

LBS Implementation Team

Date: 30th January, 2023

Report of: Head of Leeds Building Services

Report to: Chief Officer Civic Enterprise Leeds

Will the decision be open for call in?

☐ Yes ☒ No

Does the report contain confidential or exempt information?

☐ Yes ☒ No

Brief summary

LBS has undergone a significant and unprecedented period of change resulting in the need for an injection of temporary additional staffing resources to enable the service to recover to a normal operational level.

There are 4 main factors or major change programmes which have led to the need for additional strategic capacity to stabilise the service. Most of these programmes are interlinked and have a crossover in impacting LBS performance. The first was the need to replace the Total Mobile IT solution which was approaching end of life (with no maintenance and systems support from early 2021) with Connect.

The second follows a decision by Executive Board to insource the repairs and voids contract for the South of the City from July 2021 leading to the need to integrate 90 staff within Council and LBS processes. This links to implementing a new IT solution which by itself would be challenging but these difficulties were further compounded by the speed at which this had to be done.

Following the Council's capital programme review in the summer of 2020, the value of capital work reduced in the region of £12m for 2021/22 which necessitated the need for a Service Review to deliver reductions in overheads given the expected reduction in the income budget. The aim of the Service Review was to prevent the financial risk of £1m adversely impacting the Council's financial health. The challenge of delivering the restructure was compounded by record levels of vacancies within the construction sector from 2021 onwards resulting in an upward inflationary push on salaries within the sector.

Finally, like all front-line services, LBS's performance has been significantly affected by the impact of Covid on absence levels which has had a negative impact on performance, productivity and client satisfaction levels. Complying with safe Covid working guidelines has resulted in a backlog of repairs and voids, exacerbated by the inflationary pressures in the construction sector which the service is trying to get to grips with.

For the unprecedented issues identified above, injection of additional temporary resources to support IT, HR and commercial areas of the business are needed for a period of up to a year to assist the business in completing the change programmes and enabling recovery to normal operational levels.

Recommendations

The Chief Officer Civic Enterprise Leeds is asked to:

- (a) approve the injection of temporary staff resources up to a maximum of £266,776 (Including a 10% contingency) made up of 2 PO6s and a PO4 for up to 1 year to assist with residual issues around Connect implementation, HR issues and Commercial issues supported by 4 B3s for 6 months and
- (b) approve that the expenditure is funded from the capital receipts flexibilities provided for transformational work.

What is this report about?

- 1 Due to the unprecedented change programmes the service has had to deal with over the last 2 years, this report seeks injection of additional temporary resources to support IT, HR and Commercial areas of the business for a period of up to a year to assist the business in completing the multiple change programmes and allowing senior management greater capacity to manage the business to recover to normal operational levels. The proposed additional spend needs to be considered in the context of the financial importance of LBS performance to the financial health of the Council. For 2022/23 the service employs over 600 staff, has a turnover budget of £72.2m from which it generates a surplus of £10 million. For context, the temporary investment required to mitigate greater operational and financial risks is less than 0.4% of the budgeted turnover.
- 2 The first of these major change programmes involved the implementation of a new IT system. Towards the end of 2019 when LBS transferred under Civic Enterprise Leeds, work began evaluating options to replace Total Repairs since the contract was coming to an end in February 2021 with the supplier ceasing maintenance and support of the system. A decision was taken in June 2020 to replace the system with Connect and the implementation, through necessity rather than choice, had to be accelerated so that the service could transition to the new system following the Total Repairs contract ceasing and also before the repairs and voids contract for the South was due to be insourced in July 2021. This required an ambitious system implementation programme of just over a year.
- 3 The enforced 12 months implementation time has impacted the stability and understanding of the system and although these issues have started to reduce outstanding work remains. The Connect implementation was compounded by the fact that over the same time period, Housing launched their new Cx system and this implementation has also been problematic leading to difficulties around sharing of information between the two systems particularly impacting LBS's charging function. Connect also requires work programmers and other key roles to be filled so that the system can be maintained and managed correctly, delay in filling the structure has added to some of the issues we face in efficiently embedding Connect.
- 4 The temporary IT resource is required to assist in resolving remaining technical issues with Connect which include linking payment of subcontractors and materials procurements through Connect so that job costs are up to date and spend is linked to compliant contracts. The IT lead will assist on ensuring optimising the system configuration, resolve system issues negatively impacting and slowing down the back office processing function and collaborating with the service and supplier to identify technical issues and agree solutions so that orders and payments can be processed efficiently and linked to the correct contracts. The IT person will lead on resolving any remaining difficulties with the operatives' use of their mobile devices so

that jobs and timesheets are updated in real time and play a major role in implementing phase 2 of the Connect implementation. Information on financial performance, connectivity with Cx, generation of timely management information and ensuring interface files for charging through Cx are effectively delivered will be key areas for the IT lead to support.

- 5 The repair and voids contract for the South of the City was insourced in July 2021, this involved additional annual work in the region of £10 million to be delivered together with the TUPE of 90 staff. Integration of staff during Covid was made more challenging but some staff unrest has been caused by the differing terms and conditions which Trade Unions (TU) colleagues are wanting to address. In addition, income of around £12 million which would be generated by capital was due to drop out in 2021/22 which led to the need for the Service Review to reduce overheads in sync with the reduced forecast turnover.
- 6 These 2 issues of insourcing and the Service Review combined with the impact of Covid and increased absence levels and safe Covid working guidelines over the last 2 years has resulted in a backlog of repairs and voids, exacerbated by the fact that the structure implementation has coincided with record levels of vacancies within the construction sector predominantly in 2021 and the upward inflationary push on salaries. These recruitment conditions within the construction sector has meant recruitment to vacant posts has proved difficult and necessitates the need for additional HR support in helping to deal with outstanding issues around action planning to deal with pay issues raised by TU colleagues, assisting with challenges in filling outstanding vacancies following the restructure, contributing to plans to raise staff morale following the Service Review and support around attendance levels, disciplinaries/grievances and helping to raise performance and productivity within the service.
- 7 Given the multiple change programmes, a temporary Commercial officer at PO4 is needed to lead a small team of 4 B3 staff (for up to 6 months) to help cleanse the data within the Connect system. The Commercial officer will work with the service, IT and HR leads to analyse data within Connect, Cx and FMS, identify any challenges for subcontractors on invoicing (particularly the materials contract) and develop proposals to enable optimal service performance, ensure financial processes are streamlined so that we can ensure financial performance aligns to expectations and budgets. The Commercial officer will also look at performance indicators, analyse the data to suggest process improvements and contribute to the establishment of processes for reporting of new performance indicators.
- 8 The proposals within this report include a 10% contingency of £24,252 should any of the service leads require further resources (eg if they identify a training need that has to be funded) which are unforeseen at this stage to help deliver improvements within their respective areas.

What impact will this proposal have?

- 9 This proposal will enable the service to recover and return to a stable operation, minimising any adverse financial impact of the unprecedented change, allow the LBS leadership to focus more on proactive rather than reactive management which should help with productivity, performance, have a positive benefit for client relationships and help improve staff morale (including a positive impact on the mental health of the LBS leadership team).

How does this proposal impact the three pillars of the Best City Ambition?

☒ Health and Wellbeing

☒ Inclusive Growth

☐ Zero Carbon

- 10 Successfully tackling all residual issues should have a positive impact on the health and wellbeing of the workforce, improving productivity should mean that more repairs are delivered which will benefit Leeds residents. Returning the service to normal levels should enable more

work to also be passed to the marketplace through subcontracting arrangements thereby having a positive effect on inclusive growth within the Leeds economy.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

☐ Yes

☒ No

11 Consultation has taken place with HR, IDS and Finance colleagues in developing and agreeing these proposals.

What are the resource implications?

12 The estimated resource implications are up to £267k which will be funded from the capital receipts flexibilities provided for transformational work.

What are the key risks and how are they being managed?

13 The key risk is a failure to supplement the leadership with additional capacity thereby continuing to adversely impact performance, productivity and staff morale which will likely manifest itself into a greater financial pressure for the Council.

What are the legal implications?

14 This is a significant operational decision which means it is not subject to call in and there are no legal implications from taking this decision.

Options, timescales and measuring success

What other options were considered?

15 Additional overtime was considered but this was not considered an efficient solution given the scale and breadth of change that the service has had to deal with.

How will success be measured?

16 Through the service recovering and returning to a business as usual mode.

What is the timetable and who will be responsible for implementation?

17 The timetable is for the additional resources to be in place by February 2023 and the service will work in collaboration with HR colleagues to implement the proposals.

Appendices

- None

Background papers

- None