apse membership resources

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Housing, Building Maintenance and Construction: Trend Analysis

To: All Contacts

Key issues
There is a continued focus on customer service including improvements in appointments made, appointments kept and jobs completed on time. There have been impacts resulting from the investments made to housing stock to improve standards as a result of maintenance needed for the extra facilities introduced to houses. There is evidence of organisational improvement tracked by workload and costs.

This briefing provides details on the performance information available from APSE's performance networks service looking at performance indicators and current policy issues for councils who provide building maintenance and construction services for housing and non-housing buildings.

1. Overview

The APSE performance networks performance indicators for building maintenance services cover a number of dimensions of performance, such as cost, productivity and quality. This briefing is a summary of some of the information collected for 2011-2012 and, in conjunction with the more detailed reports from Performance Networks, can be used to inform individual authorities about the standing of parts of their service, identify areas for action and for future activity for the APSE benchmarking groups. The analysis in this briefing is based on averages across all family groups and is therefore service-wide, for the last 12 years (2000-01 to 2011-12).

The data referred to in this briefing covers 2011-12, the most recent reported on via Performance Networks.

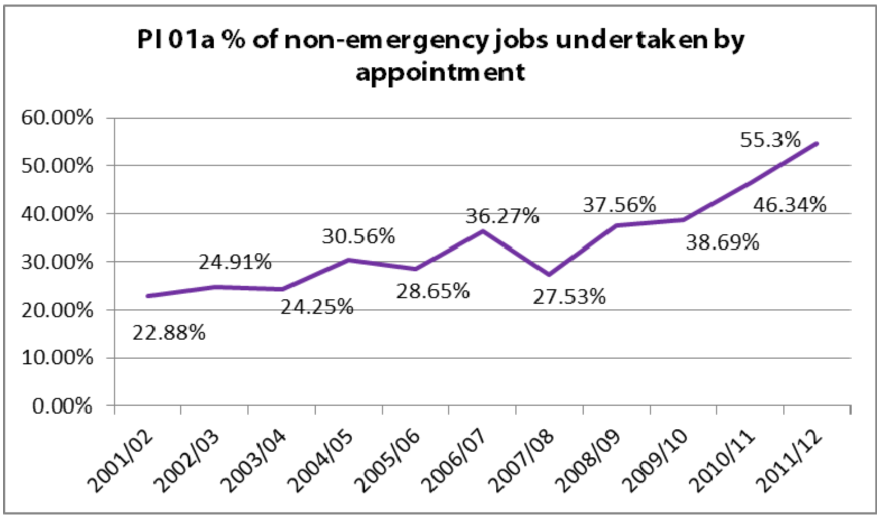
2. Trend analysis

2.1 Analysis for those authorities with both housing and non housing or solely housing responsibilities

Points to note for 2011-12 include:

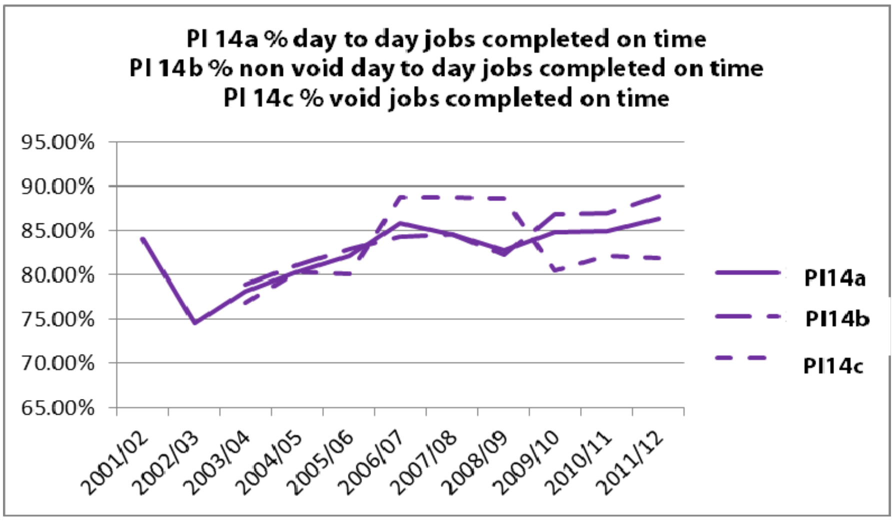
The percentage of non-emergency jobs undertaken by appointment (PI 01A) is seen as an important measure for tenants because it reflects a more tenant centred approach. The value of this PI has varied over recent years. This measure has improved for each of the past 4 years from 27% to 55.3% in 2011-12, an increase of over 100%. The gradual introduction of call centre technology, diagnostic software, scheduling systems, stores systems and mobile working equipment alongside a general change in culture have been introduced specifically to promote appointments, among other things, although the proportion of all jobs which are appointed varies between councils. The majority of tenants also expect to be offered an appointment and landlords need to address this expectation. The type of investment noted above is not guaranteed to work however and installing new approaches takes a lot of commitment and hard work over a number of years before real benefits are realised. The economic downturn and forthcoming reductions in local authority budgets will mean that resources for new investment in services will be very difficult to find.

Some local authorities have introduced evening and Saturday appointments as a service improvement but have found that there is not a demand for them.



The percentage of day-to-day jobs completed on time (PI 14a) also remains a key measure of quality reflecting customer care, planning and operational arrangements. It has increased from 82.8% in 2008-09 to 85.8% in 2011-12. This equals the highest figure over the collection period. PI 14b, % of day to day jobs (not including void properties), completed on time has also improved slightly to 88.5%. PI 14c, the figure for voids jobs completed on time has declined a little to 81.9%. This has also been higher in recent years with average figures of 88% being common in the mid 2000's. Clearly establishing timescales for completing jobs on time involves investing time and effort into the exercise and this is wasted on those jobs which miss the target. There is a benefit for the whole organisation in the planning process but the tendency to concentrate on the rate completed on time as the higher figure, often blinds people to the scale of the jobs that do not get completed on time. It is vital that service managers continue to look at the failure rates in their service areas.

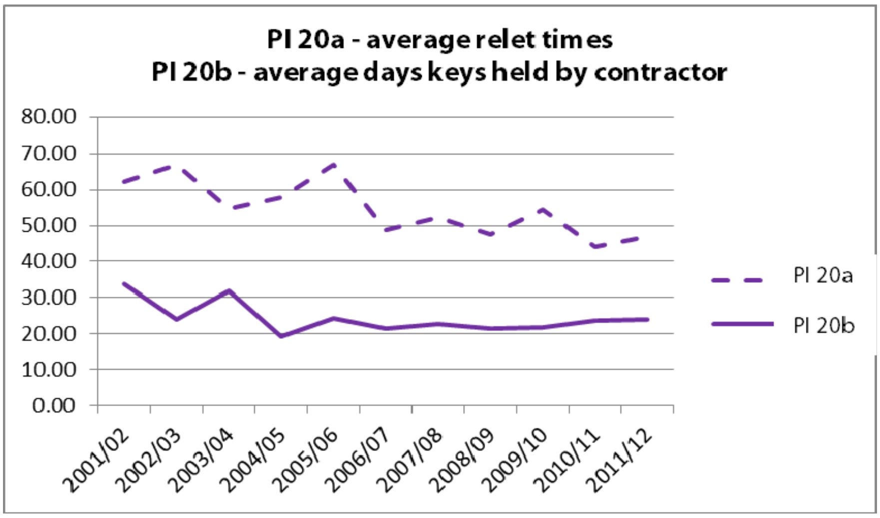
Some have found that their expectations following completion of Decent Homes, Scottish Housing Quality Standard or Welsh Housing Quality Standard work have not materialised. Some thought that following Decent Homes, the number of repairs would reduce because recent investment had replaced older items, such as kitchen units within properties. The reality has been a short term reduction in repairs followed by an increase in the number of jobs. The reasons are not yet clear but it seems that a combination of more items now in place which can be broken, failures due to poor specifications and raised expectations following installation of new equipment have led to spike in requests for work. This clearly has an impact on budget plans for repair and maintenance work as well as possible ramifications for future capital programmes.



The average re-let time for local authority dwellings (PI 20a) has seen a significant improvement in performance over the data collection period but has declined slightly over the past 12 months to 46 days on average. This figure was up at 67 days in 2005-06 so there has been significant improvement since then. Although this is an average figure and there has been some fluctuation over recent years, this is an area of the service where landlords have focussed attention to improve the level of service. Voids turnaround (average total number of days keys held by contractor) (PI 20b) has increased from 21.8 days in 2009-10 and has remained static for the past 2 years at just under 24 days.

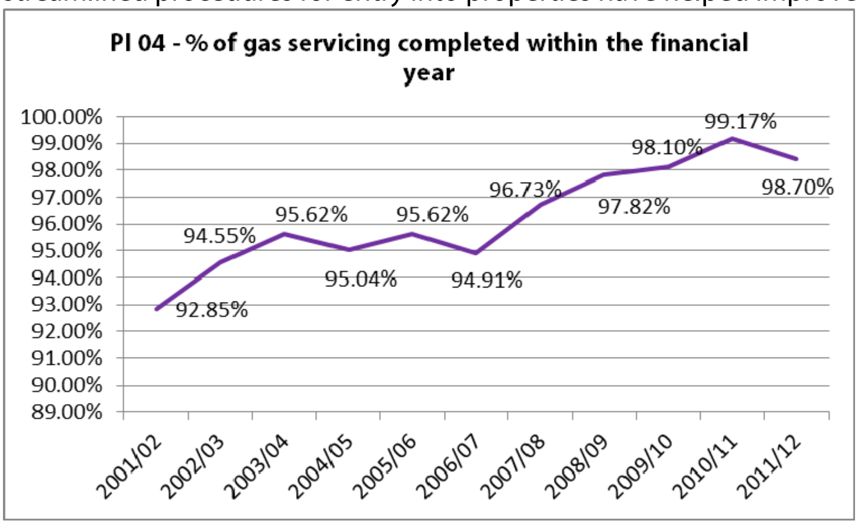
On average the contractor holds the keys for over 50% of the time that the full re-let process takes. Priorities around reducing income loss from void properties and reducing the size of the waiting list have led to a focus on this area of work. Multiskilling, changes in inspection routines and key management have all had an impact on the turnaround time of properties as does the need for housing maintenance and housing management teams to work together. There are a range of different approaches to voids work with some completing a significant proportion of work post-occupation. Equally lettable standards differ between councils and this will impact on the amount of work completed in void properties.

The graph shows that time which the improvement works take has remained stable over the last 6 years while the total void period has fluctuated far more. Stability helps when planning void workload.



The percentage of staff absence for operational staff (PI 16a) has improved from 5.0% to 4.6% in 2011-12. The figure for all staff (PI 29a) has also gone down from 4.4% to 4.2% over the same period. Both of these figures are the lowest they have been over the 11 year period of data collection. Absence is a perennial area of concern in terms of productivity, stress on other staff and costs and the trends are to be welcomed. Improvements have been aided by better policies and practice in terms of absence management.

Servicing of gas appliances (PI 04) remains a high priority for councils and they continue to strive to reach the target of 100% of gas services. Some individual councils do achieve 100% in a year and the average has steadily increased from 92.85% to 98.7% over the last year. However, this includes a drop from over 99% the previous year. This is the first drop since 2006-07 whilst it must be remembered that it is difficult to improve when figures are up at 98% and 99%. Attention to marketing and publicity campaigns as well as more streamlined procedures for entry into properties have helped improve performance in this area.

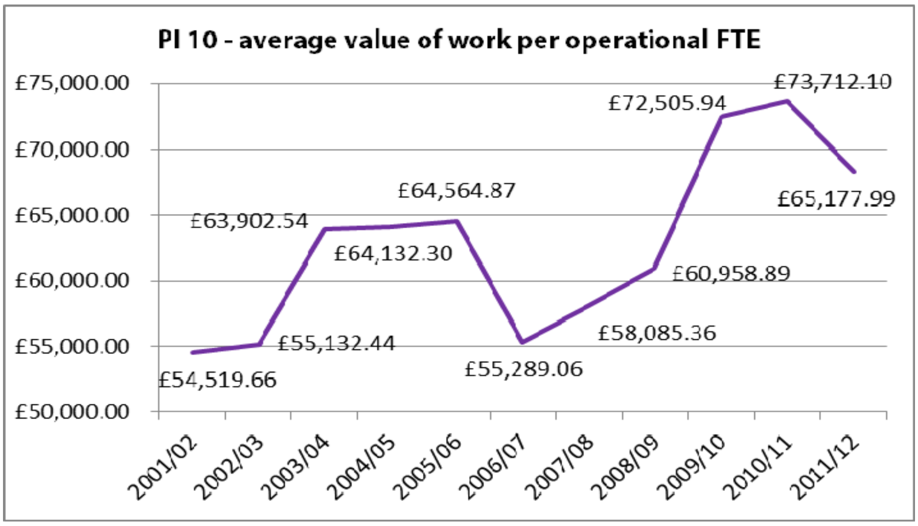


The average value of work per operational full time employee (PI 10) is now over £70,000, increased from last year – the first time this figure has topped the £70,000 mark in 11 years although inflation has to be taken into account. The impact of a range of service improvements, ICT investments, organisational changes and culture change will have impacted upon this performance indicator.

PI 26 tracks subcontracting as a percentage of contract value. This has varied between a high of 21.8% in 2005-06 and a low of 16.1% in 2001-02 and stands at 20.6% in 2011-12. Councils with a core capacity to deliver internal services will always contract out some specialist work or an element of routine work to accommodate variations in demand. Some organisations may contract more work to external contractors as internal capacity is reduced due to budget cuts whilst others will retain as much work in house as possible. Local authorities need to be highly aware of the financial position of those companies they are working with due to the volatile construction sector and the possibility of companies going into administration. Long term partnering with trusted partner companies appears the most appropriate way forward where councils are unable to retrain staff or build capacity and so undertake the work themselves.

2.2 Analysis for those authorities who have only non-housing responsibilities

Points to note for 2011-12 include:
The average value of work per operational full time employee (PI 10) has reduced in 2011-12 from a 10 year high of £73,700 last year to £65,200. Variation in this performance measure is inevitable but the long term trend as shown below is an upward one. Quality is vital alongside a financial measure of productivity. Clearly the higher this figure is the better as long as quality standards are met. The nature of non-housing work is variable and improvements of the level seen here reflect well on councils carrying out this type of work.



Subcontracting as a percentage of contract value (PI 26) has reduced to 22% which is a midway point between the range of results for this PI over the data collection period. Some local authorities have reduced capacity in some specialist areas such as lift maintenance or legionella work as a result of budgets cuts and a reduction in property assets meaning they are now maintaining a smaller number of properties, so making maintenance of such areas very expensive.

PI 14b which tracks the percentage of day to day jobs completed on time (excluding voids) stands at 90.1% for 2011-12. This PI has also shown a steady increase over the past 4 years from 76%. Having jobs completed on time is a further productivity measure which is vital for the effective use of buildings especially those looking to maximise income from for example, leisure activities or retail rent.

3. Stores

Questions about the stores function were introduced for 2006-07. The average number of lines held in stores (PI 74) for all submissions has on average increased over the years from 2,182 (in 2006-07) to 2,375. The lowest figure was 1955 in 2008-09.

The percentage of store items returned to over the year, PI 80, is slightly higher than most previous years at 1.9%. 36% of these were due to poor quality or faults (PI 85) again which is higher than previous years. The percentage of returns made due to over ordering (PI 82) is at 16.7%. Stores remains an area of regular review as a potential source of savings. The importance of stores to the repair and maintenance process is clear for obvious reasons and operatives and managers need to have faith that the stores are able to meet their needs. The financial value of the stores is significant so ensuring adequate stock is available whilst avoiding over stocking and managing returns well are issues which managers need to be on top of.

PI 79, reflecting the ratio of store keeper posts to their immediate manager or supervisor, has shown a gradual reduction from 36% to 22% over the last 6 years, a trend reflecting the reduction in staff numbers across the sector.

4. Unit Costs

Percentage breakdown of building maintenance costs

Area of operation	2011-12 % of total	2010-11 % of total	2009-10 % of total
Operational employees	35.7	38.4	34.9
External / sub contracting	16.9	17.6	24.4
Materials	19.5	15.4	18.0
Non operational employees	11.4	10.6	10.9
Other direct costs (inc. portfolio management)	5.2	8.2	2.0
CECs	4.7	5	4.3
Vehicles	5.3	3.9	4.5
Tools and equipment	1.2	0.7	0.8
Training	0.2	0.2	0.3
Total	100	100	100

The table above shows the percentage breakdown of the costs of providing the service (both housing and non housing) for the last 2 years. It is clear that the main cost of the service is staff costs with both operational and non operational employees on average amounting to approximately 49% of total costs, a figure which has stayed relatively constant over the 2 years. The proportion of the total budget paid to operational employees has increased slightly whilst the proportion to externalised/sub-contractors has reduced. This is occurring within the context of shrinking budgets so the actual amounts are not increasing reflecting a larger amount of a reducing pot of work being done by in-house employees. Reasons for this change will differ between organisations but the overall reduction in budgets available will mean spend on external providers may reduce in favour of internal providers. Those councils who use external providers to meet spikes in demand may also have reduced spend in this area as fewer resources have led to less work overall. This links with the reduction in the amount of work allocated to external providers highlighted in PI 26 above. There has been an increase in other costs and because this is a leftovers category to some degree, it will change from authority to authority. The cost of materials remains significant although it has reduced proportionally over the 12 months partially due to better procurement practices.

The order of the figures in the table will not come as a surprise but they do highlight where savings can be made. Although every penny counts, efforts to reduce costs should be concentrated on those areas of greatest spend. A particular area of note in the table is the costs of materials with potential savings coming from the supply chain.

5. Interpretation of data

The table overleaf shows the trend in some of the measures used in this publication. These are average figures and although it is relevant to compare the trends over time the averages do mask variations in some measures.

Some changes are open to interpretation for example PI 18, training days per employee, is considered to have improved if more training is provided and PI 02 percentage of post inspections carried is also considered to have improved if the rate has decreased.

Over the duration of data collection (from 2001-02 to date) the trend shows continued improvement in all but one measure. It is difficult to identify specific reasons for particular changes but developments in efficiency in general including investments in ICT, mobile working, shift patterns, multiskilling, diagnostic software and others will all have had an impact on many areas of performance. By concentrating on the steps in a process many organisations have reduced the stages around a job and so benefitted from quicker, cheaper work with fewer steps. The introduction of multiskilling, reducing the number of operatives involved in completing a job allied to a reduction in the number of pre and post inspections is one example. The impact of budget reductions will take a number of years to filter through to these averages.

Measure	Trend over 12 months	Trend over 13 years	Original figure	2011-12 figure
01a Number of appointments	improved	improved	24.56%	55.3%
01b Appointments kept	improved	improved	93.60%	95.1%
01c Responsive repairs - appointments made & kept	improved	improved	36.35%	96.1%
02 Number of post inspections	declined	improved	18.34%	12.3%
04 Gas servicing	declined	improved	93.22%	98.7%
08a Productive labour costs	declined	declined	80.51%	75.8%
10 Average value of work	declined	improved	£52,167	£69,130
14a Day to day completed on time	improved	improved	84.47%	85.8%
14b Day to day completed on time (exc. voids)	improved	improved	79.04%	88.7%
14c Voids jobs completed on time	declined	improved	76.86%	81.9%
16a Staff absence	improved	improved	6.64%	4.5%
18 Training for operatives	improved	improved	1.96	3.2
20a Re-let times for voids	declined	improved	62.25	46
20b Keys with contractor	improved	improved	33.81	23.6

6. Future focus

There is now an unprecedented challenge facing councils throughout the UK in both managing reductions in funding as well as a greater demand for public services. Local authorities need to develop innovative and imaginative ways of addressing the funding gap and performance measurement is one means of evidencing the value of services, identifying cost savings, identifying new opportunities for income generation and service improvement, as well as demonstrating competitiveness. Across the UK, public sector performance measurement and management will form the basis of achieving efficiencies and value for money within local government. The recent Audit Commission Report, Tough Times (November 2011), looks at councils' responses to a challenging financial climate. It found that '*most councils were using benchmarking information to identify efficiency improvements and were challenging how services are delivered.*'

In England, the recent 'open public services' white paper emphasises that data is critical to demonstrating competitiveness and also to accountability and transparency. The introduction of a new regime after Comprehensive Area Assessment will see a greater reliance on existing sources of data such as APSE performance networks. The House of Commons Communities and Local Government Committee report on the audit and inspection of local authorities stated that with the demise of national indicators, for now at least, there should be comprehensive local reporting against local objectives with maximum transparency. The code of practice on data transparency is also worthy of note in terms of the use of performance networks data and reports.

In Northern Ireland, both the Local Government Reform 'Policy Proposals Consultation' by the DoE and the 'Case for Change' Consultation Paper from the Local Government ICE Programme have made reference to performance management as fundamental for the development of local government in Northern Ireland. The reports talk about the need to specify performance indicators, publishing information and developing consistent, robust baseline data.

The Scottish Government's Commission for the Future Delivery of Public Services placed a significant emphasis on the need for robust approaches to benchmarking with organisations being required to use key data to assess and evaluate performance particularly in relation to the need to deliver outcomes. A key strand in the Scottish Parliaments Local Government and Regeneration Committee's recent inquiry into public service reform is benchmarking and performance measurement. This includes examining the development of benchmarking and assessing how it can contribute to the performance of other local authorities in Scotland. The principles of Best Value 2 include improved coverage of service performance and Best Value 2 is a proportionate and risk-based approach, founded on self assessment.

In Wales, the Efficiency and Innovation Programme includes 7 workstreams and key to reporting on progress and achievements in terms of efficiency and innovation will be the use of performance management data. The new Performance Improvement Framework which was introduced in April 2011 has a focus on local, service improvement data as well as more formal, national measures.
Throughout the UK there is a common thread of the growing importance of local performance management systems to:

- Set a baseline where competitiveness, efficiency & value for money can be systematically measured
- Assess the quality, cost and competitiveness of the services that councils provide on a regular basis
- Report data in meaningful ways to both elected members and the public
- Identify direction of travel and pace of change with regard to service delivery
- Identify inefficiencies such as poor productivity or absence management
- Support service improvement through process benchmarking and sharing best practice arrangements.

Robust performance measurement tools are increasingly being recognised as evidence within devolved national frameworks, as a means to demonstrate transparency and accountability. As a result, systems that have been developed and refined over the years by local authorities such as APSE performance networks will continue to be an invaluable tool.

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