

Report of: Chief Officer of Property and Contracts

Report to: Housing Advisory Board

Date: 9th July 2015

Subject: Contract Strategy and Future of Construction Services

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

Summary of main issues

Property Maintenance will transfer from Civic Enterprise Leeds to the management of Housing Leeds Property and Contracts on 1st July 2015. The integration process is underway and will continue for the current financial year.

The integrated service will have a turnover of circa £49m and will provide construction services to Housing Leeds, the wider Council and external clients. The service will be based at the Seacroft Road depot and will employ over 500 staff.

Discussions are underway with the trade unions and affected staff members to implement a consolidated pay scheme. The process is programmed for completion by 1st August 2015.

The integrated service will provide focus on providing excellent customer service and will ensure that the current apprentice numbers will be maintained at circa 45.

Recommendations

Housing Advisory Board members note the contents of the report and the identified dates for implementation and completion of the process

1 Purpose of this report

- 1.1 To update Housing Advisory Board members on the initial programme and outputs for the integration of Property Maintenance, currently part of Civic Enterprise Leeds and Construction Services.

2 Background information

- 2.2 In October 2013 the council Housing Management service that had been delivered through the three Leeds ALMOs, was brought back into the council. Over 1000 staff came into the Council from the ALMO's through a TUPE transfer.
- 2.3 The transfer included the internal construction service that delivers repairs and improvements to Council properties in what was the East North East Homes Leeds (ENEHL) ALMO. This transfer means that there are now two Council internal service providers of direct construction services within Leeds City Council.
- 2.4 The decision was taken in summer 2015 to integrate the Property Maintenance section of Civic Enterprise Leeds (CEL) with Construction Services. It was also decided that the integrated service would sit within the Environment and Housing Directorate and managed by Housing Leeds Property and Contracts. Work is currently underway to implement this integration with the formal transfer of management responsibility on 1st July 2015.
- 2.5 Discussions are underway with the Trade Unions and Staff to harmonise terms and conditions. It is anticipated that negotiations will be complete and terms and conditions harmonised by 1st August 2015.

3 Main issues

- 3.1 Property Maintenance (PM), which sits within Civic Enterprise Leeds, employs nearly 300 staff and undertakes a significant amount of work commissioned through Housing Leeds to assist in the delivery of the Council's Housing Capital Programme as well as specialist and mechanical and electrical repairs. PM also delivers a repairs service to maintain the portfolio of Council Buildings across the city. Construction Services (CS) which was previously managed through East North East Homes Leeds (ALMO) has now transferred into the Environment and Housing Directorate and is managed within the Housing Leeds service.
- 3.2 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. 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 Simon Costigan (Chief Officer, Housing Leeds Property & Contracts), 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.

- 3.3 It is proposed that the two Internal Service Providers (ISPs) are brought together on the 1st August 2015. The single ISP will work from the same location, the Seacroft Ring Road Depot which is currently occupied by CEL. Over the last few months Housing Leeds and CEL, and colleagues from the relevant trade unions have had a series of positive meetings regarding the 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.
- 3.4 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, we will prioritise the introduction of reduced carbon vehicles.
- 3.5 Current initiatives to develop the external trading arm of Property Maintenance will be extended as the Business Plan for the new integrated service is developed following formal transfer of 1st July.
- 3.6 A project group has been established to manage the integration process. The Project Group is led by Property and Contracts Senior Management Team and contains staff from both ISPs and property and Contracts. The process is supported with Project Management resources from the Projects, Programmes and Procurement Unit. A Project Management Plan is under development which will guide the integration process.
- 3.7 Training is recognised as key within the new ISP, as is investing in local labour and we will 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.

4 Corporate considerations

4.1 Consultation and engagement

- 4.2 The proposal has been developed with the support and approval of the Executive Member and Director Environment and Housing.
- 4.3 Consultation and negotiation with the Trade Unions and Staff are underway and will be concluded prior to the formal alignment of terms and conditions for the staff of the two organisations on 1st August 2015.

4.4 Equality and diversity, cohesion and integration

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

4.5 Council policies and the best council plan

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

4.6 Resources and value for money

- 4.6.1 The integration will produce savings of £480k by reducing the Senior Management resources. The drive for external trading will develop additional external income for the Council.(Develop further)

4.7 Legal implications, access to information and call-in

- 4.7.1 The Integration Programme has been approved under the delegated decision making powers of the Council.(Check if there are any further implications)

4.8 Risk management

- 4.8.1 The key risk is potential disruption to service should the Integration process disrupt the operational activities of Construction Services and Property Maintenance. It is proposed that the two operations will be managed as independent organisations from 1st July and the formal integration will occur in a measured manner with elements of the services being integrated over the 2015/16 financial year.

5 Conclusions

- 5.1 The Property Maintenance arm of Civic Enterprise Leeds will transfer to Housing Leeds Property and Contracts on 1st July 2015. Harmonisation of terms and conditions is programmed for 1st August 2015. The integration process with Construction Services is underway and will run until March 2016.
- 5.2 The integrated service will provide efficiencies in both management and service delivery and focus on enhanced customer service outcomes.
- 5.3 The integrated service will further develop opportunities for external trading thereby generating revenue for the Council.
- 5.4 The integration process will be managed by Property and Contracts and operational managers from both Property Maintenance and Construction Services. The process will be supported with resources from the Projects, Programmes and Procurement Unit.

6 Recommendations

- 6.1 That Housing Advisory Board members note the contents of the report and the identified dates for implementation and completion of the process.

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.