

## ITEM No ...8.....

**REPORT TO:** POLICY AND RESOURCES COMMITTEE - 31 OCTOBER 2016  
**REPORT ON:** THE FUTURE DELIVERY OF CONSTRUCTION RELATED SERVICES  
**REPORT BY:** CHIEF EXECUTIVE  
**REPORT NO:** 338-2016

### **1. PURPOSE OF REPORT**

1.1 The purpose of this report is to advise Committee of the outcome of a review of the Council's construction related services and to make recommendations on the future delivery of these services.

### **2. RECOMMENDATIONS**

2.1 It is recommended that Committee agree to:

- i) pursue the establishment a formal partnership between Tayside Contracts and Dundee Construction Services for the delivery of construction related services in the city;
- ii) establish a Steering Group led by the Executive Directors of Neighbourhood Services and City Development to develop and finalise the operational, financial and governance arrangements for the new partnership;
- iii) note that the service model will be developed in close consultation with appropriate trades unions and employees; and
- iv) note that further reports will be submitted for members' consideration prior to the implementation of the new partnership approach.

### **3. FINANCIAL IMPLICATIONS**

3.1 It is anticipated that the recommended revised operating model will result in reduced charges for property repairs and maintenance and capital works which will be partly offset by lower annual revenue surpluses. The detail of this will be fully costed and evaluated as part of the implementation plans.

### **4. BACKGROUND**

4.1 Reference is made to Article III of the Minute of the Policy and Resources Committee of 8 June 2015 wherein the decision was taken to review Construction Services as part of the revision of the Council's service and management arrangements and to Article X of the Minute of the Policy and Resources Committee of 26 October 2015 wherein the decision was taken to approve the Changing For the Future Programme Phase 4. An independent external advisor was appointed to support a Working Group of officers on the review of Construction Services and the options for delivery.

4.2 This review is a component part of a broader 'end to end' review of how the Council delivers all of its Design, Property and Construction Services. A separate review of the Design and Property Services within City Development has already been carried out and has led to much greater coordination and partnership between these services and with internal clients such as Housing. There may be further opportunities to refine service delivery in this area once a partnership with Tayside Contracts is implemented, with any such proposals in the future being subject to further consultation and any necessary approval processes.

- 4.3 The review forms part of the Council's transformational Changing For The Future programme, which seeks to ensure we can deliver best value in a challenging financial environment by re-shaping services and managing our assets effectively. It also reflects the Our People strategy which guides how we develop a flexible and sustainable workforce to deliver services in the context of a rapidly changing work environment.

## **5. OPTION APPRAISAL**

- 5.1 A detailed Option Appraisal was carried out including consultation with stakeholders. A wide range of options were considered. The conclusion of the Option Appraisal is that transferring the Council's Construction Services to Tayside Contracts provides longer term sustainability of the service to give better job security for the workforce than the alternative options considered. It will also create opportunities for improving the effectiveness, efficiency and economy of providing services to customers with the least risk and disruption.
- 5.2 This conclusion follows the detailed consideration of the relative benefits, dis-benefits and risks of the many alternative operating models for delivering construction services against key criteria which are important to the Council. Copies of the Option Appraisal report have been passed to the Group Leaders and the Conservative, Liberal Democrat and Independent members, and members will also have had the opportunity to attend a detailed briefing prior to the Committee meeting.
- 5.3 One of the main benefits and strengths of transferring Construction Services to Tayside Contracts is that it provides opportunities for reducing the overall operating costs and producing efficiencies and savings without detriment to service delivery. This is evidenced from previous successful transfers of services from the Council which resulted in lower costs and improved services.
- 5.4 A partnership with Tayside Contracts also provides opportunities to diversify across new markets and geographic areas to help provide a sustainable solution to managing the peaks and troughs of work for the workforce over the longer term and thus provide better job security for employees.
- 5.5 The aim is to make the transfer by late 2017, with consultation and preparatory work starting immediately if Committee agrees the recommendations.

## **6. FUTURE CONSULTATION**

- 6.1 The Working Group was of the view that the Council will wish to ensure that it implements the preferred option in an open, transparent and consultative manner. Accordingly, the project will place a high importance on communicating the intentions and progress of the project to stakeholders.
- 6.2 Accordingly, if the recommendations are agreed, it is proposed to consult with Trade Unions, Tayside Contracts Joint Committee, Angus and Perth and Kinross Councils, employees, tenants and other service users on the proposed transfer, prior to reporting back to Committee on the implementation of the proposed new partnership approach.

## **7. NEXT STEPS**

- 7.1 It is proposed that a Steering Group be established to take forward the consultation processes and plan accordingly for the implementation of the partnership in late 2017. The Steering Group will be jointly chaired by the Executive Directors of Neighbourhood Services and City Development and will include key members of the existing Working Group plus the Managing Director of Tayside Contracts.

## **8. POLICY IMPLICATIONS**

- 8.1 This report has been screened for any policy implications in respect of Sustainable Development, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

- 8.2 Transferring Construction Services to Tayside Contracts will have legal, HR, IT and financial impacts on the Council.

**9. CONSULTATIONS**

- 9.1 The Executive Director of Corporate Services, the Head of Democratic and Legal Services and other members of the Council Management Team have been consulted in the preparation of this report.

**10. BACKGROUND PAPERS**

- 10.1 None

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DATE: 20 October 2016

