



Babergh Mid Suffolk Building Services (BMBS) Business Plan

2017-2023

Revision History

Revision Date	Previous Revision Date	Summary of Changes	Changes Marked
September 2018	June 2018	<p>Changes have been made to the Financial Forecast. These changes have included:</p> <ul style="list-style-type: none"> • Figures are now shown in (000's) • All the financial figures have been reviewed and these have been annotated to show assumptions • The Finance tables have been split into 'Income, Fixed Costs & Variable Costs' • Rather than focus on Profit & Loss or Surplus & Deficit we are now focussed on the overall 'Net cost of the Service'. • Contingency is shown below the line rather than as a variable cost 	

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Foreword

This business plan has been developed to support the introduction of Babergh Mid Suffolk Building Services. It identifies the challenges faced both in the short, medium and long term. As well as the opportunities to develop an efficient and effective in-house contractor to maintain our Council housing and Corporate assets.

This plan creates an understanding of the team, and its role in developing relationships throughout our organisations. In addition, the implementation of system changes to enhance levels of service to customers, whilst becoming an efficient and cost effective service area.

We recognise that this is a substantial task, but one which we support the management team in carrying out.

[Insert Signature]

Jan Osborne

Cabinet Member for Housing

Babergh District Council

[Insert Signature]

Jill Wilshaw

Cabinet Member for Housing

Mid Suffolk District Council

Foreword

I am delighted to introduce the Babergh Mid Suffolk Building Services (BMBS) Business Plan, which covers the period 2017/18 to 2022/23. This is a brand new service forged from the coming together of Babergh's outsourced workforce at Morrison and Mid Suffolk's in-house Direct Labour Organisation (DLO).

Taking the best practices of both Babergh and Mid Suffolk services and creating new ones to build a new identity and deliver the best service possible is an exciting challenge. Over the next few years BM

BS shall become a performance driven team delivering more than just a housing repairs service. It will become an agent of change, delivering outcomes that meet the Councils' Joint Strategic Plan.

During the next few years the service will be concentrating on embedding an ethos of cultural change, service excellence and implementing the tools and practices which maximise efficiencies and develop a highly skilled workforce.

The following Plan describes how the foundations for this venture are to be built.

Justin Wright-Newton

Corporate Manager BMBS

1. Summary – Key Points

The way we operate, along with our priorities and resources, is changing dramatically. Because of this, we have developed a new business model to enable us to respond to these changes and future decreases in Government funding. It will support the delivery of strategic priority outcomes and medium-term financial sustainability.

Babergh Mid Suffolk Building Services (“BMBS”) is the combined Housing Repairs Service for the two district councils. Its creation was approved in Autumn 2016 and began operations in April 2017. The original business case for the new service was found to lack sufficient detail and clarity for managing the day-to-day running and development of the new service. This new business plan accepts the fact that BMBS is a reality and is not backward looking. Rather it is a plan to make the new service a successful enterprise.

The main contents of this document for the key aspects of the business model, investment strategy and financial strategy include:

- An explanation of what BMBS does, how it does it and where it fits within the Housing Directorate.
- The financial outlook and picture for the next 4 years; i.e. how the general economic context, public sector spending constraints and the local strategic context impacts on what we do and how we do it.
- Creating efficiencies through looking at the service delivery, effective management and performance improvement. Through the close working with those other teams within the organisation, the ongoing reviews and developments of processes will ensure that we are always looking to deliver continuous improvement.
- Implementation of cultural changes with a view to developing the delivery of an efficient, value for money service that places a focus on high-quality customer service.

2. Purpose of the Business Plan

Following the responsive repairs delivery options appraisal process, which commenced in April 2015, the Management Board, Joint Housing Board, Executive and Strategy Committees approved the retention of a Direct Labour Organisation (DLO), dissolving the existing Mid Suffolk District Council (MSDC) DLO and transferring the workforce from Morrison Facilities Services (under TUPE legislation) to create one large DLO to support both Councils. The stated aim being:

Babergh and MSDC develop a new In-House service model to deliver Repairs and Maintenance services across both districts, with a focus on establishing a viable business base that creates financial stability and potential future commercial development.

The Repairs and Maintenance service has been renamed Babergh Mid Suffolk Building Services (BMBS) to reflect the joint operating environment and its ambitions. The Plan reflects this vision and includes the approaches for handling responsive repairs, voids and capital and planned maintenance.

The Plan covers the organisation's internal structure and how it fits into the wider Housing Service and Babergh Mid Suffolk District Councils (BMSDC) as a whole. It also describes the formal working relations BMBS has with other areas of the Councils and externally.

As well as detailing the business goals and financial targets BMBS has set itself to achieve, the Plan describes the Key Performance Indicators (KPIs) that will be developed to monitor progress. It also informs how these shall be reported and shared.

A Risk Register, which identifies the strategic and operations risks and addresses how these are managed through risk management, is also included.

The BMBS service falls within the Housing Revenue Account (HRA). The HRA maintains its own 5 and 30-year Plan, but to assist the Council with planning and monitoring the delivery of BMBS, this Plan has been written.

In preparing this Plan the Council's Members have been consulted in the same way as with the main HRA Business Plan. It is the intention that once the customer engagement program is up and running, there will be the opportunity for them to input in to the business plan during the review stage.

The Plan shall be reviewed annually and formally updated on a 5 year basis, to take into account the latest Government Guidance, revised Council policies, updated financial information, the latest stock condition information and the views of Members, tenants and leaseholders. As part of the day to day management, the expenditure and performance will be rigorously monitored in line with the financial plan as part of the monthly and quarterly meetings with the HRA accounting team.

3. Introduction to the Repairs & Maintenance Business Plan

Babergh and Mid Suffolk District Councils are both providers of housing. The Councils own and manage over 6,500 properties, nearly 2,500 garages, 3 homeless hostels and approximately 150 leasehold properties (figures taken from the Open Housing System via insight reporting tool). There has been a general rate of decline in the number of properties owned by the Councils over the years due to tenants purchasing their homes under the Right to Buy scheme. Over the last five years, an average of 56 properties per annum have been sold. More recently an average of 45 additional properties have been acquired or built.

Housing is seen as one of the 3 priorities identified in the Joint Strategic Plan shared by both Councils. There is a strong desire for a cost-efficient and commercial approach to managing the housing stock. The responsibility for managing and maintaining the stock is undertaken by the Housing Directorate.

The Councils strive to be responsible landlords ('a commercial head with a social heart'), managing and maintaining the housing stock effectively, whilst continuing to charge reasonable rents. It has several strategies to achieve these aims. Those influencing the direction of BMBS include:

- **Resident involvement Review** – A Joint Tenants Forum used to meet to consult and discuss the Councils' proposals towards housing and to gather tenants' views. The councils have now begun to develop a new model of customer engagement to ensure the BMSDC residents are involved within the decision making process.
- **Void Time Improvement** – Both Babergh and Mid Suffolk have around 200 void properties each year. During the time they are untenanted no rent is received and the Councils are liable for council tax. While both Councils have seen improvements to the void times over the last few years a provisional target of 21 days has been set by March 2019.
- **Lettable Standard Review** – The lettable conditions are being standardised across both districts which will enable BMBS to operate more efficiently.
- **Planned Maintenance Review** – Property Services are reviewing many of the processes and practices. Stock Condition surveys, material standards and procurement policy revisions will all impact on BMBS.
- **Digital Strategy** – Using modern technology to deliver an improved service, move away from manual processes and develop remote digital based applications.

4. BMBS – Lines of Responsibility

The main Operational Delivery Teams of the Council's Housing / Housing Directorate with responsibility for repairs and maintenance are:

- BMBS
- Property Services

4.1 BMBS

BMBS is managed by the BMBS Corporate Manager and is responsible for the day-to-day management of the Housing repairs service, including:

- The day-to-day supervision of the responsive repairs service.
- Monitoring contractor compliance within published response times.
- Managing and monitoring the void property process.
- Developing a culture of continual improvement.

The work of BMBS can be broken down into the following areas of work:

- Responsive Repairs
- Voids
- Capital and Planned Maintenance

95% of Day to Day repairs will come through to BMBS to deliver. Property Services hold service contracts (with repair responsibilities) for Heating, Warden Call, Communal Doors in sheltered schemes.

4.1.1 Responsive Repairs

Responsive repairs are received in a number of different ways, these are:

- By telephone from tenants
- In writing by letter or email from tenants
- In person at any one of the Councils' offices
- From observations made by Housing Services staff during visits
- From Members on behalf of tenants
- Through the Councils' web site

Tenants are able to report repairs on-line 24 hours a day via the Councils' joint website. They are able to call the Customer Service Centre from 8:45am to 5 pm Monday to Friday. Whilst most repair requests are received during normal working hours, the Councils outsource an Out Of Hours Emergency Service. For out of hour's emergencies, a Duty Officer is also on call to assist. Tenants who report a repair that is of a non-emergency nature are generally offered an appointment for a repairs operative to visit and complete the repair.

The Babergh Council issues around 8500 works orders and Mid Suffolk 9000 relating to responsive repairs (and voids) every year. Historically, both responsive repairs and void maintenance work were largely undertaken by Morrison Facilities Services Ltd (Babergh) and the DLO (Mid Suffolk). These are now undertaken by BMBS.

4.1.2 Voids

The Councils operate "Choice Based Lettings" to allocate empty properties to tenants. Between 350-450 dwellings go through the void process every year. Void property maintenance starts for BMBS when a tenant moves out of a property. The property undergoes a basic safety and cleaning process before being re-let.

In March 2017, a Voids Improvement Group was set up, led by the Housing Options Manager and including representatives from BMBS and other teams within Housing, with the view of improving the performance of the whole void process. Since then, support has been provided on the development of the process maximising short term and long term gains within the process. The intention being to monitor gains both financially and time wise so that the properties can be re-let more quickly and at a lower cost in terms of rent loss and other void charges.

New tenants are offered decoration vouchers for materials at local DIY stores to assist in meeting the cost to redecorate to their own taste once they move in. It was found that when the Councils spent money on redecorating properties, tenants invariably wanted to put their own "stamp" on their new home, so redecorated again.

4.1.3 Capital and Planned Maintenance

Currently BMBS only performs Capital Works on void properties, but is working closely with Property Services to develop a planned works programme.

An effective plan for the Capital and Planned Maintenance works to the Councils' stock is dependent on the outputs of a stock condition survey. This is the responsibility of Property Services, the outcomes of which directly impact the amount of work offered to BMBS. The Stock Condition data for both Councils is being updated via a programme of surveys to ensure it remains accurate. On this basis, the expected amount of works to be offered to BMBS shall increase up to £1.65M over the next 5 years.

4.1.4 Operating Environment

Mobile Working has been introduced, with repairs operatives issued with tablet devices that link to the central repairs system using mobile phone technology and WiFi. Repair jobs can be raised and sent to repairs officers in the field. The jobs can be amended and completed on-site and sent back automatically to the central repair system.

BMBS has its own depot sites in Creting Road, Stowmarket and at Great Wenham. It employs between 40 and 50 trades operatives at any one time and a fleet of 40+ vehicles. It covers a wide variety of building trade activities including plumbing, carpentry, brickwork, plastering, paving, electrical, roofing, decorating and miscellaneous works and has its own small joinery workshop. The Unit is supported by 5 FTE management and team leadership and 3 FTE and 1 part time administrative staff. The service is supported by a range of specialist sub-contractors to ensure the work is completed within target completion periods.

The annual turnover relating to BMBS for 2017/18 was expected to be in the region of £3.5M, but was considerably lower at a little over £2M. Issues around closure of completed works as well as delays in the ability to implement the Mobile working solution affected the efficiency of the team and the output.

BMBS undertakes electrical work on Council dwellings and is therefore a member of the National Inspection Council for Electrical Installation Contracting (NICEIC) and the Electrical Contractors Association (ECA).

Historically, there has been a struggle within the industry to recruit and retain a skilled workforce. This has meant that the repairs service has had to rely on the support of various sub-contractors to perform works that cannot be undertaken by the in-house team. BMBS are continuing the practice of recruiting and training apprentices, something that was previously adopted by the DLO. There are currently 3 multi-trade apprentices.

The previous repair services, prior to the formation of BMBS, were poor at setting and monitoring performance, something BMBS plans to address. Different ways of working and different systems means that historical data is hard to extract. Babergh District Council repairs service removed the tenant satisfaction surveys from the repairs process some time ago. BMBS are looking to implement a more user friendly and automated service in the future to develop and improve the repairs service.

BMBSDC have a loyal tenant base who have always seen them as a good social landlord and their key concerns have centred around the rent they pay and the repairs service they receive. Following the Councils' model of how we manage and interact with our customer base, it is envisaged that a new method of collecting future tenant satisfaction data via less resource intensive means will be employed. Looking at models of such companies as "Sky TV" where a text message survey is employed would work within the system confines (initial discussions with our housing operations systems provider have taken place). "Stand alone" surveys via web interface or emails could also be employed and have been trialled as part of the void process, this will be developed further.

4.1.5 Tools and Equipment

MSDC provided a tool allowance for its DLO operatives and this has carried over into the newly formed BMBS. However, this excluded the newly incorporated operatives from Morrison (BDC) due to TUPE law. Changes to the terms and conditions of the operatives means that there is now a more consistent approach across the two Councils. Where necessary, specialist tools are hired through Travis Perkins, the principal supplier to BMBS. Tools are regularly serviced and tested and if testing fails and repairs are not cost effective, the tool will be replaced.

There is a schedule for training and development, to ensure correct use and that health and safety procedures are followed. The health and safety officer (employed by Property Services) is working with the team, prioritising needs and rolling out all relevant training, as well as supporting the team in the ongoing monitoring and control of Health and Safety related issues.

In general tools are not centrally stored, but each operative has his or her own set they are responsible for.

4.1.6 Vehicles

Historically MSDC owned its own fleet of vehicles. BMBS is moving away from this model and has begun a leasing arrangement through Knowles Associates, a local firm. The 25 vehicles historically owned and maintained by MSDC have been retired as the hired vehicles became available.

BDC outsourced its repairs service to Morrison and therefore did not own any vehicles.

In total there are now 41 vans, each operative assigned their own vehicle, to be kept overnight on their own premises.

4.1.7 Capita Open Housing System

The Councils use Open Housing (OH) a single integrated Housing Management System supplied by Capita. This is a comprehensive property management system, including basic information such as unique property reference number (UPRN), tenancy details, repairs history and works undertaken.

Up until last year BDC and MSDC used separate versions of Open Housing and these were integrated December 2016. This consolidation work has brought some benefits through consistency in working, but much still remains to be done. These systematic enhancements are being controlled by the Open Housing Project Board, looking at the future pipeline of requirements for system development. Systems support is being carried out via an agile project management method, within periods of time (called sprints), short and succinct daily briefings and reviews (called scrums) in an attempt to maintain a key focus on the tasks in hand.

4.1.8 Total Mobile

The Building Services team use Total Mobile, which is a specialist software tool linked to Open Housing. Repair jobs raised in Open Housing are sent electronically to handheld devices used by operatives in the field. This reduces the need for operatives to attend the office, increasing the amount of time available to undertake repairs themselves. Jobs are updated by operatives on their tablet devices and Open Housing is updated automatically. There have been a number of issues surrounding the use of Total Mobile and how it was implemented in December 2016 and its relevance to how data needs to be collected and recorded in the new set up. As such, there is a significant amount of work ongoing to develop and enhance its use.

4.2 Property Services

Property Services keeps the Council's Housing Stock in good condition by planning its maintenance based on condition, need, efficiency and value. It consists of a Manager, 2 Professional Leads, 12 Surveyors, 1 architectural technician, 3 clerks of works, 2 Client Officers and 5 administrators.

Following a review of the Repairs process and a restructure completed in January 2017, Property Services works very closely with BMBS and raises works orders for BMBS to fulfil. This relationship has recently been reviewed to create clarity around

roles and responsibilities, with BMBS retaining overall responsibility for the day to day repairs and voids budgets, but as part of the planned / capital maintenance programme, Property Services will retain ownership. They will oversee the work that is carried out by BMBS and ultimately BMBS are accountable to Property Services for the spend from the Capital and Planned maintenance budgets.

Both Property Services and BMBS share the Capita Open Housing System. This allows the two services to operate closely and share data efficiently. Both district Councils used their own independent Open Housing systems, but these were consolidated into a single shared system in December 2016. This now allows the services to remove remaining different working practices and develop a unified way of working.

4.3 Legislative requirements and working practices

Although the provision of housing is not a statutory service, the Councils have a statutory duty to maintain the stock it provides.

4.3.1 Legislation

The work of the Housing directorate is guided by a complex set of legislation. To this end, working practices have to be both flexible, to accommodate multiple legislative requirements and any on-going changes to these requirements, and precise in following specific codes of practice, legal and contractual requirements. This includes the Local Government Housing Act 1989, procurement rules, EU Regulations, Data Protection, consultation with Leaseholders and Contract Standing Orders (procurement).

4.3.2 Housing Policies

In addition to legislative and contractual requirements, the Councils have developed a number of housing policies that BMBS has inherited, but which sometimes differ in their terms. For example, one Council allows cat flaps to be fitted in to uPVC doors, the other does not. The alignment of such policies shall be one of the short-term goals of BMBS working alongside the Property Services team to ensure consistency for the tenants as well as those operatives who are going out to maintain the properties.

4.3.3 Working Practices

As local authorities, the Councils are required to undertake their duties and conduct themselves in a manner that is both fair and proper. Accountability in working practices is therefore important. In order to ensure this, officers must also work in accordance with Standing Orders, Financial Regulations and CIPFA Guidelines. To manage this complex set of legislation, working practices and housing policies, the Housing Directorate has developed a set of in-depth procedures. The procedures and works instructions cover all aspects of the work of the Directorate including Housing Needs, Housing Management, Housing Repairs and Assets as well as customer care issues.

4.4 Specific work of BMBS

4.4.1 Refurbishment of houses and flats

BMBS undertakes major refurbishment works to Council properties. These can range from large improvement contracts to other works such as bathroom and kitchen refurbishments under the Capital and Planned Maintenance programme. The sorts of work typically undertaken are:

- Minor roof repairs (e.g. re-tiling, re-felting)
- Gutter and drainage repairs
- Brickwork (e.g. repointing, replacing bricks)
- External render repairs
- Fencing
- Concrete paths
- Window repairs (e.g. re-glazing, handle replacement)
- External security works (e.g. lock replacement, board ups)
- General carpentry (e.g. door easement and adjustment, floorboard and skirting repairs)
- General plumbing (e.g. replacing tap washers, toilet repairs)
- Electrical repairs (e.g. replacing sockets, renewing extractor fans)
- Plastering
- Painting and decorating
- Mould clearance
- Wall tiling

4.4.2 External Repairs and Maintenance Contracts

In order to prolong the useful life of the external building components, Property Services carries out inspections to identify both repairs and preventative maintenance on sub-components. Every Council property is included on a planned cyclical maintenance contract for external repairs and redecoration every 6 years. Babergh continually running for 6 years and MSDC having a 5 year cycle and a single year of no action. Property Services then instruct BMBS to carry out any of the identified repairs within their schedule.

4.4.3 Energy efficiency measures

There are a number of objectives which relate to improving the energy efficiency of our stock and reducing fuel poverty. Improving energy efficiency is not limited to a single programme, but a range of measures, which include:

- Cavity wall insulation
- Overcladding
- Loft, pipework and tank insulation
- PVCu double glazing
- Boiler replacement works
- New heating installation and heating upgrades
- Ventilation extract fans with heat recovery units
- Draught proofing
- Photovoltaic panels

Delivery of these measures is undertaken by a number of specialists, but BMBS shall undertake work where less specialism is required.

4.4.4 Adaptations for the disabled

The Councils have a duty to adapt their properties to meet the needs of disabled users, which is reflected by Council policy. The Councils do not employ Occupational Therapists (OT's) to assess the needs of tenants and make recommendations accordingly. This service is provided by Suffolk County Council.

Adaptations include both minor and major works and include the following types of work:

- Extensions to properties
- Through floor lifts
- Level access showers
- Over-bath showers
- Ramps
- Kitchens
- Stairlifts
- Hard standings
- Minor adaptations incl. hand rails, half steps, grab rails etc.

Depending on the type of adaptation, target times have been introduced for processing applications. These target times vary depending on the work involved and current performance is within the target figures set.

On average, the Councils receive approximately 130 requests for adaptations (over and above handrails, the majority of of these (almost half) are Level Access Showers) from Social Services ranging from door openers to extensions.

BMBS has been carrying out minor adaptations and is currently in discussions with other organisations within the county to deliver adaptations to both Council owned and non-council housing stock, but to make this a viable proposition, consideration of staffing levels will need to be looked at in detail and investment would be required.

4.4.5 Rewiring contracts

Rewiring is undertaken by Blue Flame except when identified during the void inspection process, in which case BMBS will undertake the work.

4.4.6 Any other maintenance works in excess of £5,000 – Property Services

Where day to day repair work exceeds £5000, BMBS will liaise with Property Services and ascertain if a program of works needs to be devised as part of a larger scale contract to be written and tendered externally by Property Services surveyors.

5. Expected trends

This section is a summary of the major issues taken into consideration when framing the investment programme for the Council's housing stock.

5.1 Expenditure

Expected expenditure trends over can be summarised as follows:

5.1.1 Declining levels of stock per annum

As mentioned previously, the Councils have sold an average of 56 houses and flats per annum but since self-financing, have been able to purchase/develop new properties with an average of 45 in the last two years. This has the long term effect of reducing the need for maintenance expenditure (although for leasehold properties the Council retains responsibility for structural issues) and reducing income into the HRA.

5.1.2 Increases in building maintenance costs

According to RICS, building maintenance costs are forecast to increase by 3.3% per annum, and materials costs are forecast to rise by 4% per annum, over the next 5 years. However, given the effect of investment through planned maintenance, expenditure is expected to rise on an annual basis.

5.1.3 Uncertain levels of demand for responsive repairs and voids expenditure

Generally, adequate investment in planned maintenance should lead to a reduction in responsive repairs and voids expenditure. However, these are always the most difficult areas to estimate given they are responsive to demand.

5.1.4 Continued demand for planned maintenance expenditure

An ageing stock will require increased levels of repairs although this can be offset by a planned maintenance programme. Nationally there is a trend for higher standards in social housing and the Councils must ensure that the requirement to provide new affordable homes are balanced against the need for ongoing investment in its stock to protect its value and long-term let-ability.

5.1.5 Investment Needs

This section provides a summary of the main areas of investment identified by the stock condition report.

(a) Future Planned Maintenance

There are a number of major works that can be identified from the stock condition report, other major improvement schemes or development opportunities.

(b) Responsive Repairs

The current ratio of maintenance to repair expenditure is 69:31.

(c) Voids Refurbishment

This area of expenditure is also mainly funded from revenue and as such the comments regarding the split between capital and revenue apply. It is expected that the authorities will spend approximately £4 million over the next five years on void refurbishment.

(d) Disabled Adaptations

The Councils endeavour to carry out adaptations to properties to meet the reasonable needs of disabled tenants. This is based on assessments and recommendations from Social Services Occupational Therapists

6. Resources & Expenditure Proposals

6.1 Financial

As highlighted earlier, there are a number of uncertainties over future projections of the financial resources likely to be made available. Repairs and Maintenance expenditure is currently funded through;

- Repairs Budget contributions from the Housing Revenue Account (HRA)
- Capital Works Budget
- Voids Budget from the HRA

The following issues are worthy of note at this stage:

- The contribution from the Housing Revenue Account (HRA) has been set at approximately £1.374 million per annum for 2017/18 and each year after that for the next 4-years (subject to change).
- Funding is provided from the Capital Works budget at £1.2 million for 2017/18, although this varies for the next 5 years as laid out in the table below.
- The Voids Budget contributes £745 thousand for 2017/18 and each year after for the next 4 years.

Financial Plan – 2017-2023

Type of Works	BMBS Year 1 from Original Business Plan £000s	BMBS Year 1 Outturn £000s	BMBS Year 2 £000s	BMBS Year 3 £000s	BMBS Year 4 £000s	BMBS Year 5 £000s	BMBS Year 6 £000s
	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Income							
Capital & Planned Maintenance							
Responsive							
Voids							
Other Housing Projects							
Aids & Adaptations							
Sheltered/Homeless							
Corporate works (General Fund)							
Other Income							
Total Income							
Fixed							
Salaries - Management and Admin							
Salaries – Trades							
Subscriptions							
Premises							
Essential User Allowances							
Van Lease payments							
Support Service charges							
Total Fixed Costs							
Variable							
Overtime & Holiday Pay – Trades							
Agency Costs							
Redundancy Costs							
Training							
Subsistence/Other Employee							
Computer Equipt Purchases							
Equipment, Tools & Materials							
Contracted Services (Sub)							
Protective clothing							
Waste Disposal							
Car Mileage Allowance							
Plant & Vehicle Fuel							
Plant & Vehicle - Other costs							
Vehicle Insurance Excess							
Payments to tenants							
Total Variable Costs							
Total Costs							
Net Cost of Service							
Contingency							

Fixed Costs are known when the Budget is set and will not change if work increases/decreases.

Variable Costs are estimated based on previous years when the Budget is set and will change based on demand of work.

Assumptions:

Income
1. Capital increases each year from 2018/19 as efficiencies within the workforce enable more Capital work to be done. The Budget is based upon capacity of the building services team and work that is being encountered within void properties and supplemented from the Capital programme. .
2. Other Housing Projects is based on 100% of repairs to other areas of work apart from the building plus 50% gardens and 60% Dampness work for Property services.
3. Aids and Adaptions and Sheltered/Homeless are based on 100% of the Property services budget
4. General Fund work is based on an estimate of work likely to be required but is difficult to predict
Expenses
5. Employees costs will increase at 3% per year based on 1% for increments and 2% for pay increases
6. Van Lease payments are based on the contract amounts and increased when this is renewed. We have assumed an increase of 5% at renewal.
7. Plant and vehicle fuel costs have been increased by 5% per year due to volatile barrel of crude prices.
8. Equipment, Tools and Material is based on 28% total income which is common within the industry.
9. Contracted Services have been increased by 1.6% per year based on Office of National Statistic predictions. These costs are recharged 100% to Property Services with a 10% overhead administration charge added.
10. Premises costs are for the Newton Road Depot and repairs costs for Creting Road/Great Wenham Depot. This has a set Budget amount each year which will be reviewed.
11. Supplies and services have a set limit of spend, apart from Waste, which increases by 3% per year.
12. Support service charges have been increased by 3% per year and are costs recharged by General Fund for Creting Road Depot, Great Wenham Depot, Endeavour House, Senior Management and back office services. The costs are based on the number of staff at each location.
13. Contingency amounts are based on 10% of expenditure which is common within the industry.

7. Strategies

This section of the document lists the main strategies. There may not be funding available to achieve all targets, but the effect of these strategies will be to focus available resources.

Implementing this service has highlighted some shortfalls in the strategy to set up BMBS. For a successful operation to be up and running from day one it would be anticipated that issues would have been resolved up to 18 months prior to commencement date. The setting up of agreed processes and procedures, installation and testing of IT Systems, Suppliers, Framework agreements with sub-contractors, corporate branding, fleet and uniform amongst them.

Management will be largely driven by ownership (and hence governance). If the motive is maximum profit or surplus, this is potentially at odds with service excellence. If an organisation is unclear about the service outcomes, then again management will falter. The presumption is that for BMBS, the aspiration is not primarily about maximising profit/surplus and hence the focus is initially on the establishment of the service delivery. This service delivery is viewed upon the internal relationships between the Building Services and the Tenant and property Services team it serves, along with the end user, the tenants. Maximising the efficient delivery of the service will reduce the cost to the HRA. Over the five year plan, these efficiencies could generate a surplus back in to the HRA as this would be as a result of HRA related works (dependent upon the Stock Condition Findings and the increased efficiency of the service). Where the works are not as a result of HRA related work, this would create an income into those relevant funds.

The next stage of developing the service is to maximise the cultural change of the operational team. Focus on a highly efficient, value for money service that delivers service excellence. Being customer focused whilst creating efficiencies will enable more work to be completed at a cheaper "cost per job".

Initially the potential to "sell the efficient Services" externally to other RSL's was considered, but based on the lean margins for this type of work, it has been decided that more efficiencies could be found to create a saving on costs rather than a generation of income.

Looking at other similar organisations, those with the most effective and efficient "in house trades teams" have engaged in either joint ventures or the setting up of a separate Public Limited Company. This could be the longer term plan in looking to take BMBS to the next level, but the legalities and implications of this would obviously need to be reviewed in depth and a further business plan drawn up.

For any model, cost must be understood in detail – not just overall price. So how risks and contingencies are 'owned' and 'managed' is critical.

The success of any maintenance service is largely a product of getting the top 20% to 30% of the spend operating efficiently. Investment in the right management and systems to motivate the workforce and drive productivity is critical. Efficient, effective and productive service delivery will follow if these ingredients are right. Work was undertaken on the review of processes and in-

depth procedures with the assistance of a Business Analyst from Suffolk County Council. This project highlighted a number of key improvements which have now been implemented, allowing for better understanding around performance and finances.

Having visited a number of repairs service providers, it would seem that one of the most efficient ways to run the repairs service is with the implementation of scheduling software. The repair can be reported, logged, booked in and the tenant advised of their appointment at the first point of contact. Managing the customer's expectations at this point is key.

As a result of reviewing the processes carried out by the two spate organisations, the success of BMBS depends on moving away from the previous approach to a viable business that is commercially astute, whilst retaining the overriding objectives of delivering excellent services and promoting social value. Ideally the DLO needs to turnover in excess of £4m per annum for resilience, so it can be effectively run as a small/medium enterprise (SME) contracting business.

7.1 Driving out efficiencies

Arc assisted us in analysing the provisional figures for the business plan and taking an overview of the costs, spend on materials looked disproportionately high early on in the plan. This will be reviewed as the plan progresses.

Clarification over the required levels of salaries provisioned had to allow for equalising the disparity between the terms and conditions of the DLO and TUPE'd staff.

Arc analysed all of the relevant information and identified the following:

"The level of staff resource looks adequate to discharge the volume of work projected however, in the absence of historic performance information we have had to synthesise the likely level. The absence of performance and management information at both a commercial (there is no trading account) and operative level is alarming. As well as creating difficulty in managing the business this makes assessing future productivity improvements difficult (20% per annum was anticipated in the business plan)."

The trading account has been set up and work is ongoing to develop the relevant performance monitoring information and the processes and procedures further to enable this to happen. Key performance Indicators (KPI's) have been developed to ensure transparency of performance at a corporate level, focusing on the financial performance and repairs completed within the time frames, whilst management reports have been created enabling performance measures to be utilised.

Repairs are essentially a logistics business and any shortfall in productivity will rapidly erode any benefits of bringing the service in house. Clearly this may be considered commercially sensitive when dealing through a contractor, however, for a DLO this is fundamental information. Currently all jobs are supposed to be issued to operatives via handheld tablets. There were various problems with the tablets and as a result, operatives have had to defer to paper orders. The

implementation in the Mobile Working solution should produce productivity improvements of 20% based upon industry outcomes. It would be considered that this would be slightly higher for BMBS with the overhead considerations in the resourcing required to administrate the work at present.

The agreed restructure has been implemented (including recruitment of high calibre personnel). Following the first year of work, discussions have taken place around the alignment of budgets under BMBS from Property Services and staff are to be transferred across to support this review. This also reinforces the fact that BMBS are a service area in their own right within the organisation.

BMBS will work with Property Service on Planned / capital works once the stock condition survey is complete.

Process maps embracing the whole of the repairs procedure are being developed as part of a project looking in to the functionality of the way the two councils operated, and how we must operate going forward. This will not only ensure consistency of service but also as an aid in training.

The service does not currently have reliable data on operative productivity. There are a number of methods available to calculate productivity. In terms of void work the simplest is the ratio between salary and income. Typically we would expect to see a ratio of 1:3 for responsive repairs. As a point of reference, we have set out below, the jobs per day (JPD) target set by a national contractor

a) Carpentry repairs	4 JPD
b) Electrical repairs	6 JPD
c) Plumbing repairs	8 JPD
d) Bricklaying	2 JPD

An alternative way of assessing performance is on operative yield. Generally the expectation is that operatives will generate income of between £75,000 and £85,000 per annum.

If the order book is unclear, or the service is not managed effectively, directly employed labour will undertake a lower percentage of the work and sub-contracting will increase – raising costs. There is a case for the development of framework agreements with sub-contractors in a day-to-day repair capacity, as the logistics issues and productivity of the teams could mean that where we are able to agree terms on the Schedule of rates that are more “cost beneficial” than our own in house operation picking up all of this work, and this would allow the in-house team to focus on those areas of work more profitable to the organisation. Careful analysis of this information will be needed as the monitoring of works and efficiencies progress.

Materials procurement options are similar under any model and will typically consume 22 -25% of cost. The procurement of materials through a local framework agreement may increase the effectiveness and reduce costs to a degree, but work to create a uniform materials list is in development to ensure consistency of products going forward and reduce the volume of stock held on vehicles.

The management team is the critical ingredient in making any model work. If it is professional and focussed (with good systems support) the 'labour' (and sub-contractors) will be motivated and productive. There is already a substantial management development program underway with team leaders studying for the leadership and management qualifications as well as work around understanding, supporting and developing the team mentality. The cultural change surrounding not only BMBS but the Councils as a whole is critical here.

The arrival of the Health and Safety (Construction) officer has been vital in the development and implementation of the training matrix. Areas of prioritised training have been highlighted and training is underway. Shortfalls within the management structure and across the organisation as a whole mean that IOSH & NEBOSH training has also been highlighted as a necessity within the team.

7.2 Development of the Planned Works Teams

For BMBS to be successful there needs to be a well-defined and consistent "order book" from the Property Services Team. This needs to be reflected in the capacity of service. Establishing the efficiencies of the team, utilising the support of sub-contractors in relevant areas and reducing overhead costs on materials will enable this.

7.3 Non-HRA Aspirations.

In addition to the growth ambitions and the potential for BMBS, there were also a number of non-financial aspirations driven by growth, namely:

- Creating local employment opportunities
- Contribution to Councils' General Fund
- Income generation from third parties
- Ongoing employment and training
- Ultimate guarantee – enabling rapid resolution of disputes
- Collaboration potential to work closely with other social housing providers

8. Action Plan

This lists the main areas of action required within BMBS to achieve the strategies detailed in the previous sections.

Action	Time Frame	Status	Lead Person
Replace repairs inspectors and void officers with Team Leaders and workforce empowerment to make on the spot decisions.	April 2017	Complete	

To provide a set of uniforms and livery to promote and create brand loyalty towards BMBS.	April / May 2017	Complete / Ongoing annual review	BMBS Team Leads, Admin Team & Procurement
To resolve the issues and risks surrounding the disparity in contracts terms and conditions and salary levels between the previous DLO and former Morrison's staff.	August 2017	Complete	
Introduce real-time electronic access to asbestos records for all properties, and maintain the records for internal and contactors use.	September 2017	Complete	
To relocate BMBS from the current locations in Hadleigh and Needham Market to the Creeting Road Depot and utilising the Great Wenham depot.	In accordance with Office Moves October / November 2017	Complete	
Produce and implement a Management Development programme.	Immediate / Ongoing	Complete. All newly appointed managers are undergoing management and development training.	HR / L&D & BMBS CM
Assisting in the training and development of existing and future recruits to Call Centre staff for	January/February 2018	Process maps and procedures Complete. Reduced SOR's to simplify	BMBS Admin Team Lead & Admin Team

taking and logging repair calls through the understanding of clear processes and procedures.		works requests - Complete.	
To determine the underlying driver for the long-term vision for BMBS from Members and senior management as to their views on the business and what a successful repairs services consists of. Is it to put profit and surplus over service excellence or vice versa? The issues relate to the consideration of the productivity of the service, the overall cost of the service, the impact the service has on the quality of life for the tenants / service users.	January 2018	Outcome of discussions around the business plan – Complete. The decision was made by cabinet to prioritise an efficient, value for money service that places a high quality customer service above a surplus generating “commercial” business.	BMBS CM, AD & Councillors
Improve processes and procedures around Open Housing and Total Mobile to create efficiencies and resolve operational issues.	March 2018	Complete	DC Project, IT and Team Lead Admin
Introduce performance measures, developing Management Information tools and an assessment framework.	March 2018	Complete	Systems Support Team, BMBS CM & PS CM

Working with Property Services to develop and publish clear service standards for planned maintenance, repairs, Right to Repairs, Voids and Leaseholder responsibilities, which shall be made available on the Councils' web site.	March 2019	In Progress	Procurement, PS Professional Leads, Surveyors, BMBS Team Leads & CM
Develop framework agreements with local sub-contractors to support the service and invest in the local economy.	March 2019	In Progress- Information provided to procurement team	Procurement & BMBS CM
To reduce the target response times for void repairs to 21 days as an initial target.	March 2019	Target achieved as part of the voids review. Ongoing long term void plan to reduce further	BMBS Voids Team leads & Void Project team
Develop a set of cultural values, embed those values within the workforce and promote those values externally.	Ongoing	This has currently not received enough focus, the development of plan on the back of the corporate values will increase the understanding, and direction coming out of the business plan will assist in shaping of the team	BMBS CM, Team Leads and Workforce

<p>Future materials contract, exploring the procurement of materials on a larger scale and working within framework agreements with other local authorities and organisations.</p>	<p>March 2019</p>	<p>Procurement to facilitate Workshops booked in with Surveyors and Tradesmen</p>	<p>Procurement, PS Professional Leads, Surveyors, BMBS Operational Team & Leads</p>
<p>Develop and produce a training schedule including focused training sessions and toolbox talks to enable operatives to gain a common understanding of specification requirements, health and safety and best working practices. To be undertaken throughout the year on a continual basis.</p>	<p>ongoing</p>	<p>Training Matrix has been developed and is being delivered. Due to the significant lack of training over a prolonged period of time, this will take some time to catch up, so training is being prioritised with input from the Health & Safety (Construction) officer</p>	<p>HR / L&D, BMBS CM & H&S (Construction) Officer</p>
<p>Develop the tenants' satisfaction data to inform service performance.</p>	<p>October 2019</p>	<p>In terms of developing relationships with the tenants it is planned to utilise the review of tenant engagement as a lead</p>	<p>BMBS CM, Team Leads & Housing CM</p>
<p>Develop emphasis on "fix first time" for responsive repairs, focusing on standardisation of materials across the districts and impressed van stock and</p>	<p>October 2019</p>	<p>This will feed off the works that are being done with standardising materials specified via the</p>	<p>BMBS CM, Team Leads & PS CM / Professional Leads</p>

enhancing the emergency out of hours service.		procurement workshops	
Introduce work scheduling software, following options assessment and procurement.	December 2019	Business case created	
Implement programme for repairs and maintenance expenditure over 5 and 30 years as per the instructions from Property Services.	March 2020	Work will follow on from commissioned works with external consultants and alignment of components with assets across the two councils	BMBS CM, Team Leads & PS CM / Professional Leads
Look into the reduction of costs by reviewing salaries, pension contributions, materials, equipment etc. to improve competitiveness of the business compared with private sector firms.	October 2021	Development of the business model for commercial success will be impacted on by our existing operational costs. Benchmarking of working costs locally and nationally will allow more idea on potential success	BMBS CM, Team Leads & AD

The areas of focus will initially be around a few key actions. The training and development of the Call Centre staff will be one of the primary areas as there has currently been an influx of new team members who have not had repairs focused training and as a result there are a significant amount of works orders raised that immediately require variations or even completely re-raising. This generates a very resource intensive process from the administration of the work being carried out, but also can result in the wrong tradesman being sent out to "repair a leak", when a plumber attends a job and it should have actually been a roofer. With an increase in knowledge and understanding, the operators can extract more relevant information from the tenants and generate a far more comprehensive instruction to the contractor (BMBS).

Working with Procurement on the development of the framework agreements will allow the service to be supported in a number of tasks and will also generate

income within the local communities. Working closely with local sub-contractors and specialist service providers will allow the in-house team to look at ways of maximising their potential “profitability” and certainly the efficiencies by concentrating on the areas of work which minimise their overhead costs and maximise output. Focusing on the development of the voids / planned maintenance work streams where the logistics of the provision of the repairs service mean that the team remain in one place for longer, reducing time lost in transport, working with suppliers to enable the correct materials to be delivered at the correct times to the correct locations.

In determining the long-term vision for the service, BMBS will have clarity in the strategic direction of the business and be able to understand what the Councils perceive a successful repairs service to be. This direction will enable the development of the cultural values, behaviours and expectations of the team.

There is a risk associated with focusing on key areas of the service for development, in that aspects of work in other areas may suffer from neglect. The plan is to prioritise development of the areas that will generate the most beneficial outcomes. The priorities will be reassessed as progress is made, but care must be taken to ensure those areas out of focus do not degenerate nor distract from the main goals.

9. Risk Management

Introduction

Risk management can be defined as the consideration of the social, economic, political and other factors involved in risk analysis to determine both the acceptability of damage that could result from an event or exposure and what, if any, action should be taken with regard to the risk of that damage.

9.1 Corporate Risk Register

A Corporate Risk Register is held and maintained by Audit and Risk Management Services. BMBS records its risks here under tab 1. Housing Delivery.

9.2 Key Operational Risks – BMBS

The Operational Risk Register for BMBS is maintained via the Corporate register, the key risks are summarised below:

- **Day-to-day operational issues and legacy issues detract from the delivery of the business plan.**

Whilst made up of multiple individual items, this continues to be the biggest issue facing the service. Planning for the creation of BMBS made no regard to the Open Housing system and as a result BMBS went live in April using a system configured for the two separate legacy approaches to Repairs and Maintenance. One of the consequences of this was switching off Total Mobile, a key part of the BMBS strategy. This hinders the effective monitoring of day to day activities, affecting budgets and controls for productivity and efficiencies. In addition to this, BMBS inherited a 4-6 week backlog of repairs. At the same time there was a switch away

from Repairs Inspectors and Housing Officers to Customer Services logging repairs. As at the end of August there were approximately 3000 jobs incorrectly raised in the system. Key posts left vacant and the priority given to the office relocation has meant attempts to address the issues have been ineffective.

A project plan with specific tasks, goals and outcomes has been developed and work over the summer is now beginning to pay off. In parallel an action plan to address the backlog of jobs has been instigated and progress is being made.

- **Failure to comply with Government or legislative requirements**

Regulatory failure in relation to Health and safety requirements and failure to achieve the required standards of service and completion times (with regards to right to repairs) could lead to fines, compensation claims, undergoing scrutiny of service and reputational damage

In light of the Grenfell incident, there is likely to be an increase in the legislation that surrounds the fire safety requirements, and this will have significant impact (albeit based on our stock profile this will be lessened somewhat).

- **Failure to fully integrate ex-Morrison's and DLO staff**

Having come from a private sector company, the former Morrison employees need to understand the differences in working within the public sector. There are new processes, procedures and rules to comply with. The former MSDC DLO need to also understand that the former method of operations of "cost plus" needs to be adapted to function in a more commercially viable model.

Progress is being made. The development of those cultural values is a key part along with quality controls, consistent approaches to work, clarity over standards of workmanship and commonality of materials used across the patches.

- **Major incident, involving death or serious injury, due to poor health and safety procedures, or breach of health and safety legislation**

In particular, working at heights, use of power tools, PAT testing etc. a lack of corporate policy means the direction of procedures is based on interpretation.

In 2016-17 across the UK there were 30 fatal injuries and 64,000 non-fatal injuries to workers. Of the 196 fatalities in the 5 years previous to 2016-17, 49% of these were through falls from height, 10% were trapped by something collapsing, falling or overturning, 10% were struck by a moving vehicle. Of the 5055 RIDDOR reported non-fatal injuries, 24% were through slips, trips and falls on the same level, 21% were through manual handling related issues (handling, lifting or carrying), 18% were falls from height.

The worker fatal injury rate in construction (1.37 per 100,000 workers) is over 3 times the average rate across all industries (0.43 per 100,000 workers).

www.hse.gov.uk/statistics/

The Health and Safety (Construction) officer is now in post and the Health and Safety training matrix is in place, training of operatives is underway and regular toolbox talks highlighting areas of concern and risks are taking place. Where there is a distinct lack of expertise, this work is contracted out until a satisfactory level of training has been achieved.

- **Loss or insolvency of, or poor performance by, a major supplier**

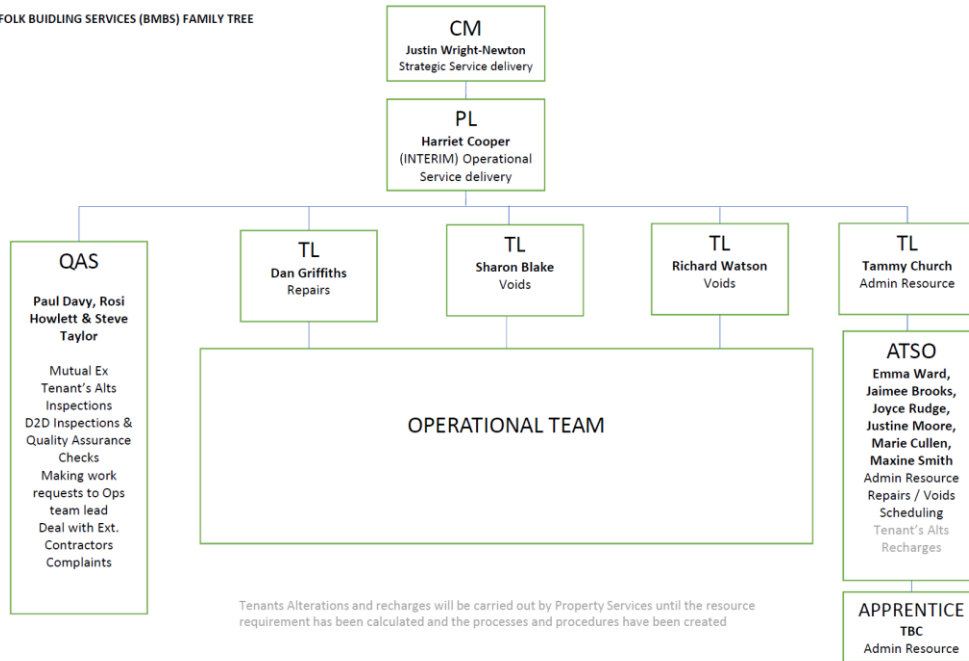
At present, BMBS currently has only one key supplier (Travis Perkins). The impact would be significant and immediately felt due to the low levels of van stock held.

Mitigations being pursued are through sub-contracts, the EPC framework, and alternative short-term suppliers with temporary arrangements.

Appendix A – Organisation Chart

BMBS Organisation Chart

BABERGH & MIDSUFFOLK BUILDING SERVICES (BMBS) FAMILY TREE



- Key: CM: Corporate Manager
 PL: Professional Lead
 TL: Team Lead
 QAS: Quality Assurance Surveyor
 ATSO: Admin & Technical Support Officer