to produce efficiencies of 8.37% (equivalent to 25.10 operatives).

This benefit is generated by the ability to identify where each vehicle is and having the ability to co-ordinate resources to deliver additional productive time.

It has been assumed that the benefits from the implementation of this phase of the project would only be derived from the contracts which have defined charging mechanisms such as the Orchard Schedule of Rates contracts and the Quoted works.

At present LBS operate a number of contracts which are set to charge based on the cost plus mechanism and this type of contract would see the increased productivity resulting in more work being provided to the client at no additional cost i.e. more work is produced in the same time and thus at no additional cost. Therefore at the moment the benefits derived have only been assumed to be derived from 50% of the work completed by LBS. It should be noted that a further piece of work will need to be undertaken to identify whether the operatives currently utilised in delivering this work could be redirected to work in other areas and thus generate a further benefit in the future.

Assumptions based on outturn in 15-16 being:

- LBS operatives affected 300 FTE's
- Each employee generates £90k per annum

The Benefits table above summarises the benefits in cash terms of the increase in the productive time by 30 minutes per day which is anticipated to produce efficiencies of 8.37% (equivalent to 25.10 operatives)

Again, the cashable benefits of £632k per annum will be realised through a reduction in sub-contractor spend

### **(c) Summary Financial Position**

Table 5 below summarises the overall financial implications of this proposed initiative within Leeds Building Services.

**Table 5**

Summary Financial Position	2016-17 £,000's	2017-18 £,000's	2018-19 £,000's	2019-20 £,000's	2020-21 £,000's	Total £,000's
Revenue Costs	149.3	255.6	256.3	257.1	258.0	1,176.4
Increased Direct Variable Costs	0.0	1,210.5	1,399.3	1,588.0	1,776.7	5,974.5
Increased Productivity (Reduced Subcontractor costs)	0.0	(2,340.0)	(2,882.3)	(3,424.7)	(3,967.1)	(12,614.1)



<b>Total Cost/Benefit</b>	<b>149.3</b>	<b>(873.9)</b>	<b>(1,226.7)</b>	<b>(1,579.6)</b>	<b>(1,932.4)</b>	<b>(5,463.3)</b>
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An explanation of the expenditure and income in the table above is detailed below:

### Revenue Costs

These are the costs identified as required to deliver the cashable benefits (Table 1).

### Increased Direct Variable Costs

The assumption throughout the business case is that benefits will derive from the increase in productivity by the internal workforce. i.e. more work completed by the current workforce through an increase in productivity.

The increase in Direct Variable Costs identified accounts for the increase variable costs assumed relating to the additional work completed i.e. Materials, Transport and associated Variable Overheads.

### Increased Productivity (Reduced Subcontractor costs)

The assumption throughout the business case is that benefits will derive from the increase in productivity by the internal workforce and that the benefit will ultimately be achieved through the reduction in the use of sub-contractors.

This then identifies the assumed reduced spend with sub-contractors required over the life of the project to achieve the benefits identified.

### Cost/Benefit

This is the net cost/benefit identified to be delivered over the life of the project taking into account the cost heading identified above and is the realisable cashable benefit that is to contribute towards the savings proposals included in the Medium Term Financial Strategy

## **4.5 Legal implications, access to information and call-in**

4.5.1 The procurement project has been developed in compliance with Contract Procedure Rules (CPR) and the councils approved project management methodology.

4.5.2 The value of this provision falls below the EU threshold for public sector contracting, and therefore does not breach EU regulations in not advertising as a procurement opportunity.

4.5.3 This report is a Significant Operational Decision and not subject to call in.

## **4.6 Risk management**

4.6.1 A risk log will be developed as part of the overall project management for the implementation of TotalMobile and TotalRepairs.

## **5 Conclusions**

5.1 To enable the service to operate as a unified business, the services will need to move away from operating two distinct ICT applications to one standard suite of systems. This will allow the new service to drive further efficiencies and unify processes. The preferred option is to leverage the recent investment in TotalRepairs

and TotalMobile, an advanced Job scheduling tool Optimise, Wolseley van stock integration and Telematics Tracking software.

5.2 Successful implementation of this technology suite will result in the revenue savings of £0.8m 2017/18 rising to £1.9m in 2020/21.

## **6 Recommendations**

6.1 The Deputy Chief Executive is requested to inject funding into the capital programme and authorise spend of £485.8k to allow the implementation of TotalMobile across Leeds Building Services.