

Report of Director of Resources

Report to Executive Board 24th April 2013

Subject: Design & Cost Report for Property Maintenance Software Package

Capital Scheme Number: 16817 / 000 / 000

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" 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

- Property Maintenance employs 250 staff and turns over £21m, returning a surplus of £1.4m annually, which is redistributed within the Council.
- The existing Property Maintenance ICT system, known as Synergy, was first developed over 25 years ago and has not been commercially available for over 15 years. The system is only developed on a bespoke basis for Property Maintenance. This attracts high developments costs and lengthy testing cycles and means Property Maintenance doesn't benefit from the economies of scale offered by alternative Direct Labour Organisation (DLO) ICT systems.
- Property Maintenance wishes to continue its drive to increase efficiency and improve productivity. This is coupled with a desire to develop a trading arm, to win new business and to further extend levels of surplus. Property Maintenance believe that Synergy has reached the limits of its current potential and to help achieve the aims of the service a new business appropriate DLO ICT system is required.
- An EU procurement exercise has taken place and a leading DLO ICT system has been identified. The software licensing, implementation, ICT staffing costs, mobile devices and server hardware are projected to cost £750k. It is proposed the costs are met by the Council through borrowing of £750k over 7 years.
- Annual savings generated through decommissioning the Synergy system and the introduction of modern working methods, e.g. mobile working, are expected to be in the region of £220k annually, equating to £1,540k over 7 years.

6. This report seeks approval to replace the Synergy ICT system with the aforementioned alternative DLO ICT system.

Recommendations

1. Executive Board is requested to approve the purchase of the leading DLO ICT system, and incur expenditure of £750k.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to replace the existing Synergy ICT system used by Property Maintenance.
- 1.2 This report also seeks authority to incur expenditure of £750k.

2 Background information

- 2.1 The Commercial Services group within the Resources function consists of Property Maintenance, Catering, Cleaning, Fleet, and Passenger Transport. The group employs 1,530 staff and turns over £78.5m (based on the OE 2013-14 figures), returning a surplus of £5m annually.
- 2.2 The Property Maintenance division provides a comprehensive building service deploying an in house workforce covering the majority of allied trades, including electrical, asbestos, joinery, plumbing, gas, demolition, bricklaying, plastering, mechanical and engineering, metal fabrication, cleaning, flooring, and lift engineering.
- 2.3 Employing 250 directly employed staff and using approved partners and subcontractors, Property Maintenance undertake over 30,000 jobs annually for the Council Directorates, ALMOs, schools, as well as external customers and contractors. Property Maintenance carries out cyclical maintenance & servicing, responsive repairs, and project and installation work. Property Maintenance turns over £21m, returning a surplus of £1.4m annually, which is redistributed within the Council.
- 2.4 Synergy was first developed over 25 years ago. It is used by only one other Local Authority, and has not been commercially available for over 15 years. The majority of Synergy looks and functions as it did 25 years ago.
- 2.5 Synergy is only developed on a bespoke basis for Property Maintenance. This attracts high developments costs and lengthy testing cycles, and means Property Maintenance doesn't benefit from the economies of scale offered by alternative DLO ICT systems.
- 2.6 In addition to Synergy the service is supported by a number of other systems that collectively aim to meet the needs of Property Maintenance including: an asbestos management system, a scanning system, a reporting tool, an estimating system, a certification system, a text messaging system and a significant number of Excel spreadsheets.
- 2.7 Synergy is also relatively costly, i.e. £85k annually for support and maintenance.

3 Main issues

Design Proposals

- 3.1 As part of a Local Authority wide drive towards greater efficiency and higher productivity via 'Invest to Save', Property Maintenance identified areas of service improvement and transformation. These potential areas include:

- the introduction of mobile working via smartphones and handheld devices
- real time material ordering and invoicing
- electronic certification, e.g. CP12 Landlord Gas Safety Record, IPN3 Electrical Condition Report, etc
- electronic cyclical maintenance & servicing
- electronic asbestos management

3.2 An EU procurement exercise has taken place and a leading DLO ICT system has been identified which will replace the existing system as well as introduce the service improvements detailed in 3.1.

Benefits

3.3 There are many benefits to be gained from the introduction of this modern technology as the core operating system for Property Maintenance.

3.3.1 The system allows for automated work allocation and planning feeding directly into operative appointments and time slots. The mobile option allows this to be achieved remotely so that real time recording of work is captured instantly on the system. This will provide a leaner staffing structure in relation to both supervision and management arrangements and costs. The productivity of operatives should greatly improve as the number of journeys to and from the depot will significantly reduce, job allocation will be speedier, as well as time saved completing paperwork. The technology will allow for the performance productivity scheme to be managed and monitored through the new system providing greater control of outputs.

3.3.2 The utilisation of the mobile working platform should also provide for efficiencies around the fleet vehicles in relation to fuel efficiency and route planning. The new system has an integrated GPS tracking function which will allow operatives to travel the most direct route as well as allocating any emergency work to the nearest operative.

3.3.3 The technology allows for data capture of health, safety and welfare information such as vehicles condition checks, operational conformance with safe systems of work and supporting photographs and surveys. The system also facilitates welfare controls through tracking and keeping in touch with lone workers and enhancing the current safety arrangements.

3.3.4 The document management function in terms of mandatory test certification will be managed electronically, saving on physical storage space, whilst introducing an efficient means of updating client's asset management systems.

3.3.5 Significant benefits in relation to data entry resource will be realised arising from the eradication of timesheet recording and entry for operatives and back office administration. The quality of information available for customers and building users will be greatly improved as access to real time information will be available as the new system will be fully interfaced with existing client systems of Uniform, Orchard, FMS, SAP and PSteam.

- 3.3.6 A full review of processes such as stores and purchasing, ordering and paying, jobbing and completions, charging and income control will be undertaken as part of the system requirements for implementation which will drive further process improvements.
- 3.3.7 The present operating system is currently also supported by a number of sub-systems including an asbestos management system, a document scanning system, an estimating and reporting tool, a certification system and a significant number of excel spreadsheets all of which will be fully integrated into the proposed new system.

Programme

3.4 Consideration has been given to constraints around financial year end. Also to the existing Synergy hardware which is reaching end of life. The programme also takes into account the existing contract arrangements with the owners of Synergy. The provisional implementation programme may be summarised as follows:-

- | | |
|----------------------------------|--------------|
| • Issue Alcatel letters | 6 March 2013 |
| • Tender award | 7 May 2013 |
| • Commencement of implementation | 13 May 2013 |
| • Go live | 1 April 2014 |

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 There is no requirement for public consultation as this is an internal ICT system which will not impact on the general public.

4.1.2 There is no requirement for corporate consultation, though staff and union representatives have been consulted regarding mobile working via communication sessions. Clients have also been consulted regarding the introduction of a leading DLO ICT system.

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 as there is no relevance to Equality and Diversity because this report relates to the replacement of an internal ICT system. The screening document has been sent to the Equality Team to be approved and published.

4.3 Council policies and City Priorities

4.3.1 Introducing mobile working within Property Maintenance sits neatly with the Changing the Workplace programme.

4.3.2 Introducing mobile working will facilitate more efficient planning and reduce the number of vehicle journeys for operational staff, e.g. no more daily journeys to the depot to pick up job tickets. This reduction in journeys will lead to a reduction in carbon emissions.

4.4 Resources and value for money

4.4.1 Property Maintenance, working in conjunction with ICT, has undertaken an EU procurement exercise to identify a leading DLO ICT system. The ratio allocated to price was 45% and the ratio allocated to quality was 55%. The winning tender achieved 40.48% out of 45% for price and 39.24% out of 55% for quality.

4.4.2 The first year costs to meet the procurement and implementation are estimated to be £750k. The costs are summarised as follows:-

- Winning bidder software licensing & implementation £400k
- Hardware: servers £30k
- Hardware: mobile devices £70k
- Internal ICT staffing costs £250k

4.4.3 Capital Funding and Cash Flow

After considering alternative options for funding, Finance Performance Group on 11th March 2013 approved the injection of £750k into the Capital Programme funded via prudential borrowing.

Funding Approval :	Capital Section Reference Number :-						
Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2012 £000's	FORECAST				
			2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016 on £000's
N/A	0.0						
TOTALS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2012 £000's	FORECAST				
			2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016 on £000's
Licensing & implementation	400.0		400.0				
Hardware: servers	30.0		30.0				
Hardware: mobile devices	70.0		70.0				
Internal ICT staffing costs	250.0		250.0				
TOTALS	750.0	0.0	0.0	750.0	0.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2012 £000's	FORECAST				
			2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016 on £000's
Corporate USB	750.0		750.0				
Total Funding	750.0	0.0	0.0	750.0	0.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Revenue Effects

- 4.4.4 The revenue effects of this scheme are that costs of £127,276 pa for borrowing (calculated at £890,933 at 4.5% over 7 years) will be offset by savings generated by the implementation of the new ICT system.
- 4.4.5 The introduction of mobile working will reduce trips to and from the depot and are forecast to result in a modest 2% increase in operational productivity and a 10% reduction in fuel used. Processes in the back office will become more efficient, e.g. timesheet entry to cease, asbestos management reports to be auto generated, etc. These are expected to generate savings of £155k annually. Making a total saving of £1,085k over 7 years.
- 4.4.6 Synergy costs are £85k annually for maintenance & support against £20k annually for the winning bidders ICT system, equating to an additional saving of £455k over 7 years.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 This decision is a key decision and is subject to Call In.

4.6 Risk Management

- 4.6.1 The owners of Synergy have only one developer with an in depth knowledge of the system. Without this developer it is likely any bespoke developments would cease and the system would be unsupported.

5 Conclusions

- 5.1 Property Maintenance believes that the Synergy ICT system has reached the limits of its current potential.
- 5.2 In recent years Property Maintenance has worked hard to increase productivity and achieve back office efficiencies, which in turn has led to greater surplus levels. However to help achieve the aims of the service around developing a trading arm, winning new business and to further extend levels of surplus, Property Maintenance believe a new business appropriate DLO ICT system is required.
- 5.3 The new DLO ICT system will put in place the necessary technology to further increase productivity and to make the back office more efficient. It will contribute to safer working and will be adaptable to support changes in how property maintenance is undertaken within the Council, both from a client and contractor perspective. Property Maintenance believe the new ICT system will be key to safeguarding the future of a modern internally provided DLO function within Leeds City Council.

6 Recommendations

- 6.1 Executive Board is requested to approve the replacement of the Synergy ICT system used by Property Maintenance, and to give authority to incur expenditure of £750k.

7 Background documents¹

- 7.1 There are no background documents associated with this report.

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