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State of the Market Survey 2021

Local Authority Building Maintenance Service

Briefing 21- 45

October 2021

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Building Repairs and Maintenance - State of the Market 2021

The APSE State of the Market survey is conducted online and contains 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, construction and related challenges for the future. There was a total of 34 responses received from housing and building maintenance providers throughout the UK. This figure was lower than previous years due to time constraints on respondent operational managers however it does provide a reasonable sample, with data triangulated to other data sources, such as APSE Performance Networks. This report provides an overview of the survey and outlines the key findings.

This is the eighth time APSE has undertaken this State of the Market survey so a comparison with previous surveys is available. This comparison will be highlighted where appropriate.

The surveys are an attempt to understand perceptions of the market amongst people directly involved in delivering services rather than a survey of the same individuals from year to year.

Context

Housing and building maintenance continue to be a significant issue nationally. There continues to be a strong political focus on building more homes across the UK. The Westminster Government has announced a raft of policies to support development to build 300,000 homes a year to alleviate the crisis in the housing market, alongside efforts in the devolved administrations. In response to the political focus and the housing crisis, as well as a number of councils building directly, approximately 170 councils have established Local Authority Housing Companies or alternative models to build new properties and are now delivering new homes in their communities.

A high degree of scrutiny has been focused on the building maintenance and repairs sector following the tragic events at Grenfell Tower. As a result, local authorities across the UK have reviewed their processes and procedures, including more authorities opting to bring the building maintenance and repairs service in-house.

In December 2018, The Building (amended) Regulations S12018/1230 came into force banning the use of combustible materials on high rise buildings over 18 metres and with the review into current building regulations ongoing, it is anticipated that there will be further changes that will have an impact on social housing providers.

There is also a Building Safety Bill making its way through parliamentary process, which was introduced in the House of Commons on 5 July 2021. The Bill is designed to reform residents and homeowners’ rights, powers and protections to make homes across England safer and overhaul regulations. It also provides a new compliance framework to with tougher penalties and mandates developers to belong to a New Homes Ombudsman scheme.

Welfare changes are well underway with the roll-out of Universal Credit being accelerated and this continues to have an impact on the demand for affordable social housing. In addition, the Homes (Fitness for Human Habitation) Act 2018 came into force on 20 March 2019 and aims to empower tenants to hold their landlords to account and ensure they fulfil their legal obligations regarding property safety. The impact of this legislation on social housing providers, in practice, is yet to be determined.

The issue of skills remains of concern with a lack of available skills across the sector, and high employment rates, which is likely to hinder the sector's growth. Brexit has further exacerbated this shortage. This has led to an increase in the cost and availability of construction materials along with an increase in wages as the demand for skilled workers rises. There is a strong likelihood of operatives moving between employers as demand increases for their skills. Most local authority internal construction and building maintenance teams report that they have an older workforce coupled with recruitment and retention issues which means that it is in the interests of all that they become more balanced in terms of age and gender; with investments made in younger workers, workforce planning, training, and support.

There are currently over 300 local authorities who have declared a climate emergency and made a commitment to reducing carbon emissions. Much of the social housing stock in the UK is ageing and poorly insulated. Therefore, to meet the commitments set out in the declarations, building maintenance and repairs services will have to adapt and play an integral role. Not only retrofitting homes including more effective windows and insulation systems but also gaining the knowledge and skills required to install and service new technologies such as solar panels and heating systems that do not rely on oil or gas. These changes in the sector will place additional pressures on the capacity of the workforce but also present opportunities for services that embrace the new ways of working, new technologies and address recruitment issues in new green skills.

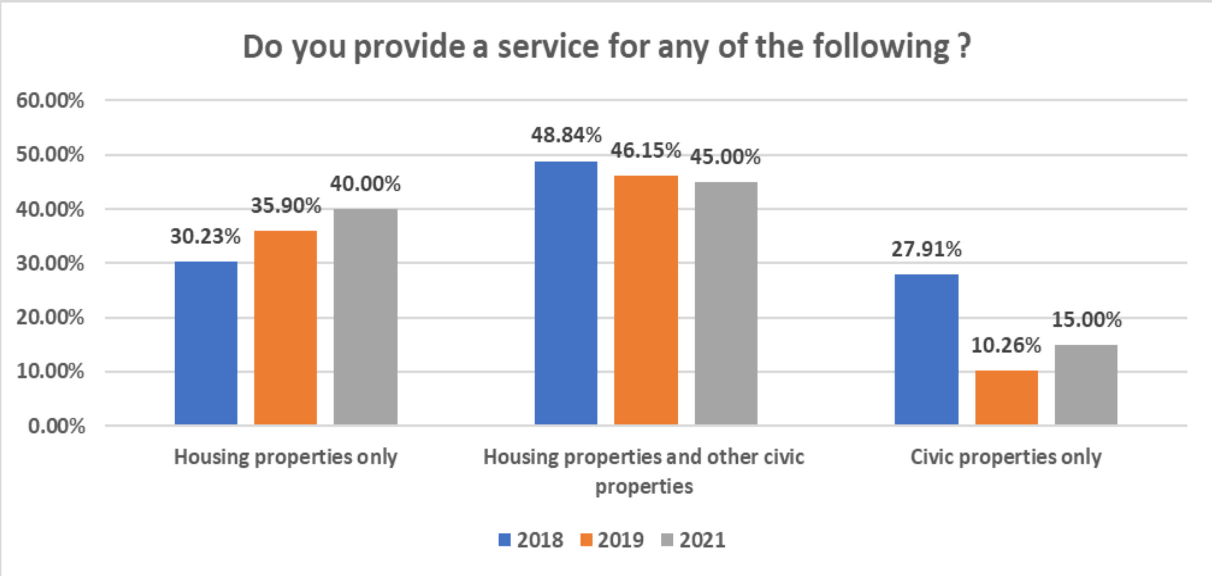
The COVID-19 pandemic has impacted on the way that all local authority services were delivered and building maintenance and repairs services have been no exception. This survey has been conducted as services have been implementing their COVID-19 recovery strategies. Therefore, it provides a snapshot of the impacts that the pandemic has had on the service and the future challenges that councils need to overcome as they remobilise and ensure the service is sustainable for the future.

Finally, it should be noted, that due to the pandemic a state of the market survey was not conducted in 2020 and therefore the survey comparator information relates to 2018 and 2019.

Scope of the service

1. Do you provide a service for any of the following?

The below graph provides on overview of the type of service their organisation provides and details the comparison with the responses for 2018 and 2019.



There are various aspects to the local authority building maintenance and repairs service and in response to this question, 45.00% of respondents reported that they provided a service for housing properties and other civic properties which is a slight decrease from the 46.15% reported in 2019. A further 40.00% advised that they provided a service for housing properties only representing an increase of 4.10% from 2019, and 15.00% of respondents stated that they provided a service for civic-only properties which is an increase of 4.74% from the low reported in 2019 but is a reduction of 12.91% from responses received in 2018.

Staff and skill set of the service.

2. How has the services staffing compliment changed over the past 2 years?

In a bid to understand how budget cuts and other external pressures have impacted on the staffing compliment of the service, the survey asked what changes had taken place over the last two years. The table below details the responses received and provides a comparison with the responses received in 2018 and 2019: -

Answer Options	Management/ Technical/ Admin Staff			Operational Staff			Agency Staff		
	2021	2019	2018	2021	2019	2018	2021	2019	2018
Increased significantly (over 20%)	**0%**	**2.63%**	**0%**	**0%**	**2.70%**	**0%**	**0%**	**12.12%**	**5.56%**
Increased (up to 20%)	**10%**	**15.79%**	**6.98%**	**10.53%**	**18.92%**	**9.76%**	**27.78%**	**9.09%**	**16.67%**
Stayed the same	**45%**	**47.37%**	**41.86%**	**31.58%**	**32.43%**	**36.59%**	**27.78%**	**54.55%**	**36.11%**
Decreased (up to 20%)	**40%**	**18.42%**	**32.56%**	**57.89%**	**27.03%**	**41.46%**	**22.22%**	**9.09%**	**25.00%**
Decreased significantly (over 20%)	**5%**	**15.79%**	**18.60%**	**0%**	**18.92%**	**12.20%**	**22.22%**	**15.15%**	**16.67%**

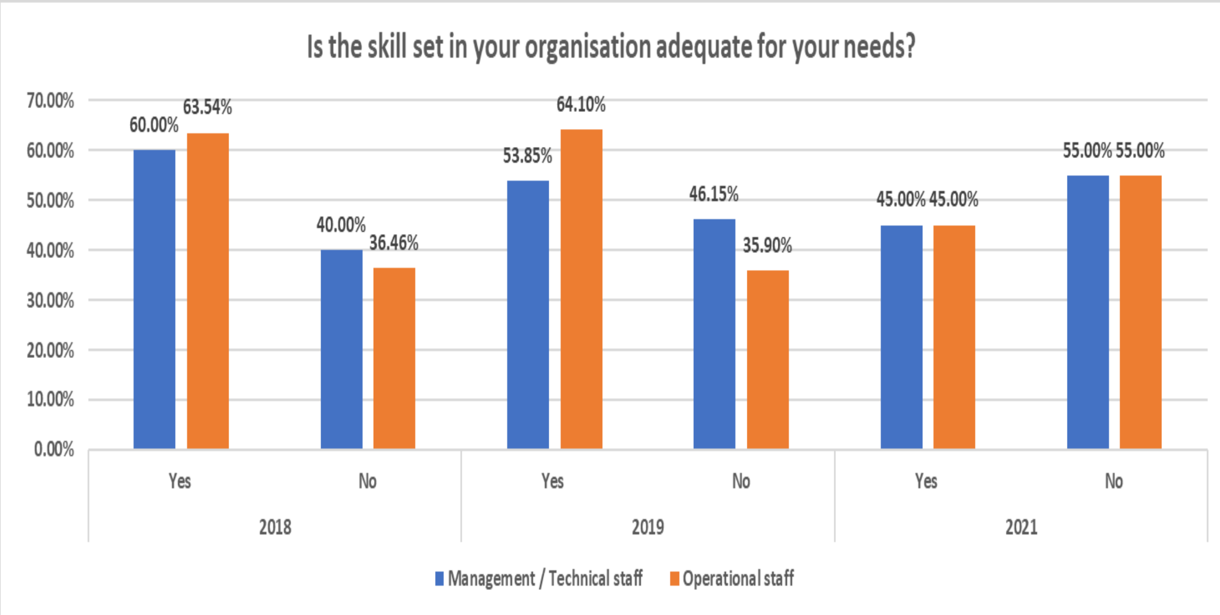
For 2021, the largest proportion of respondents are reporting that the staffing numbers have remained the same for the last two years in management / technical and admin staff, operational staff and agency staff.

There were 45% of respondents reporting a decrease or significant decrease in management, technical or administrative staff which represents a decrease from 34.21% reported in 2019. In 2021, there has been a 11.97% increase in respondents reporting that there was a decrease or significant decrease in operational staff when compared with 2019. 44.44% reported a decrease or significant decrease in agency staff which is significantly higher than 2019 with 24.24% of respondents reported this to be the case.

The responses to this question are incredibly varied and represent the differences in building maintenance and repairs services. Analysing the data, there is a correlation between the local authorities reporting that they are actively building houses and those reporting the staffing compliment had increased or increased significantly and likewise for authorities reporting that they are undertaking largescale retrofitting programmes. For those respondents reporting a decrease or significant decrease, the survey does not capture the reasons. Whilst it is reasonable to speculate that the reduction in staff could be directly attributed to budget pressure or alternatively the introduction of new more efficient ways of working, the caveat applied to sample size due to the COVID-19 pandemic must also be considered.

3. Is the skillset in your organisation adequate for your needs?

The graph below outlines respondent's perception of the adequacy of the skill sets required to meets the needs of the service.



The perception from respondents regarding the adequacy of the skill sets to meet the needs of the service highlighted that just under half of the respondents, 45.00% believed that there were adequate skills in the management / technical staff and 45.00% believed that the skill set was adequate in the operational staff. However, over half of the respondents 55.00% respectively reported that their skill set was not adequate in the management / technical staff and in the operational staff.

When making a comparison with the perceptions on the skills of the workforce in 2018 and 2019 there has been a decrease in the percentage of respondents believing they did not have adequate skills in management and technical staff and in operational staff. This could represent the greater complexity of projects that local authorities are undertaking and managing and the differing skills required to build new proprieties and retrofitting older stock. It is also reflective of the general labour market conditions with skills shortages across the sector, in both public and private industry and arguably some regional variations due to heavier reliance on European workers in some parts of the UK.

4. **Does the service have adequate plans in place to ensure your organisation will maintain the level of skills it currently has, or increase them, if necessary, over the next 10 years?**

With local authorities increasingly building housing units, Brexit uncertainty and a reportedly ageing workforce has meant the need to plan and ensure that the level of skills is maintained is more important than ever. The responses to the 2021 survey highlights that a greater number of councils have a ten-year plan in place when compared with 2018, with an increase from 55.81% of respondents in 2018 to 60.00% reporting it to be the case in 2021. However, there is still 40.00% who report in the latest survey that they do not have an adequate plan in place.

5. **Do you have any plans to upskill your workforce to deal with issues relating to green energy?**

The drive for green energy has intensified over the last few years and there is an increase in the need to install and maintain the associated green energy equipment. In response to the question, the vast majority of respondents, 85.00%, indicated that they had plans in place or intended to have plans in place in the future.

The responses to this question in the survey highlight that building maintenance and repairs services have a clear awareness of the need to embrace the ‘green agenda’ and are well on the road to implementing strategies to meet the new challenges ahead.

6. **Do you have a bonus scheme (or similar) in place?**

Over the previous surveys, the number of councils offering a bonus scheme or similar has seen a decrease. The 2021 survey results are consistent with 2019 and highlights that very few of the respondents operate a bonus scheme with only 10% advising that they still had a bonus scheme in place.

These figures reflect the fact that most have moved away from bonus schemes in favour of other approaches. This also reflects the broad implementation of job evaluation in local government and the need to continue to ‘equal pay proof’ pay and grading arrangements.

Apprenticeships

In reviewing the responses to the survey where apprentices are referred to, it is clear that councils see their apprentice programmes as a way of upskilling the workforce and building capacity to enable wider strategic objectives to be met.

APSE was keen to gain an understanding of the apprentice programmes that are in place for the building maintenance and repairs service.

7. Do you run an apprenticeship scheme?

This question garnered a significant number of respondents, 65.00% reporting that they currently had a scheme in place with a further 35.00% stating that they were planning on establishing one in the next 2 or 3 years.

8. How many apprentices do you have on your scheme?

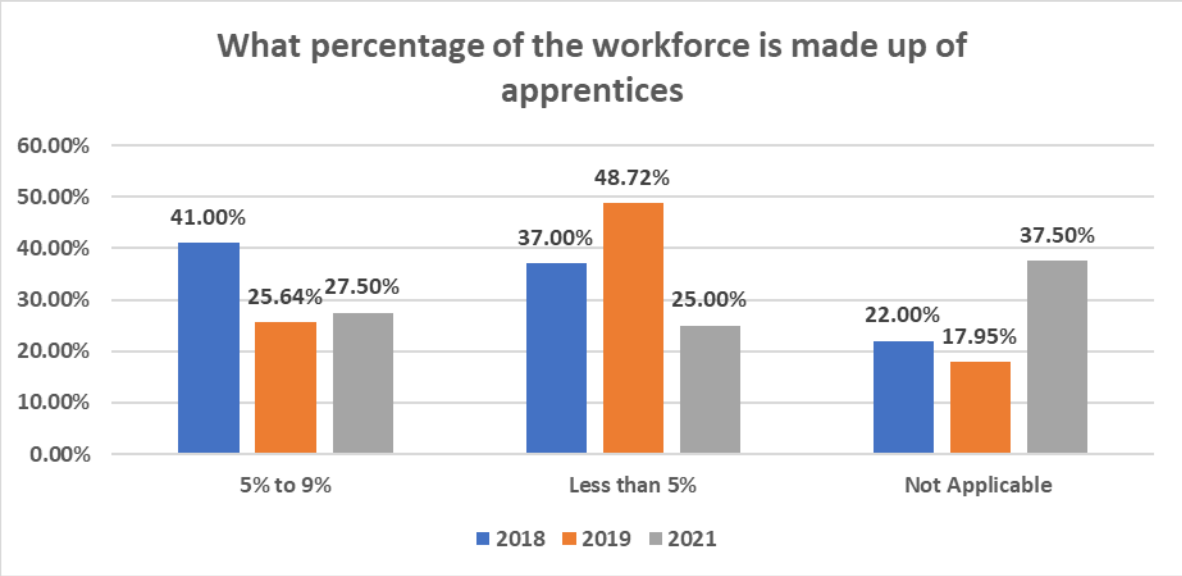
The table below outlines the responses received to the question: -

Answer options	Responses		
	2021	**2019**	**2018**
Less than 5	0%	8.33%	21.95%
5 to 9	10.53%	22.22%	17.07%
10 to 14	5.26%	8.33%	17.07%
15 to 19	10.53%	16.67%	12.20%
20 or more	42.11%	30.56%	17.07%
Not applicable	31.58%	16.67%	14.63%

When comparing the number of apprentices in the service from the responses received in 2018 and 2019, there has been a further increase in the number of respondents reporting that the service has 20 or more apprentices. This could be due to a drive for services to recruit apprentices to increase the in-house skills and a reflection of the fact that there is additional funding available for apprenticeships following the introduction of the Apprentice Levy on the 6 April 2017. The growth in apprentices is to be welcomed and is a key factor in ensuring that councils are able to 'grow their own' in terms of future construction and building skills to help alleviate the UK wide shortages in qualified trades.

9. What percentage of the workforce is made up of apprentices?

The number of employees in the workforce can vary substantially from one organisation to another. Therefore, in asking for the percentage of the workforce made up of apprentices there is the opportunity to map the trend over future years and the graph below provides a comparison of the last two years.



In addition, to the responses outlined above, three authorities were reporting that more than 10% of their workforce was made up of apprentices.

New Build

As the number of Local Authority Housing Companies increases, APSE wanted to gain an insight into the authorities that had plans in place to build new properties and this section of the survey seeks to gain this information.

10. Is your authority intending to build new properties in the next 12 months, if yes, please specify the proposed number of units?

The majority of respondents to this latest survey 31.58% respectively report that their authority is either planning to build less than 50 properties or between 50 and 100 properties the next 12 months.

11. Do you feel your organisation has the capacity and skills to build new properties?

20.00% of the respondents thought that their authority had the required skills to construct the planned units and 80.00% felt that their authority did not. It is evident from the additional comments received to this question that in addition to councils building using their in-house teams there are also councils that contract out or work in partnership with a contractor to build new developments.

Workload

The perception of workload - both in the service and personally - is a good barometer of the amount of work the service is undertaking or how reductions in staff numbers due to budget cuts and efficiencies are impacting the workforce. This section of the survey has a range of questions that explore the perceptions of the workforce regarding workload.

12. How do you expect your personal workload to change over the next 2 or 3 years?

The responses for 2021 show that 89.47% believe their personal workload would increase significantly or increase, 10.53% report that they felt it would stay the same and only 5.26% forecasted that the personal workload would decrease or decrease significant. The impact of the budget cuts is evident in the comments made regarding this question with the view being expressed that the workload had not diminished. However, the number of staff has reduced resulting in staff in the service being required to take on a greater workload and more responsibility to meet the demand.

13. How do you expect the level of the workload of the building repair and maintenance service to change over the next 2 or 3 years?

The tables below provide an outline of how respondents expected workload for the building maintenance and repairs service to change for housing and non-housing over the next 2-3 years and it also details the responses received since 2016.

Housing

Answer Options	2021 Housing %	2019 Housing %	2018 Housing %	2016 Housing %
Increase significantly	23.53%	22.22%	19.35%	14.81%
Increase	58.82%	38.89%	35.48%	40.74%
Stay the same	17.65%	30.56%	29.03%	33.33%
Decrease	0.00%	8.33%	12.90%	11.11%
Decrease Significantly	0.00%	0.00%	3.23%	0%

Non-housing

Answer Options	2021 Non-housing %	2019 non-housing %	2018 Non-housing %	2016 Non-housing %
Increase significantly	30.77%	26.09%	3.23%	7.69%
Increase	38.46%	39.13%	41.94%	42.31%
Stay the same	15.38%	21.74%	19.35%	34.62%
Decrease	15.38%	13.04%	35.48%	15.38%
Decrease Significantly	0%	0%	0%	0%

The greatest number of respondents felt that the workload would increase or significantly increase for both housing and non-housing work which is a trend that has continued across the last four years of the survey.

There has been a 21.24% increase from 2019 in the number of respondents stating they expected the workload in housing to increase or increase significantly in the service. The reasons outlined for this expectation in the comments included: -

- new build work
- capital programme of works
- significant refurbishment and retrofitting of stock
- councils opting to insource the building maintenance and repairs service
- commercial work for the private sector

The level of expectation for the workload in non-housing to increase or significantly increase has also marginally increased by 4.01% when compared to the responses in 2019; which could be in part due to investment by local authorities in civic properties following a period of estate rationalisation and reduced investment. There is also a possible increase due to the closure of premises during COVID prompting a review and opting to take advantage of a quieter / less commercially viable period to carry out refits and refurbishments.

14. Does your service provide work for other organisations?

With the reduction in funding from the Government, local authorities are seeking opportunities to increase income and selling services to external organisations is one of the approaches being taken. Therefore, this question seeks to establish which organisations councils are providing building and maintenance services for. The vast majority of respondents, 80% report that they provide work for maintained schools. Half of respondents advise that they provide work for academies and 70% state that they provide work for care homes.

The respondents also commented that they provided services for the following: -

- Social housing providers
- Leisure Trusts
- Other types of civic buildings
- Other council departments
- Community groups
- Heritage work for various bodies

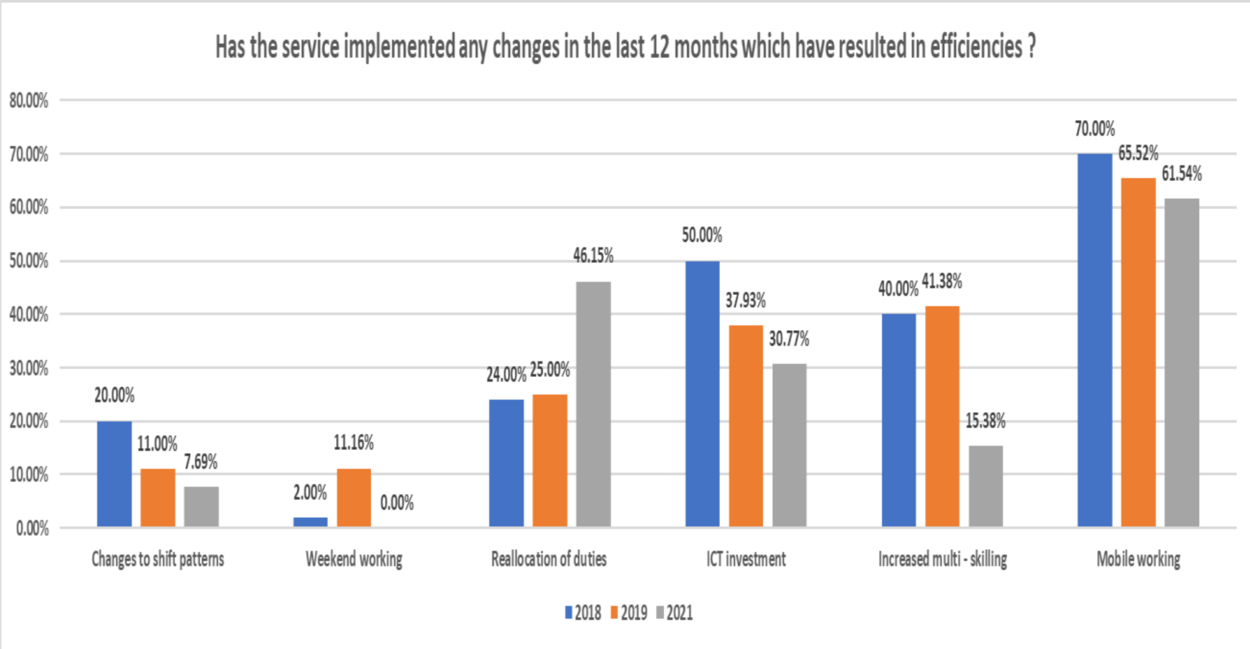
15. How do you envisage the amount of work your organisation does for external organisations changing over the next 2 to 3 years?

There were 23.53% of respondents reporting that they expected external work to expand, 64.71% expect that it would stay the same and 11.76% predicted that the work would decrease. These figures come as no surprise with the need for councils to seek opportunities to generate income. There is also an expectation that as authorities actively tender and market their services, external work will become an increasing part of the building repairs and maintenance service. However, not all authorities have developed a commercialisation strategy for the service with some lacking the capacity to take on additional work outside of their core business. With the reported skills shortages local authorities need to balance the commercial considerations with meeting tenants' requirements and wider council objectives.

Efficiencies

16. Has the service implemented any changes in the last 12 month which have resulted in efficiencies?

The reduction in budgets has required services to innovate and seek more efficient ways of working. The graph below provides an outline of efficiencies that services have implemented during the last 12 months and makes a comparison with 2018 and 2019.



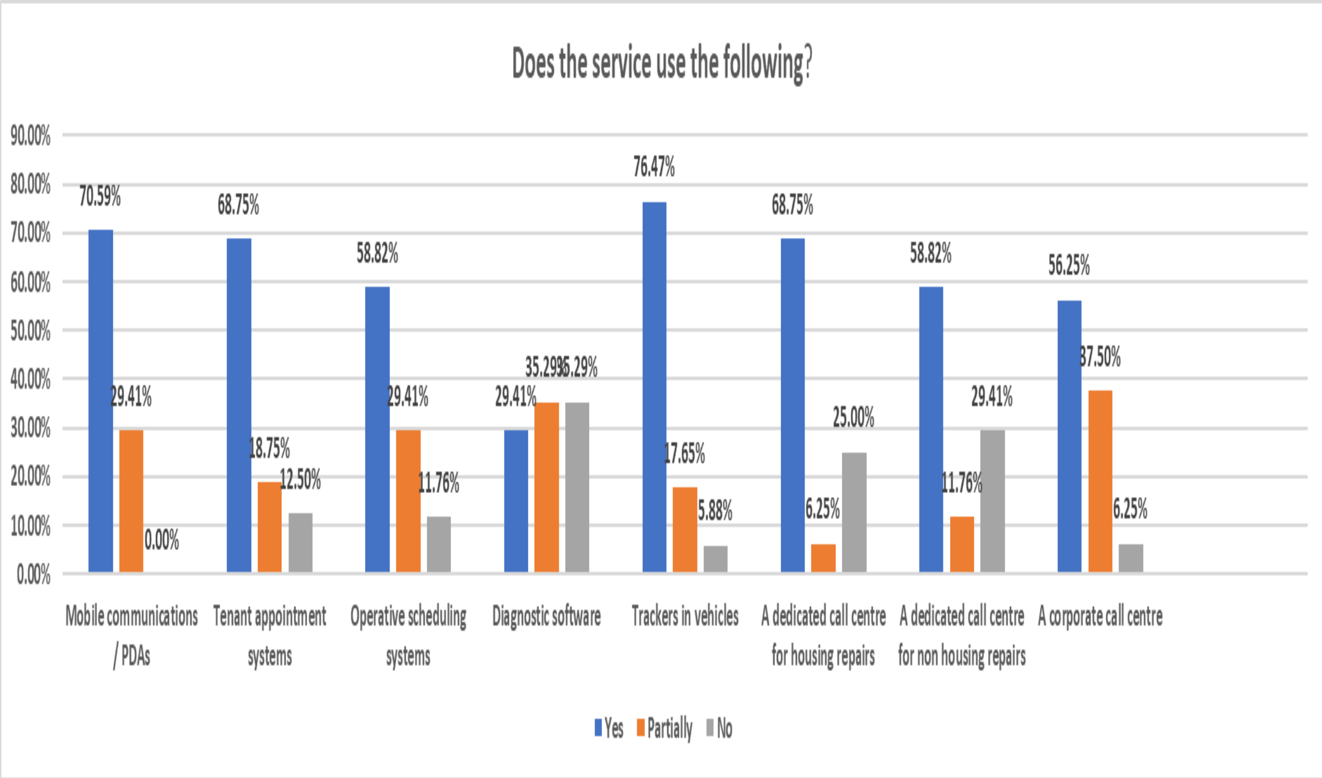
The survey results for 2021 highlight that the implementation of mobile working was stated by the greatest number of respondents (61.54%), with just under half of the respondents, 46.15% of respondents reporting that they have reallocated duties and 30.77% of respondents investing in ICT. The increase in mobile working could be a direct response to delivering the service under COVID-19 restrictions. These new ways of working, now embedded, are likely to remain in the longer-term.

However, none of the respondents' report implementing weekend working. This could indicate that the increase investment in scheduling systems, it is possible to arrange appointment times that are convenient for tenants within the working week. It could also be an impact of COVID-19 which has led greater home working and therefore demand for weekend only appointments to reduce.

17. Does your service use the following?

Many councils have invested in software and support services to meet the demands of the service. APSE was keen to understand what packages and support authorities were using in the building maintenance and repairs service.

The graph below outlines the details and provides a comparison to the 2016 survey: -



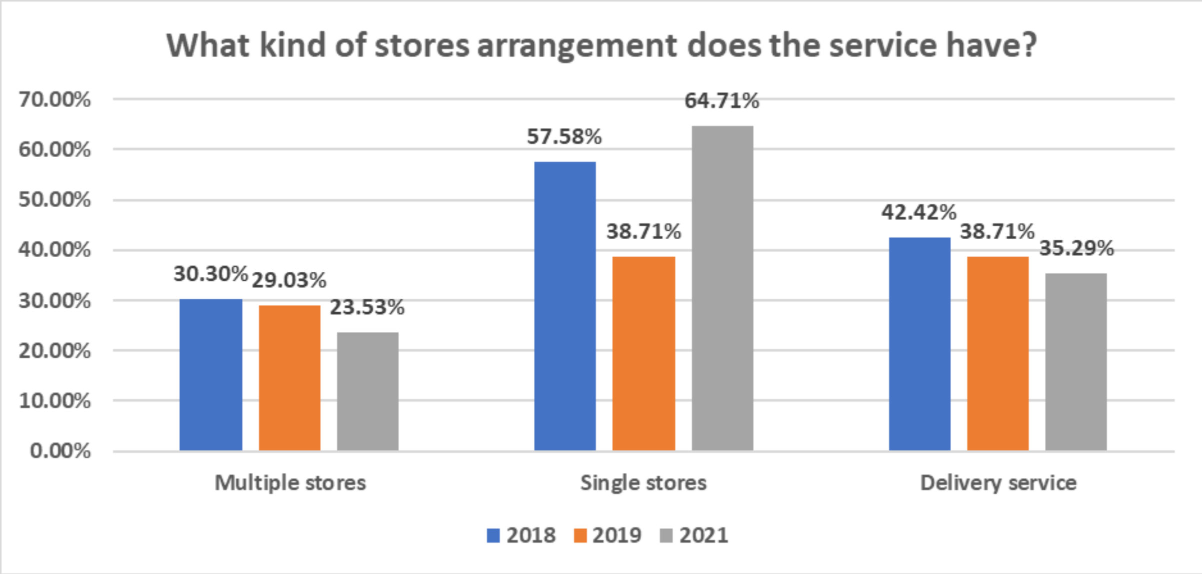
It is clear that the systems taken up by some organisations are not used universally. There has been substantial investment in systems such as mobile communications, appointment systems or vehicle trackers.

Using the systems outlined have undoubtedly proved invaluable in continuing effective service delivery over the last 18 months.

The introduction of the kind of systems noted in the graph has undoubtedly led to more efficient working arrangements, financial savings, and increased tenant satisfaction. The appetite across the sector for further innovation does not appear to be reducing.

18. What kind of stores arrangement does the service have?

The greatest number of respondents 64.71% have reported that they have a single stores arrangement, 35.29% have a delivery service model in place. A further 23.53% reported having a multiple stores arrangement.



The differences in organisation - such as the geographical nature - will influence the type of arrangements that a service has in place for its stores. However, it is evident from the comments received that councils are working with external suppliers to meet their requirements and provide a flexible means of accessing the required materials.

The impact of material shortages and issues being experienced with the just in time delivery model may influence the stores arrangements that local authority building services have in place going forward, and this will become clear in future survey. APSE performance networks data supports this view with a clear increase in the volume of lines held in stores; this could reflect an increasing nervousness about the viability of 'just in time' stock deliveries given material supply issues as a result of Brexit, driver shortages

19. Where do you see growth areas for the service over the next 2 or 3 years?

Responses to this question highlighted several areas for future growth in the building maintenance and repairs service. There were 57.14% of respondents predicting that the growth would be to repairs on new housing units through a Local Authority Housing Company, 50% thought that there would be growth in work from the insourced housing stock, 50% saw growth in new contracts with housing providers and 14.29% expected that there would be growth in work undertaken for the private rented sector.

In addition, respondents commented that they expected there to be growth in the following areas: -

- Ad hoc tenders
- Commercial buildings
- Maintenance of renewable technology
- Tenants paying for repairs

20. Where do you see areas where work may decrease over the next 2 or 3 years?

A significant percentage of respondents, 80% expected that work would decrease as a result of reducing budgets, and 20% expected there would be a reduction in civic assets. Both of which are a result of the need for councils to find efficiencies. It was the perception of 6.67% of respondents that tenant behaviour change would reduce the amount of work undertaken.

About a third of respondents, 33.33% forecasted that the reduction in stock would lead to a decrease in work over the next 2 to 3 years.

There is some uncertainty expressed by authorities as to other areas for reductions in work and this is supported by the comments received to this question. This reflects the picture in the sector as a whole and could be due to the uncertainty around Brexit, outcomes of the Grenfell Inquiries and the concerns already expressed regarding future skills and capacity shortages.

Compliance

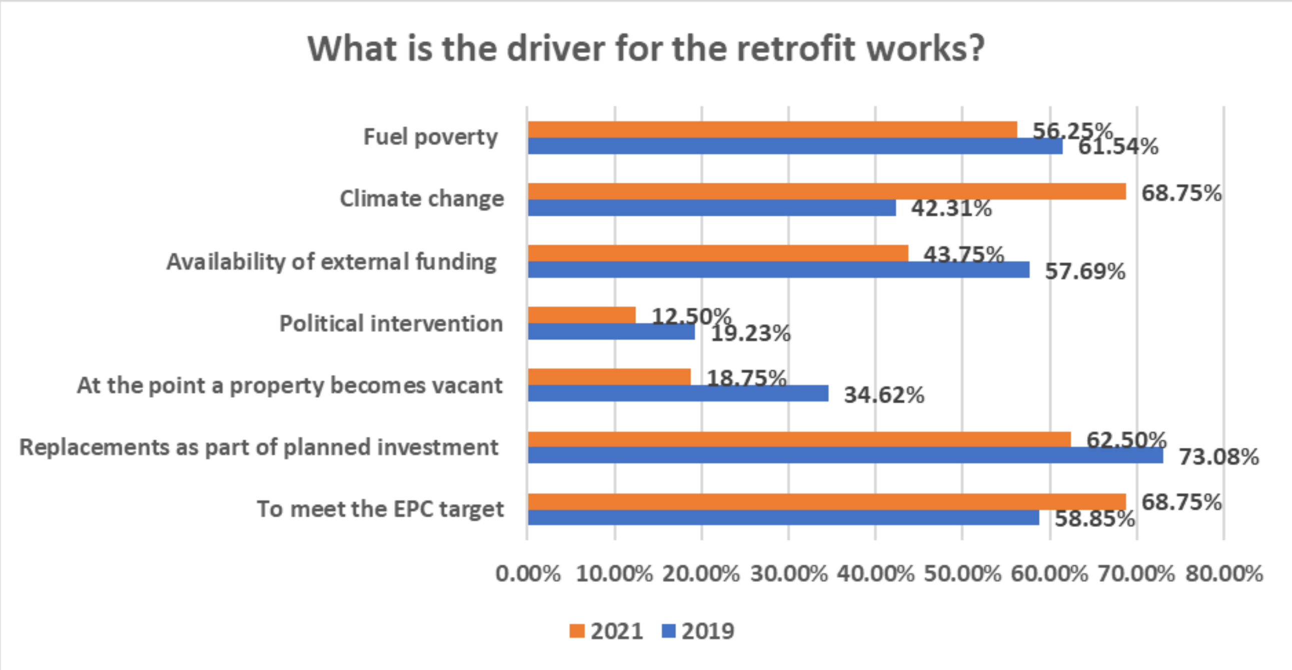
Local Authorities have a range of statutory requirements that have to be met in housing and many councils have in place corporate strategies, that directly impact on the building maintenance and repairs service, including reducing fuel poverty and climate emergency declarations. This section of the survey seeks to understand the work that is being undertaken to retrofit housing stock and the drivers for the work.

21. Are you retrofitting properties?

Over half of respondents, 82.35% answered yes or that they had future plans in place to retrofit and only 5.88% of respondents reported that they were not refitting properties. The further 11.76% reported that they did not have a particular programme to retrofit, however, due to the age of the housing stock a constant improvement of standards was undertaken.

22. What is the driver for retrofitting works?

This was a new question in the State of the Market survey for 2019 and has been asked to gain an understanding of what the drivers are for undertaking a programme of retrofitting. The graph below outlines the range of responses.



Since the survey was undertaken in 2019, it is clear that there has been a change in the main driver for retrofitting, with the largest percentage, 68.75% of respondents reporting that climate change was a driver. This is logical with many councils declaring a climate emergency; political focus and the government funding being made available in initiatives such as the Social Housing Decarbonisation Fund. It will be interesting to see if climate change remains the key driver, or if as in previous years, fuel poverty once again becomes a key driver given the energy prices issues facing the UK and much of Europe.

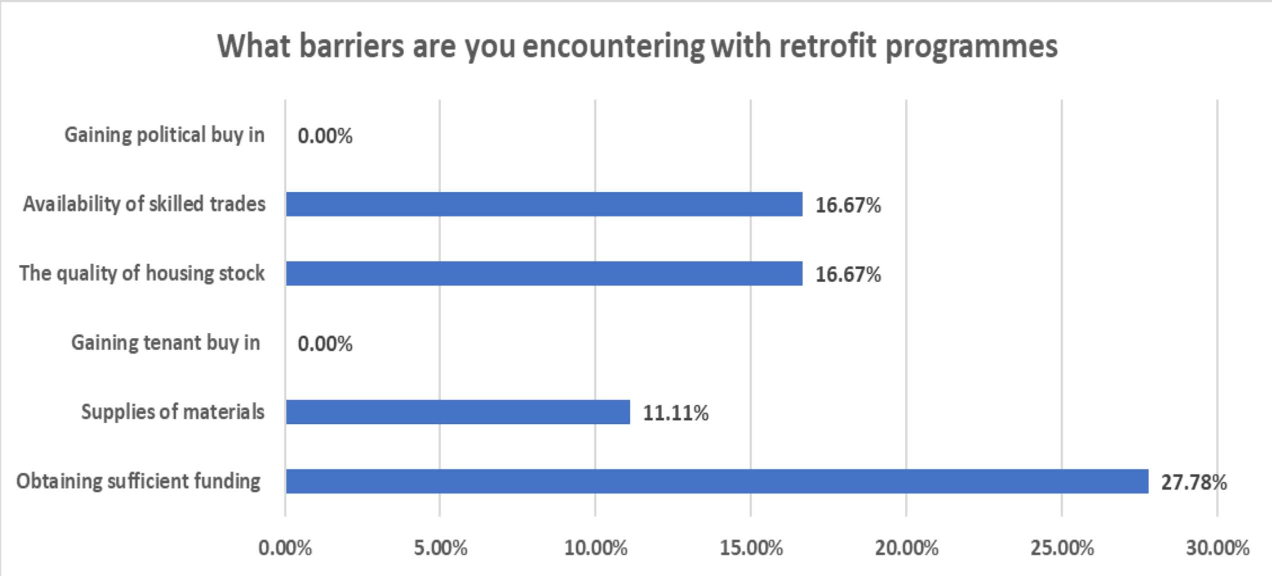
23. What aspects of retrofitting are been undertaken?

To complement the question regarding the drivers for retrofitting, APSE was also keen to establish what types of retrofitting were being undertaken.

88.24% reported that heating systems were being replaced, 76.47% advised that window and doors were being replaced and a further 76.47% stated that kitchen and bathrooms were being upgraded. Roofing upgrades were reported by 70.59% of respondents and it was also commented that stock was being re-wired and external wall insulation was being installed. Respondents also reported that fire alarms and fire doors were being installed which could be in direct response to the tragic events of Grenfell. In addition, it was also reported that smart technologies were also been installed.

24. What barriers are you encountering with retrofit programmes?

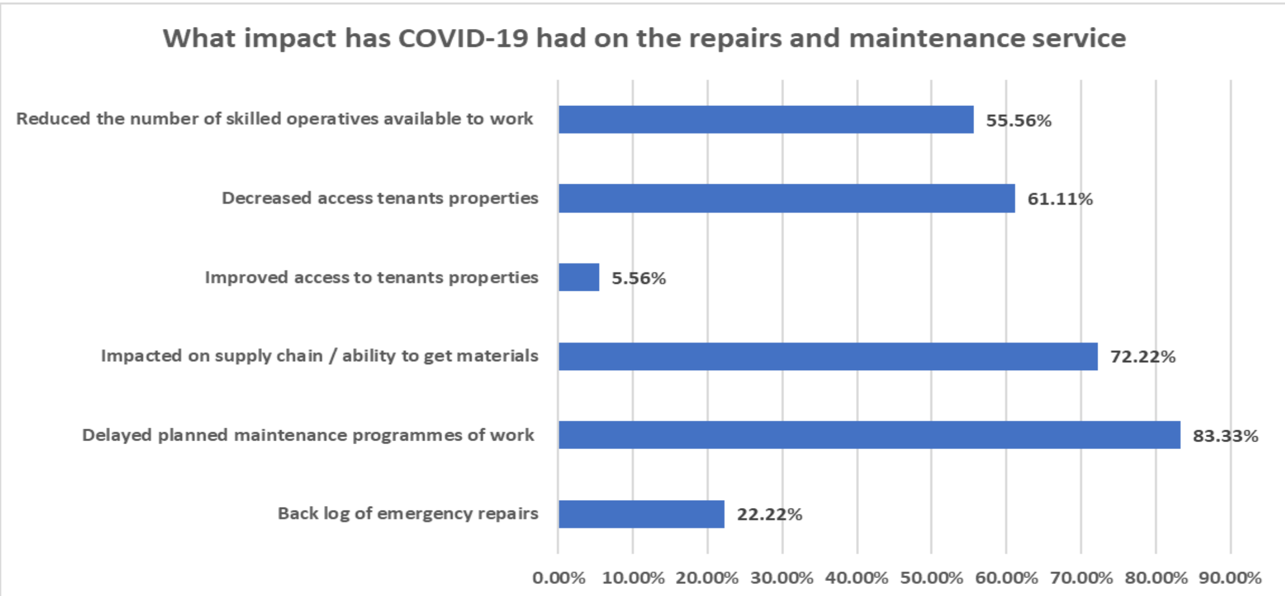
APSE was keen to gain an understanding of what barriers local authorities were facing in retrofitting their housing stock. Therefore, an additional question was included into the 2021 survey to explore this and the graph below provides and overview of the responses received.



Sufficient funding is the greatest barrier with 27.78% of respondents stating this to be the case, followed by the availability of skilled trades and quality of the housing stock with 16.67% of respondents respectively advising that these were barriers. It is clear from the comments received to this question that a combination of the listed factors is presenting a barrier to rolling out retrofitting in housing stock. However, it was also commented that strategies were being put in place to overcome these barriers.

24. What impact has COVID-19 had on the repairs and maintenance service

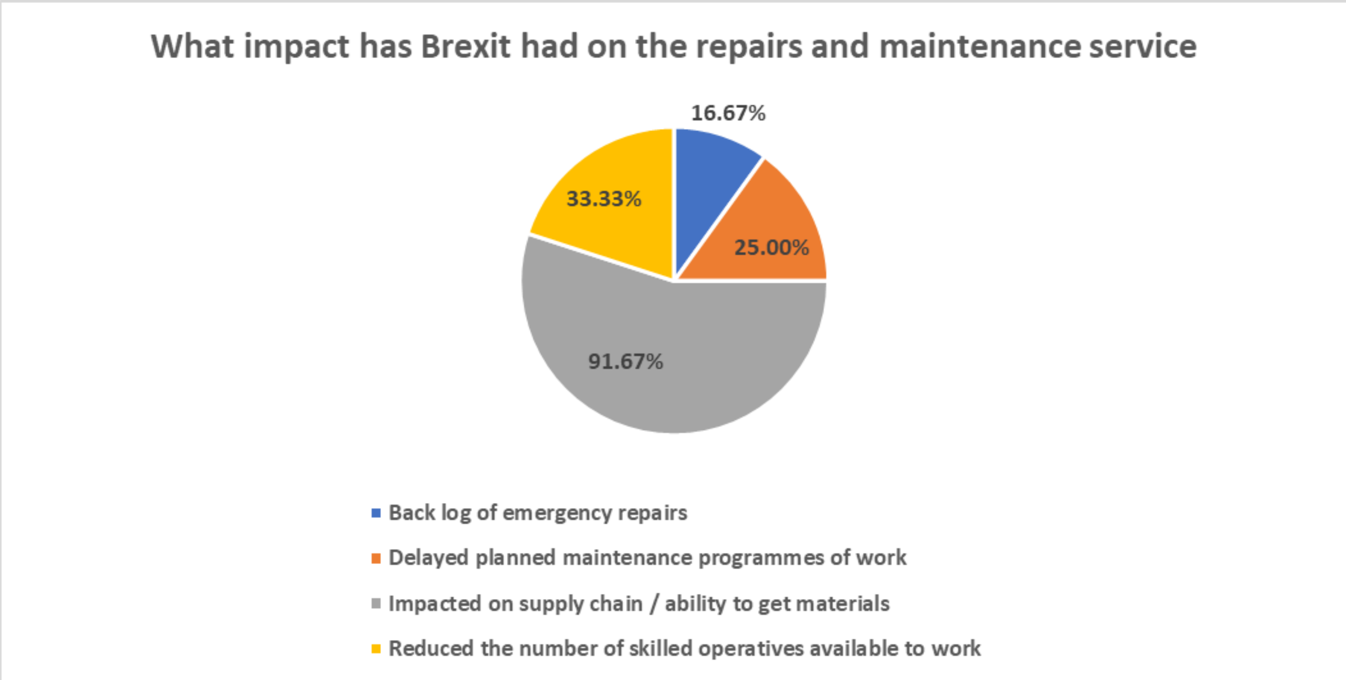
The COVID-19 pandemic has impacted on every aspect of local authority service delivery and to gain an insight to how COVID-19 has specially impacted the repairs and maintenance service, the survey asked respondents how their service had been impacted. The graph below highlights the responses received.



The vast majority of respondents 83.33% state that the pandemic has delayed planned maintenance programmes of work and 72.22% of respondents had experienced an impact on the supply chain and the ability to get materials.

25. What impact has Brexit had on the repairs and maintenance service

The lead up to the UK's exit from the European Union generated uncertainty in the construction sector as a whole. With the exit now in the main complete, the impact on local authority building maintenance and repairs services now has more clarity. The chart below provided an overview of the impacts that have emerged.



It is clear the supply chain and ability to get materials has been the main impact with 91.67% of respondents reporting this to be the case. The responses to this question are consistent with media reports from the sector, and discussions that have taken place at the APSE Housing, construction and building maintenance advisory groups.

APSE Comment

APSE member authorities have access to a range of membership resources to assist in delivering council services. This includes our regular advisory groups, specially 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 APSE membership and further details including future dates, and past presentations can be viewed on the APSE website via the following link: -

APSE Housing, construction and building maintenance advisory group

If you require further information regarding the State of the Market briefing, advisory groups or the building and repairs seminar, please contact Vickie Hacking at vhacking@apse.org.uk