

Falkirk Council

Title: Cyclical Maintenance – Painterwork

Meeting: Executive

Date: 16 August 2016

Submitted by: Director of Corporate and Housing Services

1. Purpose of Report

- 1.1 The purpose of this report is to approve the tendering of the painterwork element of the Council's Cyclical Maintenance Programme, as part of the review of the Building Maintenance Division (BMD).

2. Recommendation

2.1 It is recommended that the Executive:

- (1) **Agrees that a tendering exercise is carried out for the painterwork element for the Council's full Cyclical Maintenance Programme, for a 3 year period commencing late 2016.**

3. Background

- 3.1 Members will be aware of the review of the Building Maintenance Division (BMD), which was undertaken by the Association of Public Sector Excellence (APSE) in 2015. The objective of the review is to ensure the future viability of the BMD over the next 5-10 years and deliver financial and operational efficiencies going forward. Flowing from the work of APSE, a more detailed review of the Council's Cyclical Maintenance Programme has been undertaken.
- 3.2 The BMD review is governed by an Improvement Group, made up of trade union representatives and management representatives. A number of specific employee working groups, have also been established to progress a variety of work streams.
- 3.3 This report provides an update on the work stream reviewing the Council's Cyclical Maintenance Programme which maintains the external fabric of our properties and includes painter, plumber, slater, plasterer and joiner works.

4. Considerations

- 4.1 As part of its BMD review, APSE highlighted the Council's Cyclical Maintenance Programme as a particular area for improvement. The main reasons were that:

- unlike the other BMD service areas, the costs and performance of the cyclical maintenance service had not been benchmarked for over 10 years;
- the scale of the cyclical maintenance programme was significant at £3.1m per annum, of which painterwork cost £2.5m;
- the higher than average levels of non-productive time experienced in this area of work, primarily due to weather and absence levels;
- the Council was only one of a few Local Authorities still providing this service in-house.

4.2 Consequently a more detailed review of Cyclical Maintenance operations was carried out, through a review group consisting of employee volunteers and trade union representatives.

4.3 Progress to date with the review includes:

- new paint products which have a longer lifecycle have been researched and evaluated and will be introduced during 2016/17. These changes will enable the cyclical maintenance programme to be extended from the current 5 years to a minimum of 7 years, which will reduce costs.
- a programme is also being put in place to renew all soffits and fascia with PVC to buildings above 2 storeys and thereafter consider other building types. These changes will again be implemented during 2016/17, which will also reduce costs of around £5k -£10k per property over the next 10 years. This approach will also reduce the future health and safety risks associated with working at heights.

4.4 In addition, a benchmarking exercise has been undertaken with a third of the current cyclical maintenance painterwork programme being subject to a tender process. A competitive procurement exercise was undertaken and the appointed contractor commenced work in November 2015 in the Denny area, covering 1,150 properties.

4.5 The benchmarking exercise was carried out in consultation with Trade Unions and there has been no impact on existing BMD employees as a consequence of the exercise, as employees are now carrying out internal work in void houses as part of the new Voids House Standard.

4.6 Analysis of the performance and costs from the benchmarking exercise has identified that:

- The work is costing c70% less than comparable BMD rates;
- Customer satisfaction is high at over 90%;
- Availability and flexibility of additional resources are being provided to meet contract timescales.

4.7 There are also additional financial benefits (c£60k), in relation to a reduced requirement to provide site welfare facilities, site supervision and vehicles. In addition, due to the flexibility of using an external provider, there will be a saving of over 8% in non-productive time currently being experienced due to poor weather conditions.

- 4.8 As a consequence of the positive outcomes of the benchmarking exercise, it is proposed that the painterwork element for the Council's full Cyclical Maintenance Programme is put to competitive tender.
- 4.9 Other areas of work carried out by BMD, for example General Maintenance and Void Maintenance have also been reviewed and have identified efficiencies and improvements which have been managed within the current in-house arrangements. These findings have been reported to the Business Transformation Board and thereafter reported to the Members Budget Group.

5. Consultation

- 5.1 The outcomes of the Cyclical Maintenance review have been reported back to the review group; the BMD Improvement Group and employees have also been advised. Issues and possible concerns have been addressed through this process.

6. Implications

Financial

- 6.1 Savings in the region of 50%-70% (£1.25m - £1.75m) of current costs may be realised through tendering. These savings will flow through to the Council's Housing Revenue Account and can help to finance further improvements to the Council's housing stock.

Resources

- 6.2 Tendering will be undertaken by the Council's Property and Procurement teams. The Council's current in-house painter resources have been reduced as a consequence of Voluntary Severance and retirement. All remaining employees will be accommodated on other painterwork duties.

Legal

- 6.3 Tendering will be carried out in accordance with applicable procurement legislation and the Council's Contract Standing Orders.

Risk

- 6.4 The risks associated with tendering and alternative service provision will be mitigated through adherence to tendering guidelines and subsequent contract management procedures.

Equalities

- 6.5 There are no specific equalities issues arising from the recommendation.

Sustainability/Environmental Impact

- 6.6 There are no specific sustainability/environmental issues arising from the recommendation.

7. Conclusions

- 7.1 The aim of the BMD Review is to make BMD more efficient and reduce BMD operating costs. As a Statutory Trading Organisation (STO), BMD must also evidence financial viability and demonstrate Best Value to its clients, principally Housing. The cyclical maintenance review will ultimately feedback to the Council's HRA, through reduced contract charges, delivering better value for tenants.
- 7.2 A number of changes have been identified through the review, which will deliver efficiencies and reduce costs, as outlined in section 4 of this report.
- 7.3 Benchmarking with other Local Authorities has also identified that very few Councils carry out cyclical maintenance in-house due to the high levels of non-productive time, particularly in relation to painter work.
- 7.4 Our own market testing indicates that other providers can deliver the programme at a substantially lower cost than comparable BMD rates, whilst also delivering high levels of customer satisfaction.
- 7.5 The current market testing exercise has been undertaken with no detrimental impact to BMD employees, with the majority of painters currently working on the voids contract, undertaking internal painter work, as part of the new enhanced voids standard. At present, there is only a core of 10 painters within the cyclical maintenance programme, who will all be accommodated on other painterwork duties.
- 7.6 Given the level of savings and quality being evidenced through the market testing, it is proposed that the scope of the current contract for painterwork be extended to cover the whole Council area. This would form part of a new tendering exercise.
- 7.7 The new tender would be implemented on the basis of no detriment to the current workforce, through a combination of continuing with void house painting; voluntary severance and undertaking painterwork within the contracts and maintenance divisions. No compulsory reduction in manpower will therefore be required.

- 7.8 In addition, tendering will not delay the delivery of the programme, as pre-survey work will be undertaken during the tendering period and appointed contractor(s) will thereafter be issued with a timeline for completion to ensure the programme remains on schedule for 2016/17 and beyond.

Director of Corporate and Housing Services

Author – David McGhee, Head of Procurement & Housing Property – 01324 590788, david.mcghee@falkirk.gov.uk

Date: 8 August 2016

APPENDICES

None.

List of Background Papers:

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

- None