

## **State of the Market Survey 2010**

### **Housing, Building Maintenance and Construction**



The state of the market survey was conducted by Phil Brennan, APSE Principal Advisor for Housing, Building Maintenance and Construction

For any enquires in relation to the survey, Phil may be contacted on:

Tel: 0161 772 1810

Email: [pbrennan@apse.org.uk](mailto:pbrennan@apse.org.uk)

**LOCAL SERVICES**  
**LOCAL SOLUTIONS**



Association for Public Service Excellence  
2<sup>nd</sup> floor Washbrook House  
Lancastrian Office Centre  
Talbot Road, Old Trafford  
Manchester M32 0FP  
telephone: 0161 772 1810  
fax: 0161 772 1811  
email: [enquiries@apse.org.uk](mailto:enquiries@apse.org.uk)  
web: [www.apse.org.uk](http://www.apse.org.uk)

# Housing, Building Maintenance and Construction

## State of the Market 2010

The APSE State of the Market survey was conducted on-line and contained a series of questions covering a range of issues of interest to those officers and councillors responsible for housing, building maintenance and repairs, capital projects, Decent Homes programmes, construction and challenges for the future. Responses were received from 38 local authorities throughout the UK. This report identifies the key findings of the survey.

This is the second time APSE has undertaken this state of the market survey so a comparison with the previous survey is available. This comparison will be highlighted where appropriate.

### Results from the survey

#### 1) How do you expect the level of workload of the building repair and maintenance service (housing and non-housing) to change over the next 12 months?

##### Housing

Answer Options	2008 Housing %	2010 Housing % (number)	% change 2008-2010
Increase significantly	9.2%	0% (0)	-9.2%
Increase	32.9%	20.6%(7)	-12.3%
Stay the same	38.2%	50%(17)	+11.8%
Decrease	15.8	26.5% (9)	+10.7%
Decrease significantly	4%	2.9% (1)	-1.1%
Total		34	

##### Non-housing

Answer Options	2008 Non-housing %	2010 Non-housing % (number)	% change 2008-2010
Increase significantly	3.2%	7.4% (2)	+4.2%
Increase	12.9%	18.5% (5)	+5.6%
Stay the same	46.8%	25.9% (7)	-20.9%
Decrease	29%	33.3% (9)	+4.3%
Decrease significantly	8.1%	14.8 % (4)	+6.7%
Total		27	

In terms of the level of workload of the building repair and maintenance service, more responses fell into the 'Stay the same' category than in any other, although the proportion in this category fell overall by about 10%. For those working in housing, fewer councils expect an increase in workload (compared to the previous survey) whilst a greater proportion expected a decrease in workload over the coming year.

Those responses detailing non-housing work pointed to fewer with a workload staying the same but those expecting an increase in work balanced those expecting a decrease.

Clearly the reductions in public sector budgets will have an impact across all public services and no local government services will escape some spending reductions. Comments in this survey note drastic cuts. The Comprehensive Spending Review will shed further light on the overall position and although immediate cuts are being made in some areas, it is likely that further knock on effects will take a while to filter through to services. As such any question regarding future workload is difficult to answer accurately until the full financial picture emerges.

One response noted a merger with another department which will lead to more non-housing work being carried out and this may be a more common occurrence as strategic organisational reviews take place.

However some facts are clear. As Decent Homes work comes to an end in many councils there will be an inevitable drop off in capital works. Although experience shows that requests for responsive repairs tend to increase following major capital projects, funding availability will probably mean there will be no increase in the number of repairs addressed. The reduction in the 'Building Schools for the Future' programme will mean a large number of backed up repairs in existing buildings will have to be addressed but again this will depend on funds being made available.

The requirement to maintain assets, whether houses or civic buildings, will result in either rapidly declining values for assets, significant remedial work at some future date or sale. None of these options appear beneficial for those delivering a service.

#### **b) How do you expect your personal workload to change over the next 12 months?**

Over 53% of respondents expected their workload to increase over the next 12 months with a further 10% expecting a significant increase. This is slightly lower than the previous survey which produced a figure of 57% expecting an increase and 15% expecting a significant increase. Nearly 22% expected workloads to remain about the same (compared with 25% in the previous survey) and those expecting a decrease and significant decrease equates to 15%. This figure is much higher than the equivalent previous figure of 3%.

Reasons for changes in workload included few positions and more work; restructuring of the department with fewer managers; restructuring will result in more work for fewer senior managers remaining; pressure to create efficiencies, this will inevitably mean doing more/same with less; trying to increase market share with other authorities and housing associations; staffing cuts expected in 2011; budget cuts will result in less spend on building maintenance and the capital programme is also likely to be cut resulting in less construction work being done; factoring, SHQS compliance, asbestos policies are being developed with little regard to resources.

**c) How do you expect the budget for the repairs and maintenance service to change over the next 12 months?**

**Housing**

<b>Answer Options</b>	<b>2008 Housing %</b>	<b>2010 Housing % (number)</b>	<b>% change 2008-2010</b>
Increase	25.7%	6.1% (2)	-19.6%
Stay the same	52.7%	54.5% (18)	+1.8%
Decrease	21.6%	39.4% (13)	+17.8%
Total		33	

**Non-housing**

<b>Answer Options</b>	<b>2008 Non-housing %</b>	<b>2010 Non-housing % (number)</b>	<b>% change 2008-2010</b>
Increase	12.3%	11.1% (3)	-1.2%
Stay the same	43.9%	25.9% (7)	-18%
Decrease	43.9%	63% (17)	+19.1%
Total		27	

Of the 60 responses, half thought budgets would decrease over the forthcoming year, whilst 42% thought they would stay the same. Only 8% thought they would see an increase in budget. There is a greater expectation of budget decreases amongst those concerned with non housing maintenance but the situation across both sectors is similar.

This information is in line with that collected about the workloads which in general points to less work with reducing budgets but some increasing work levels and budgets. Clearly the focus on efficiencies means that more will be expected from less in resource terms.

**d) Do you expect the service to remain in-house over the next 12 months?**

Out of 56 responses, 48 expect the service to remain in house whilst only 8 thought it could potentially be outsourced.

Comments received include the following: we will have to increase productivity to be competitive and freeze wages; will reduce staff numbers and increase subcontract engagements; review of future of council housing due to go for decision late summer 2010 – options are an enhanced ALMO (with DLO?) or bring back in house.

There have been developments in terms of management arrangements in a number of ALMOs with Ealing, Slough and Hillingdon being brought back under direct council control and Golden Gates (Warrington), Tristar Homes (Stockton) and First Choice Oldham becoming RSLs. Although this does not necessarily mean a change in terms of who delivers the repairs and maintenance service, this scale of change does mean a review of how the service is delivered. It is likely that

further changes will happen in future as the picture with spending cuts becomes clearer and more organisations reach Decent Homes Standard.

Other comments included: could be outsourced in November 2010; potential to change in 2 years time; expect alternative delivery vehicle to be established; more contractors being used, as they appear to be cheaper. This is due to the lack of management and monitoring, and more importantly lack of adequate site Health & Safety; expect the service to be market tested.

**e) Has your organisation completed Job Evaluation? Has Job Evaluation affected wage costs?**

Of 35 councils, 21 had been through Job Evaluation with 14 yet to go through it. Of the 21, 2 have experienced a significant increase in wage costs whilst 7 have experienced an increase. A further 7 have seen wage costs remain about the same and 5 have seen wage costs decrease.

Comparisons with the previous survey show that both surveys reflected a mixed picture in terms of increases, decreases and staying much the same with regard to wage costs as a result of job evaluation.

**f) Do you still retain a bonus scheme?**

Out of 32 responses to this question, 21 (66%) do not have a bonus scheme in place whilst 11 (34%) do have a bonus scheme. This is slightly down from last year when the equivalent figures were 56% (with a bonus scheme) and 44% (without).

There are 16 councils which have completed Job Evaluation and do not have a bonus scheme whilst 3 councils have retained a bonus scheme having been through Job Evaluation. Of those which have not been through Job Evaluation 8 currently have a bonus scheme whilst 5 do not.

**g) What is the basic current hourly rate for the following operatives (before tax) in £?**

Trade	Average hourly rate		Number of responses 2010	Highest	Lowest
	2008	2010			
Electrician	£10.58	£11.68	15	£16.37	£7.37
Plumber	£10.16	£11.66	14	£16.37	£7.37
Gas Plumber	£11.04	£11.99	10	£16.37	£7.37
Joiner	£9.85	£10.83	13	£16.37	£7.37
Plasterer	£9.48	£10.90	11	£16.37	£7.32
Bricklayer	£9.90	£10.65	15	£16.37	£7.32
Heating engineer	£10.89	£12.74	8	£16.37	£11.19
Painter/decorator	£9.79	£10.63	13	£13.50	£7.32
Roofer	£9.72	£10.83	13	£16.37	£7.32

The table above provides basic hourly rates of pay (before tax). These figures are averages and although the intention is to gather an accurate picture of pay rates, the question may be interpreted in different ways. There will also be issues such as London weighting to consider. Although direct comparison is not appropriate the table does reflect the range of pay rates across the UK. The table does however give indicative information about pay rates for a number of trades and reflects the range of pay and so the range of circumstances different councils find themselves in. It also shows an average increase, from this sample of councils, of just over 11% in hourly pay rates between the 2 surveys.

Note - where a basic rate and bonus figure have been given, the basic figure has been included in the table.

#### **h) Are you having trouble recruiting or retaining operatives?**

<b>Answer Options</b>	<b>2008</b>	<b>2010 % (number)</b>
Yes, trouble recruiting operatives	23%	1 (3.2%)
Yes, trouble retaining operatives	1.6%	1 (3.2%)
Yes, trouble recruiting and retaining operatives	13.1%	0
No	62.3%	29 (93.5%)

During the previous survey, responses to this question showed that there were a number of councils experiencing difficulty with recruitment and retention but that it was not a problem with all councils. This was at a time when there was a general feeling across society that finding skilled craft workers to carry out private work was difficult.

Clearly the economic situation has changed significantly over the recent past with many councils putting a recruitment freeze in place whilst others have laid off operatives. This combined with the drop in orders for private sector construction firms and resultant redundancies means there has been an increase in the number of unemployed construction workers. This is reflected in survey responses which point to no problems recruiting or retaining staff.

Comments received noted councils were not recruiting (which is likely to be widespread); there is a large surplus of good trades-people through agencies; there has been a complete reversal of the situation over the past 2 years; current pay system is under review with reduction of higher levels of pay likely; a 5% local market forces enhancement was implemented two years ago, coupled with the current building trade slump we don't have many problems recruiting staff.

#### **i) Are staff absence levels at an acceptable level?**

17 (55%) of the 31 respondees to this question said their absence levels were acceptable. The remainder 14 (45%) said they were not.

Responses to the previous survey were 45% answering 'yes' and 55% 'no'.

Interpretation of the level of acceptance is interesting. For example two responses considered 3.4% and 8.25% unacceptable whilst another two thought 3.5% and 6.5% were acceptable.

There were a variety of comments received but sickness remains a major issue for all services within councils with comments referring to the fact that it remains an area of potential savings. Long term sickness is a serious problem for councils as are high stress levels

**j) Do you run an apprenticeship scheme?**

30 respondees answered 'yes' to this question and 4 answered 'no'. 16 councils gave the number of apprentices employed and this ranged from 5 up to 100. 4 councils had less than 10 apprentices; 7 had between 10 and 20; with 5 councils having between 28 and 100 apprentices. There are a total of 454 apprentices currently on these 16 schemes with an average of 28 across those who responded.

**k) If the powers and funding were available, does your organisation have the capacity and skills to build council houses?**

<b>Answer Options</b>	<b>2008</b>	<b>2010 % (number)</b>
Yes with current internal staff	15.2%	24.2% (8)
Yes but would want to work in partnership	40.9%	39.4% (13)
No	43.9%	36.4% (12)

There are a small group of councils who are currently building council houses and who have built them over recent years. The Local Authority New Build funding given out to English councils over autumn last year has meant many more council houses are in the process of being built than was previously the case. However the recent removal of regional housing strategies has meant an estimated 100,000 houses which were in plans are not now likely to be built and some of these will be council houses. Of course demand remains very high as supply is at an all time low but the shortage of resources for councils means further building in the short or medium term is unlikely.

It appears that a small number of councils (8) have the skills to build homes and a further group (13) have some of the skills and would be willing to work in partnership with other organisations to build more council homes. One comment referred to the fact that the organisation had the skills to build homes but not the capacity.

**l) Do you currently sell your services outside of the Local Authority?**

<b>Answer Options</b>	<b>2008</b>	<b>2010 % (number)</b>
No and not considering it for the near future	31.7%	36.7% (11)
No but considering it as an option in the near future	17.5%	13.3% (4)
No but likely to start doing it in the near future	4.8%	6.7% (2)
Yes and expecting to continue	42.9%	40% (12)
Yes but not expecting it to continue long term	3.2%	3.3% (1)

Councils selling their services outside of their own organisation is not new and the fact that 40% of respondees note that this is happening and expect it to continue is not surprising. 37% are not considering this in the future. In times of austerity opinions may differ on the benefits of working

externally. Some may consider that it is beneficial to diversify income and gain some from outside the council and be in a position to make up for lost work internally if resources are cut. An alternative view is that during times of limited resources, concentration should be on internal customers with the intention of ensuring an efficient and effective service is provided internally without the distraction of external work.

Some of the comments received included the fact that a lot of Decent Homes work carried out for another council has now stopped; that services are delivered externally but only to other public sector organisations; an out of hours service is offered to housing associations and the Police; that this option is actively being pursued now; and that the service is within the HRA and dedicated to providing an excellent service to the tenants of that council only.

**m) Where do you see growth areas for the service and areas where work may reduce over the next 12 months?**

Responses to this question highlighted a number of areas of future growth for maintenance and repairs services included some recently emerging issues such as energy efficiency, renewable technology and renewable energy sources and affordable homes. Clearly areas of growing and falling workload will depend on many local factors. The responses to these questions reflect differing local contexts and the pressures on services.

Growth areas identified were as follows:

Renewable energy/technology/energy efficiency (5); renewable/insulated render (1); electrical work (1); New build housing and non-housing (2); common areas repairs (1); void works (1); housing capital expenditure (1); housing repairs for external organisations (3); school estate development (1). A number noted they envisaged no growth areas over the next 12 months (6). One area of growth was noted as greater productivity across each service area through the implementation of leaner and smarter working practices and the introduction of new technology.

Areas where work is expected to reduce were as follows:

Capital expenditure/new build (6); non housing an school work (3); refurbishment/painting (4); digital TV installation (1); non housing maintenance (1); housing maintenance (1); across the board/any non essential work (4); work with private sector partners (1); reduce repairs work due to investments made in e.g. windows, kitchens and bathrooms (3). 2 councils expected no areas of reduced activity.

**n) Does your service use the following ?**

<b>Answer Options</b>	<b>yes</b>	<b>partial use</b>	<b>no</b>
mobile communications/PDAs	51.7% (15)	34.5% (10)	14% (4)
tenant appointment systems	77.4% (24)	12.9% (4)	10% (3)
operative scheduling systems	59.3% (16)	18.5% (5)	22.2% (6)
diagnostic software	59.3% (16)	7.4% (2)	33.3% (9)
dedicated housing repair call centre	75% (21)	3.6% (1)	21.4% (6)
dedicated non housing repair call centre	42.9% (12)	7.1% (2)	50% (14)
corporate call centre	79.3% (23)	10.3% (3)	10.3% (3)

ICT has been taken on board by the majority of council operational providers as a way of delivering quality services and of making efficiencies. This is highlighted above where over 50% of respondents (wholly or partially) have invested in the above arrangements as part of their services, except for a dedicated non housing repairs call centre.

Systems for tenant repairs appointments and dedicated housing repair call centres and corporate call centres are widespread and although there have often been obstacles to overcome with regard to integration with existing software systems, the benefits have quickly become apparent. However there are significant minorities who have not made such investments. It will be interesting to see whether those organisations who have yet to do so, are unable to because of a shortage of funds or attempt to make the efficiencies available by investing limited resources.

A number of comments referred to existing plans they have to expand use of mobile working. Other comments noted that the housing repairs service had been taken out of the corporate call centre and another stated that there is an in-house call hub for non housing repairs whilst housing repairs go through the corporate call centre.

**o) How are elements of work delivered?**

<b>Answer Options</b>	<b>In house</b>	<b>External</b>	<b>Mix of both</b>
Gas servicing	56.6% (17)	36.6% (11)	6.6% (2)
Void property repairs	75% (21)	10.7% (3)	14.3% (4)
Emergency repairs	81.3% (26)	6.3% (2)	12.5% (4)
Day to day repairs	78.1% (25)	6.3% (2)	15.6% (5)
Aids and adaptations	56.7% (17)	13.3% (4)	30% (9)

There is a variety of delivery arrangements across the UK with regard to all council services and building maintenance is no exception. In all of the above, in house providers deliver the majority of the service but there were significant elements delivered by external providers or jointly. There is pressure on all to prove they provide value for money and it is important that evidence is available to reflect this. Councils have traditionally been good at providing this information

(through services such as APSE Performance Networks) but they must also ensure that contracts with external providers call for regular performance data to be produced and contract management in general to be tight. Some partnerships work very well together whilst the economic downturn and market conditions mean some private providers are unable to meet their commitments. The impact can be serious for councils who rely on them to provide services and so it is beneficial to ensure their performance is monitored closely so that problems emerge as early as possible.

## **The Association for Public Service Excellence**

APSE member authorities have access to a range of membership resources to assist in delivering council services. This includes our regular advisory groups, specifically designed to bring together elected members, directors, managers and heads of service, together with trade union representatives to discuss service specific issues, innovation and new ways of delivering continuous improvement. The advisory groups are an excellent forum for sharing ideas and discussing topical service issues with colleagues from other councils throughout the UK.

Advisory groups are a free service included as part of your authorities membership of APSE and all end with an informal lunch to facilitate networking with peers in other councils. If you do not currently receive details about APSE advisory group meetings and would like to be added to our list of contacts for your service area, please email [enquiries@apse.org.uk](mailto:enquiries@apse.org.uk).

Our national advisory groups include:-

- Efficiencies, procurement and service transformation
- Building cleaning
- Citizen engagement
- Local authority, police and fire authority partnerships
- Community safety and security
- Housing, building maintenance and construction
- Parks, horticultural and ground maintenance
- Roads, highways and street lighting
- Social care
- Leisure management and community venues
- Vehicle maintenance and transport operations
- Waste management, refuse collection and street cleansing
- Workforce strategy and employee relations