

REPORT TO: HOUSING, DUNDEE CONTRACT SERVICES AND ENVIRONMENT SERVICES COMMITTEE - 28th JUNE, 2010

REPORT ON: CONTRACT SERVICES DEPARTMENT SERVICE PLAN 2010-2012

REPORT BY: DIRECTOR OF CONTRACT SERVICES

REPORT NO.: 364-2010

1. PURPOSE OF REPORT

1.1 To seek committee approval of the Contract Services Department Service Plan 2010-2012.

2. RECOMMENDATION

2.1 It is recommended that Committee approves the Contract Services Department Service Plan 2010-2012 (Appendix 1).

3. FINANCIAL IMPLICATIONS

3.1 The projects and actions identified within the plan will be met from within existing revenue and capital budgets.

4. MAIN TEXT

4.1 The Contract Services department provides a building, ground maintenance and contracting service on behalf of the council. The department is one of the largest providers of building and ground maintenance services in Scotland and employs a large and diverse multi-trade, highly skilled and trained workforce.

4.2 The proposed Contract Services Department Service Plan 2010-2012 has been developed taking account of the strategic challenges facing the department along with the priorities set out in the Council Plan 2010-2012. The Plan establishes the following key objectives and identifies strategies for ensuring these are realised:

- **A Working City**
Increase the employability of people in construction and grounds maintenance
- **Quality of Life and Social Inclusion**
Reduce any inequality experienced by Contract Services customers
- **Healthier, Safer Communities**
Reduce the impact of the Department's operations on the environment
- **Getting it Right for Every Child**
Increase employees awareness of child protection issues
- **Job Satisfaction**
Improve efficiency through increasing job satisfaction

- **Customer Satisfaction**
Improve customer satisfaction across all the department's operations
- **Corporate Improvement**
Optimise the rate of return to the General Fund
Reduce fleet costs
Reduce grounds maintenance costs
Maximise turnover from Non-Housing Maintenance Works

4.2 Further detail on how these objectives will be delivered along with performance measures and targets which will allow progress towards meeting these objectives to be monitored are identified within the plan.

5. POLICY IMPLICATIONS

5.1 The report has been screened for any policy implications in respect of Sustainability, Strategic Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

6. CONSULTATION

6.1 The Chief Executive, Depute Chief Executive (Support Services), Director of Finance and Assistant Chief Executive have been consulted on the preparation of this report.

7. BACKGROUND PAPERS

7.1 Council Plan 2010-2012.

KEN LAING

DIRECTOR OF CONTRACT SERVICES

Date: 14th June, 2010

APPENDIX 1

Contract Services Department Service Plan 2010-2012



Strategic Statement by Director / Head of Department

Dundee City Council is approaching a period of unprecedented austerity as a consequence of a national squeeze on public sector spending whilst at the same time, facing up to ever increasing demands on its services. In order to respond to these challenges, the Council has developed and published a two year Council Plan which sets out its priorities and key actions.

The Contract Services department provides a comprehensive building and ground maintenance service to the Council, council house tenants and citizens of Dundee. In doing so, the department is required to generate a financial surplus to the General Fund on an annual basis. The big challenge for the department over the next two years is to continue to generate the required level of surplus in the face of dwindling council budgets and a severely depressed local construction market, whilst at the same time maintaining the high standards of service and quality expected.

This Service Plan identifies the most important things that this department needs to do in order to meet these challenges and to support the Council in delivering the corporate objectives set out in the Council Plan. This Service Plan also identifies a number of measures which will be used to monitor whether the department is succeeding in meeting its objectives.

Our role in fulfilling the Council Plan

The Council Plan establishes a number important themes which require to be addressed and the Contract Services department has a role to play in helping achieve the objectives set out against many of these themes.

A Working City - The department directly employs over 550 local tradesmen and skilled professional support staff. At present the local construction industry is in decline resulting in the closure of a number of long established companies and the consequent loss of jobs. The recently formed Tayside Construction Forum has been established to assist the local construction industry to survive these difficult times and the department will support the aims and activities of the Forum.

Maintaining and building a strong local workforce will help ensure that important specialist skills are not lost but are retained locally in order that the construction industry within the city can respond well to any future upturn in the market. An important aspect of building a strong local workforce for the future is the training of apprentices and the department makes an invaluable contribution through its apprenticeship training scheme. In addition to its directly employed workforce, the department contributes approximately £6m per annum to local suppliers and sub-contractors, helping to sustain and grow the local economy.

Quality of Life and Social Inclusion – The department is one of the Housing Department's key partners in the delivery of the Scottish Housing Quality Standard (SHQS). Through innovation and developing best practice within the

partnership, the department will strive to assist in ensuring that the SHQS is achieved within the available financial resources.

Healthy & Safe Communities - As the department with the largest fleet of council vehicles, there is the opportunity to contribute significantly to the Council's objectives for carbon reduction. This can be achieved through improved fleet utilisation and the greater use of alternative and more efficient fuels and vehicles. In addition, the development of sustainable construction practices, techniques and installations will be important in assisting the Council achieve a higher level of energy efficiency and the consequent carbon reduction within its property.

Corporate Change – Delivering improvements that will achieve cash efficiency savings to help meet the required budget savings whilst protecting front line services is of paramount importance and features heavily in this Service Plan. The Council's finances require that the department makes a significant contribution to the general fund each year and every opportunity will be taken to optimise this contribution. In addition, the department will critically examine its methods of delivering ground maintenance services and challenge existing standards and working practices. The department will actively participate in the corporate improvement programme aimed at modernising working methods including consideration of alternative delivery models and shared services with other public sector bodies in ground maintenance, construction and fleet management.

Customer Satisfaction - The majority of services delivered by the department such as housing repairs, garden maintenance etc are considered to be "front line", bringing staff and operatives into direct contact with tenants and members of the public. It is therefore important that sufficient and appropriate training is provided to ensure that appropriate levels of customer care are achieved for all sections of the community. Customer satisfaction levels are monitored in a number of important aspects of the department's work with consistently positive results. However these measures require further development to provide a more comprehensive assessment of customer satisfaction and to provide opportunities for improvement.

Job Satisfaction – It is important that individuals understand their role within the organisation and the importance of their contribution to meeting Corporate and Departmental objectives. Whilst employee survey results indicate a generally positive response it is clear that more requires to be done to improve this level of understanding. Recognition for good performance can often be overlooked and again more can be done within the department to improve existing practice and help drive improvements in all aspects of performance including sickness absence levels and health and safety.

Key challenges from the external environment

One of the greatest challenges facing the department is the significant decline which has taken place within the Scottish construction industry over the last 18 months. In Scotland, this has seen new orders reduce by 54% between Quarter 2 of 2008 and Quarter 4 of 2009. This decline has been just as acutely felt within the local area and as a consequence competition for work is fierce and tender

levels are currently unsustainably low. Against the backdrop of a tightening of fiscal policy and the consequent prospect of massive cuts within public sector spending, prices will continue to be driven down and competition for the department's traditional work streams will increase.

The Scottish Housing Regulator in their 2009 report highlighted the need for the Council to demonstrate value for money in its procurement of construction services. To address this issue there has been an increase in the range and levels of work which have been exposed to market testing. In the current depressed marketplace this has led to the lowering of unit costs in the short term with a consequent reduction in margins.

Key department priorities

The department must respond to the above challenges through the twin strategy of driving **efficiencies** in all aspects of its activity and **diversification** in its traditional forms and sources of work. Such a strategy will ensure the department can survive the current squeeze on costs but will also leave it better placed to optimise the benefits when the recovery comes.

Over the last few years, the department has been pursuing an efficiency agenda through modernising working practices and the introduction of technology. There now needs to be a step change in this approach with radical steps taken to eliminate waste and to introduce "lean" thinking and working practices throughout all aspects of the business. Overhead rates require to be reduced in order to maintain an appropriate level of competitiveness within the current market.

In addition to eliminating waste and driving efficiencies, it is important to sustain and build an appropriate level of workload. Increasing turnover will have the added benefit of helping to drive down overhead rates and unit costs. In order to achieve this against a backdrop of reduced public sector expenditure, the department must diversify into new and alternative sources of work. However it can only do so successfully if it can achieve greater efficiencies and reductions in its unit costs.

In pursuing such a strategy the department must give increased consideration to its manpower planning to ensure that it has the appropriate skills and expertise in place. This will be achieved through the recruitment, training and development of staff together with the developing of alliances and partnerships with other organisations where appropriate. This may be achieved in part through pursuing opportunities for shared services with other public sector organisations.

As a public sector direct labour organisation, the department is constrained in how it can address this twin strategy and is at a distinct disadvantage in some respects with its private sector competitors. It is important therefore to give consideration as to how this can be addressed without losing the distinct benefits which are achieved through having a strong public sector contracting activity.

How to take the Department forward

The development of this Service Plan in support of the recently approved Council Plan, is an important step in the development of an integrated performance management system. This Service Plan sets out the key objectives and priorities for the department along with the key performance indicators and metrics which will be used to monitor whether these objectives are being met.

More detailed divisional and team plans will be prepared which will identify how teams will contribute to achieving these departmental objectives with a further set of performance measures to again allow performance to be monitored and managed. Monitoring and reporting on divisional and team performance will be undertaken through the department's Management Team meetings. All of the service divisions will be asked to benchmark their performance against others in their field. The department currently operates an Employee Development Review (EDR) process which will be used to ensure that individuals understand their role in achieving divisional/team plans and ultimately helping meet departmental and Council objectives. EDR's have recently been extended to include all staff within the department and it is intended to include all operatives within this process through the introduction of group EDR's where appropriate. Training and development needs are also established and monitored as part of the EDR process.

The department maintains a Quality Management System which is externally assessed and is recognised as an Investor in People. These external audits are helpful in ensuring the department continues to do the things it says that are important and provides an additional rigour to the process. In addition, the department is committed to undertaking a Public Sector Improvement Framework self assessment during the life of this plan to help assess whether it is continuing to do the right things.

Vision

Through the implementation of this plan and the development of the culture of the organisation and its people, Contract Services department will continue to develop as a:

“Strong, modern, confident, customer focussed organisation”

Department Objectives

The department has identified a number of key objectives which are important in ensuring that the department contributes towards achieving the goals set out in the Council Plan whilst at the same time responding to the key external challenges it faces. The department's objectives are to:

A Working City

Increase the employability of people in construction and grounds maintenance

Quality of Life and Social Inclusion

Reduce any inequality experienced by Contract Services customers

Healthier, Safer Communities

Reduce the impact of the Department's operations on the environment

Getting it Right for Every Child

Increase employee awareness of child protection issues

Job Satisfaction

Improve efficiency through increasing job satisfaction

Customer Satisfaction

Improve customer satisfaction across all the department's operations

Corporate Improvement

Optimise the rate of return to the General Fund

Reduce fleet costs

Reduce grounds maintenance costs

Maximise turnover from Non-Housing Maintenance Works

Objective 1 - Increase the employability of people in construction and grounds maintenance

Action Plan	Lead Officer	Completion Date
Develop a shared approach to apprenticeship training within the local construction industry	A. Murray	March '12

Performance Indicators for this objective	Baseline	Target
Number of apprentices as % total workforce	10%	10%
Annual spend on apprentice training	£736,000	£650,000

Objective 2 - Reduce any inequality experienced by Contract Services customers

Action Plan	Lead Officer	Completion Date
Improve staff awareness of equalities issues	B. Patrick	March '12

Performance Indicators for this objective	Baseline	Target
% employees aware of equalities issues	69%	100%
Number of days spent in training on equalities issues	40	125

Objective 3 - Reduce the impact of the Department's operations on the environment

Action Plan	Lead Officer	Completion Date
Reduce the Department's carbon footprint	R. McNee	March '12

Performance Indicators for this objective	Baseline	Target
CO ₂ e emissions	To be agreed	-
Tonnes of waste	2326	2200
% waste recycled	27%	To be agreed

Objective 4 - Increase employee awareness of child protection issues

Action Plan	Lead Officer	Completion Date
Increase employee awareness of child protection issues	W. Hutchinson	March '12

Performance Indicators for this objective	Baseline	Target
Number of days spent on training on child protection issues	0	125
% employees aware of child protection issues	-	100%

Objective 5 - Improve efficiency through increasing job satisfaction

Action Plan	Lead Officer	Completion Date
Implement an extended Performance Development Framework	A. Dolan	March '11
Deliver an effective recognition and awards scheme	W. Hutchinson	March '11
Lead the introduction of a system of leadership and management competencies	K. Laing	March '12

Performance Indicators for this objective	Baseline	Target
% employees whose performance is assessed annually	47%	100%
% employees who know how well they are meeting the performance standards for their job	86%	100%
% employees who believe that their efforts are recognised	48%	Improve
% employees who believe that management communicates well with them	62%	Improve
% employees who perceive management as role models, leading by example	54%	Improve
% employees who believe their supervisor gives them support and guidance	67%	Improve
Average days absence per FTE	14.2	11

Objective 6 - Improve customer satisfaction across all the department's operations

Action Plan	Lead Officer	Completion Date
Improve customer care through effective training	B. Patrick	March '12

Performance Indicators for this objective	Baseline	Target
Number of days spent in training on customer care issues	20	125
Number of complaints relating to the behaviour or attitude of employees	12	Reduce

Objective 7 - Optimise the rate of return

Action Plan	Lead Officer	Completion Date
Increase turnover	M. Ross	March '11
Reduce overheads	J. Martin	March '11
Optimise efficiencies in procurement	M. Ross	March '11
Optimise productivity through flexible working and modern working practices	J. Martin	March '11
Reduce labour costs for maintenance works	A. Dolan	March '11
Reduce labour costs for contract works	A. Murray	March '11
Reduce labour costs for grounds maintenance works	R. Houston	March '11
Identify and exploit external funding opportunities	M. Ross	March '12
Reduce process transaction costs through the implementation of eRDMS	J. Martin	March '11

Performance Indicators for this objective	Baseline	Target
Rate of return to General Fund	£311,000	£475,000
Income per FTE	£51,400	£52,500
Employee Costs as % Turnover	59%	58.5%
Transport Costs as % Turnover	5.5%	5%
Value of works funded externally	£316,000	Increase 50%

Objective 8 - Reduce fleet costs

Action Plan	Lead Officer	Completion Date
Achieve VfM savings in fleet management costs through collaborative working	K. Laing	March '12
Improve vehicle utilisation ratios	R. McNee	March '11

Performance Indicators for this objective	Baseline	Target
Vehicle utilisation ratios	80%	85%
Fuel efficiency (miles per gallon)	26 MPG	Increase

Objective 9 - Reduce grounds maintenance costs

Action Plan	Lead Officer	Completion Date
Achieve VfM savings in grounds maintenance costs through collaborative working	K. Laing	March '12

Performance Indicators for this objective	Baseline	Target
Grass cutting and shrub maintenance cost per hectare	To be confirmed	Reduce

Objective 10 - Maximise turnover from Non-Housing Maintenance Works

Action Plan	Lead Officer	Completion Date
Effectively implement the Non-Housing Repairs Partnership	K. Doig	March '12

Performance Indicators for this objective	Baseline	Target
% Non-Housing Property Maintenance works carried out by DCS	To be confirmed	To be agreed

Risk Register

The Register includes an assessment of probability on a scale of 1 to 6:

1	unlikely	in the opinion of the assessors it will not happen
2	possible	although possible, has not happened so far and is unlikely to happen
3	quite possible	has happened to neighbouring Councils and could happen here
4	likely	has happened in the past and can be expected to happen sometime again
5	very likely	has happened in the last three years and can be expected to happen again/accident waiting to happen
6	almost certain	has happened several times a year and can be expected to continue happening

The probability assessment is coupled to an assessment of severity, on a scale of 1 to 5. This rates the impact of the risk materialising as: **insignificant** (1); **minor** (2); **significant** (3); **major** (4); or **catastrophic** (5).

Service Objective	Nature of risk	Overall Assessment of Probability and Severity (P * S)	Risk Controls	Business Continuity Implications	Lead Officer for managing the risk
Increase the employability of people in construction and grounds maintenance	Insufficient local capacity to meet demand	3*2	Recruitment policy for annual intake of apprentices in place	Yes	A. Murray
Reduce any inequality experienced by Contract Services customers	Potential to breach equalities legal requirements	2*2	Induction policy and training plan in place	No	B. Patrick
Reduce the impact of the Department's operations on the environment	Potential for adverse impact on people's health arising from the Department's operations	2*3	Plan to reduce the Department's carbon footprint in place	Yes	R. McNee









Risk Register					
Increase employee awareness of child protection issues	Potential that information relevant to the safety of a child is not passed on to appropriate agencies	2*3	Plan to raise awareness of child protection issues in place	No	W. Hutchinson
Improve efficiency through increasing job satisfaction	Potential for poor productivity or for adverse impact on employees' health through low job satisfaction	3*3	Plan to extend a performance development framework is in place	No	K. Laing
Improve customer satisfaction across all the department's operations	Potential damage to the department's reputation may reduce the scope for increasing turnover	3*3	Plans to extend customer care training are in place	No	B. Patrick
Optimise the rate of return	Potential that the statutory requirement that a significant trading operation break even over a rolling 3-year period might not be met.	3*3	Plans to increase turnover and reduce overheads are in place	Yes	K. Laing
Reduce fleet costs	Potential that service delivery might be affected	3*2	Plans to improve utilisation ratios and to participate in a corporate review are in place	No	R. McNee

Risk Register					
Reduce grounds maintenance costs	Potential that service delivery might be affected	3*2	Plans to achieve VfM savings through collaborative working are in place	No	R. Houston
Maximise turnover from Non-Housing Maintenance Works	Potential that the statutory requirement that a significant trading operation break even over a rolling 3-year period might not be met.	3*3	Plans to effectively implement the Non - Housing Repairs Partnership are in place	Yes	K. Doig








Department Service Plan Performance Review

The latest performance report against the 2007-2011 plan, shows that Contract Services continues to achieve high levels of customer satisfaction and the level of complaints recorded remains low. The department is making progress in reducing the level of waste sent to landfill and increasing levels of recycling. Changes to the way that absence is managed are having an impact and the level of employees expressing job satisfaction is improving. Turnover increased last year, albeit in difficult trading conditions.

Definition	Performance Statistics		Improvement Status		Benchmarks		Commentary Latest Update (followed by remedial action if declining performance indicated)
	Previous Figures	Latest Figures	Yearly Trend	Long Term Trend	Average	Best	
% expressing satisfaction with the Property Maintenance Service.	03/09 - 0	03/10 - 0	●	●			Non-housing Repairs System now incorporates a facility to record Job Evaluation Sheets. This facility was introduced in May 2010 therefore data now being collected and will be available to report in the coming months
% expressing satisfaction with the maintenance of open spaces.	03/09 - 80 03/08 - 70 08/07 - 0	03/10 - 0	▼	▼			Performance indicators to be put in place as part of new IT system. No recent survey data Remedial Action: as above
% of APT&C employees absent in Contract Services.	06/09 - 6.5 03/09 - 3.7 12/08 - 3.6 09/08 - 3.6	12/09 - 6.4	▼	▼			A steady reduction in long term absence has been noted due to the constant efforts for early resolutions. Split for APT&C no longer measured through Resourcelink Remedial Action: Monthly monitoring meetings continue to provide focus and discussion around resolutions to long term sickness absence.

	Performance Statistics		Improvement Status		Benchmarks		Commentary
Definition	Previous Figures	Latest Figures	Yearly Trend	Long Term Trend	Average	Best	Latest Update (followed by remedial action if declining performance indicated)
% of Construction employees expressing job satisfaction.	03/09 - 79.5 03/08 - 79.5 03/05 - 71.8	03/10 - 79.5					Result from 2007 employee survey. Remedial Action: Corporate Employee Survey planned for September this year
% of Craft employees absent in Contract Services.	06/09 - 7 03/09 - 8 12/08 - 9.1 09/08 - 7.5	12/09 - 6.5					The past 6 months has shown a steady decrease in the levels of long term absence with solutions in place at an early stage. Short term absence during this quarter has followed the seasonal trend. Remedial Action: Monthly monitor meetings with senior managers will include short term problematic absences in an effort to provide early resolutions.
% of Land Services employees expressing job satisfaction.	03/09 - 66.6 03/08 - 66.6 03/05 - 53.6	03/10 - 66.6					Result from 2007 Employee Survey Remedial Action: Corporate Employee Survey planned for September this year.
% of complaints received relating to the Housing Repairs Service.	09/09 - 0.1 06/09 - 0.1 03/09 - 0.1 12/08 - 0.1	03/10 - 0.2					There were 140 confirmed instances of unsatisfactory work in 2009/10 arising from 76188 completed repairs. Remedial Action: Each instance of unsatisfactory work is resolved. There is no underlying trend

	Performance Statistics		Improvement Status		Benchmarks		Commentary
Definition	Previous Figures	Latest Figures	Yearly Trend	Long Term Trend	Average	Best	Latest Update (followed by remedial action if declining performance indicated)
% of construction waste recycled by Major Contracts, Housing Repairs and Maintenance and Property Maintenance.	03/08 - 9.5 03/07 - 9	03/09 - 21.72	▲	▲			
% of residents expressing satisfaction with the Repairs Service.	03/09 - 99.01 03/08 - 97.8 03/07 - 95.9 03/06 - 90.6	03/10 - 97.58	●	●			
% of waste recycled by Land Services.	03/09 - 45 03/08 - 17.2 03/07 - 13	03/10 - 48	▲	▲			
Cost per square metre of utilisation of property by Contract Services.	03/09 - 0	03/10 - 0	●	●			This measure not yet developed.

	Performance Statistics		Improvement Status		Benchmarks		Commentary
Definition	Previous Figures	Latest Figures	Yearly Trend	Long Term Trend	Average	Best	Latest Update (followed by remedial action if declining performance indicated)
Level of turnover in all key sectors in Contract Services (£millions).	03/09 - 27.24 03/08 - 27.2 03/07 - 28.5 03/06 - 25.7	03/10 - 29.02					
Number of complaints received relating to the Property Maintenance Service.	12/09 - 0 12/08 - 0	03/10 - 0					Non-housing Repairs System now incorporates a facility to record complaints at job level. This facility was introduced in May 2010 therefore data now being collected and will be available to report in the coming months
Number of complaints received relating to the maintenance of open space.	12/09 - 1 09/09 - 3 03/09 - 1 12/08 - 4	03/10 - 2					Remedial Action: investigate and monitor
Number of days lost related to stress in Contract Services.	03/09 - 1,020 03/08 - 349.6 03/07 - 541.5	03/10 - 0					This data is no longer readily available due to reporting restrictions in Resource Link

	Performance Statistics		Improvement Status		Benchmarks		Commentary
Definition	Previous Figures	Latest Figures	Yearly Trend	Long Term Trend	Average	Best	Latest Update (followed by remedial action if declining performance indicated)
Number of days lost through musculo-skeletal injury in Contract Services.	03/09 - 91 03/08 - 41 03/07 - 160	03/10 - 197	▼	▼			Remedial Action: All manual handling risk assessments have been recently reviewed and updated. Review of internal procedures being undertaken including the provision of physiotherapy within the workplace. To be considered by the Joint H&S Committee
Number of work related incidents and accidents in Contract Services.	03/09 - 72 03/08 - 75 03/07 - 67	03/10 - 70	●	●			Changes have been made to the accident investigation procedures and a dedicated team has been introduced to improve the quality of reports and corrective actions.
Tonnes of construction waste generated	03/08 - 2,245 03/07 - 2,888	03/09 - 2,326	●	▲			
Tonnes of waste generated by Land Services.	03/09 - 1,599 03/08 - 1,617 03/07 - 1,705	03/10 - 1,610	●	●			

	Performance Statistics		Improvement Status		Benchmarks		Commentary
Definition	Previous Figures	Latest Figures	Yearly Trend	Long Term Trend	Average	Best	Latest Update (followed by remedial action if declining performance indicated)
Value of recorded efficiency gains across all divisions of Contract Services.	03/08 - 0	03/09 - 50,000	▲	▲			Garden maintenance land services client embankment cutting