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State of the Market Survey 2019

Local Authority Building Maintenance Service

Briefing 19/36
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Building Repairs and Maintenance - State of the Market 2019

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 55 responses received from housing and building maintenance providers throughout the UK. This report provides an overview of the survey and outlines the key findings.

This is the seventh 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 remains a significant issue nationally. There continues to be a strong political focus on building more homes across the UK. The 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. In response to the political focus and the housing crisis, 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 some 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.

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 landlord fulfil their legal obligations regarding property safety. The impact of this legislation on social housing providers, in practice, is yet to be determined.

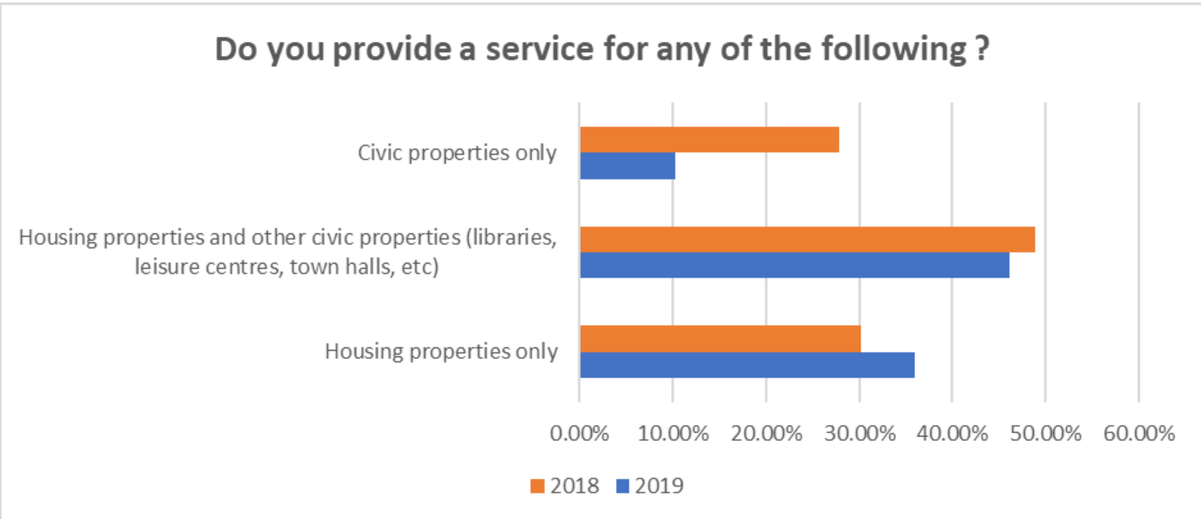
The issue of skills remains of concern with a lack of available skills across the sector, and high employment rates likely to hinder the sector's growth. The uncertainty around Brexit could further exasperate this shortage. This has led to an increase in the cost of construction materials along with an increase in wages as the demand for skilled workers rises. The living wage has also impacted on the cost of labour in support services. 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 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 200 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 aging 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 windows and installing insulation but also gain 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.

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.



There are various aspects to the local authority building maintenance and repairs service and in response to this question, 46.15% of respondents reported that they provided a service for housing properties and other civic properties which is a slight decrease from the 48.84% reported in 2018. A further 35.90% advised that they provided a service for housing properties only representing an increase of 5.67% from 2018, and 10.26% of respondents stated that they provided a service for civic-only properties which represents a significant drop from the responses received in 2018.

In addition, respondents commented that they provided services for: -

- educational facilities
- neighbouring local authorities
- non-housing properties in emergency situations
- an adaptations service.

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 2016 and 2018: -

Answer Options	Management/ Technical/ Admin Staff			Operational Staff			Agency Staff		
	2019	2018	2016	2019	2018	2016	2019	2018	2016
Increased significantly (over 20%)	**2.63%**	**0%**	**5.88%**	**2.70%**	**0%**	**3.13%**	**12.12%**	**5.56%**	
Increased (up to 20%)	**15.79%**	**6.98%**	**17.65%**	**18.92%**	**9.76%**	**18.75%**	**9.09%**	**16.67%**	
Stayed the same	**47.37%**	**41.86%**	**35.29%**	**32.43%**	**36.59%**	**43.75%**	**54.55%**	**36.11%**	
Decreased (up to 20%)	**18.42%**	**32.56%**	**32.35%**	**27.03%**	**41.46%**	**33.3%**	**9.09%**	**25.00%**	
Decreased significantly (over 20%)	**15.79%**	**18.60%**	**8.82%**	**18.92%**	**12.20%**	**9.38%**	**15.15%**	**16.67%**	

N.B. No comparison is available for 2016 for agency staff as the data is only available from 2018.

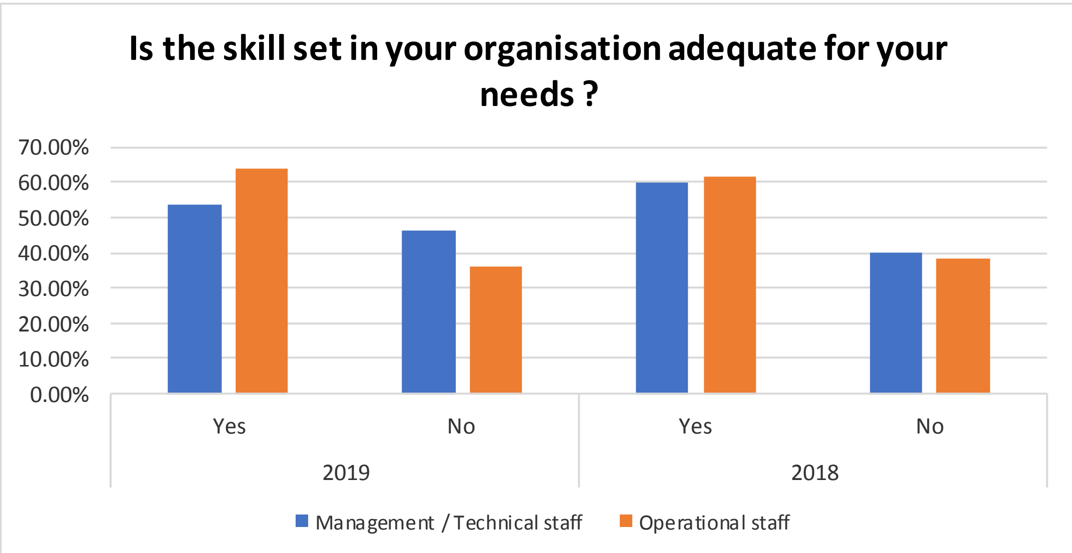
For 2019, the largest proportion of respondents are reporting that the staffing numbers have remained the same for the last two years in management / technical and admin staff; operational staff and agency staff.

There were 34.21% of respondents reporting a decrease or significant decrease in management, technical or administrative staff which represents a decrease from the percentage of 41.61% reported in 2018. In 2019, there has been a 10.71% decrease in respondents reporting that there was a decrease or significant decrease in operational staff, 24.24% reported a decrease or significant decrease in agency staff which compared to 41.67% in 2018.

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. However, 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.

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 over half of the respondents, 53.85% believed that there were adequate skills in the management / technical staff and 64.10% believed that the skill set was adequate in the operational staff. However, 46.15% of respondents reported that their skill set was not adequate in the management / technical staff and 35.90% thought the skill set in the operational staff was inadequate.

When making a comparison with the perceptions on the skills of the workforce in 2018 there has been an increase in 13.85% believing they did not have adequate skills in management and technical staff. This could represent the greater complexity of projects that local authorities are undertaking and managing.

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 2019 survey have remained comparable with the results of the 2018 survey with just over half of respondents, 53.85% stating that they thought that their organisation had a ten-year plan in place. However, 46.15% state that they believed that their organisation did not have a plan in place.

In responding to the question, there were various additional comments which indicated that local authorities had an apprenticeship programme in place to help develop the in-house skills. However, respondents raised concern regarding the ageing workforce and the difficulties they had experienced in recruiting and retaining skilled staff. This is impacting on the skills and capacity of the workforce overall as well as putting additional on council budgets; making it difficult to retain staff and compete with private-sector wages.

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 majority, 76.92% of respondents, indicated that they had plans in place or intended to have plans in place in the future.

Many of the comments associated with this question indicate that councils have upskilled staff to ensure they are able to service the new technologies - such as ground source heating - that have been installed in the housing stock. Some councils have indicated that the workforce is being upskilled to enable the in-house teams to take on some of the council’s new build work.

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 2019 survey highlights that virtually none of the respondents operate a bonus scheme with less than 10% advising that they still had a bonus scheme in place.

These figures reflect the fact that most are moving away from bonus schemes in favour of other approaches.

Apprenticeships

In reviewing the responses to the survey 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, 79.49% reporting that they currently had a scheme in place with a further 10.26% stating that they were planning on establishing one in the next 2 or 3 years. Only 10.26% of respondents who did not have one have no current plans to establish a scheme.

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

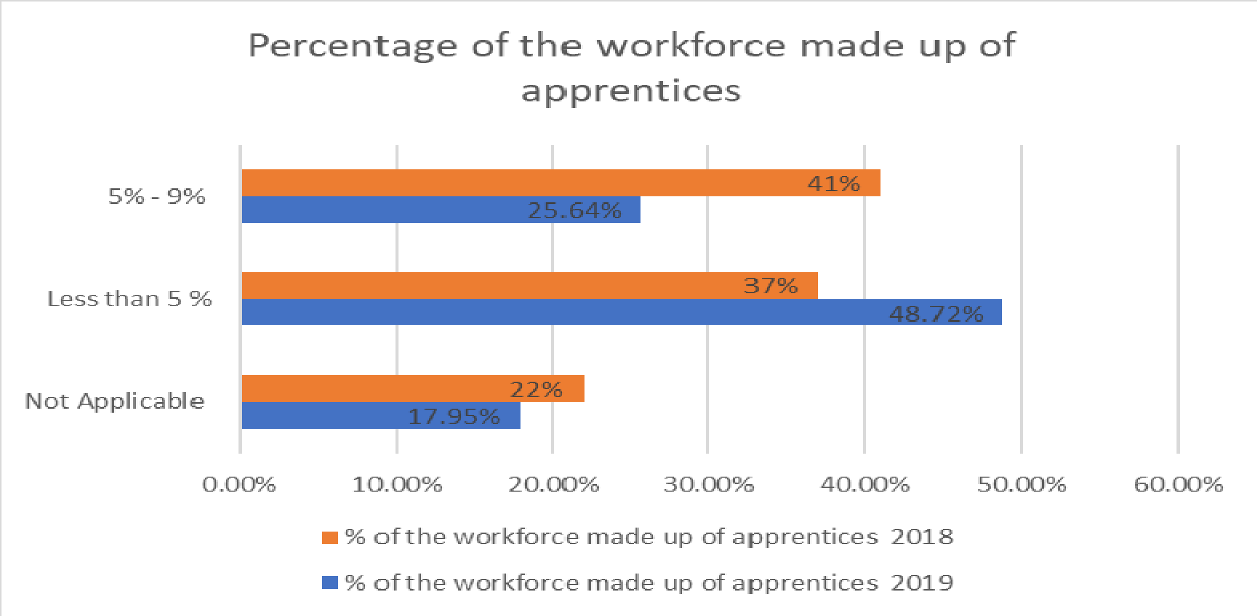
The table below outlines the responses received to the question: -

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

When comparing the number of apprentices in the service from the responses received in 2018, there has been a 27.49% 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.

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.



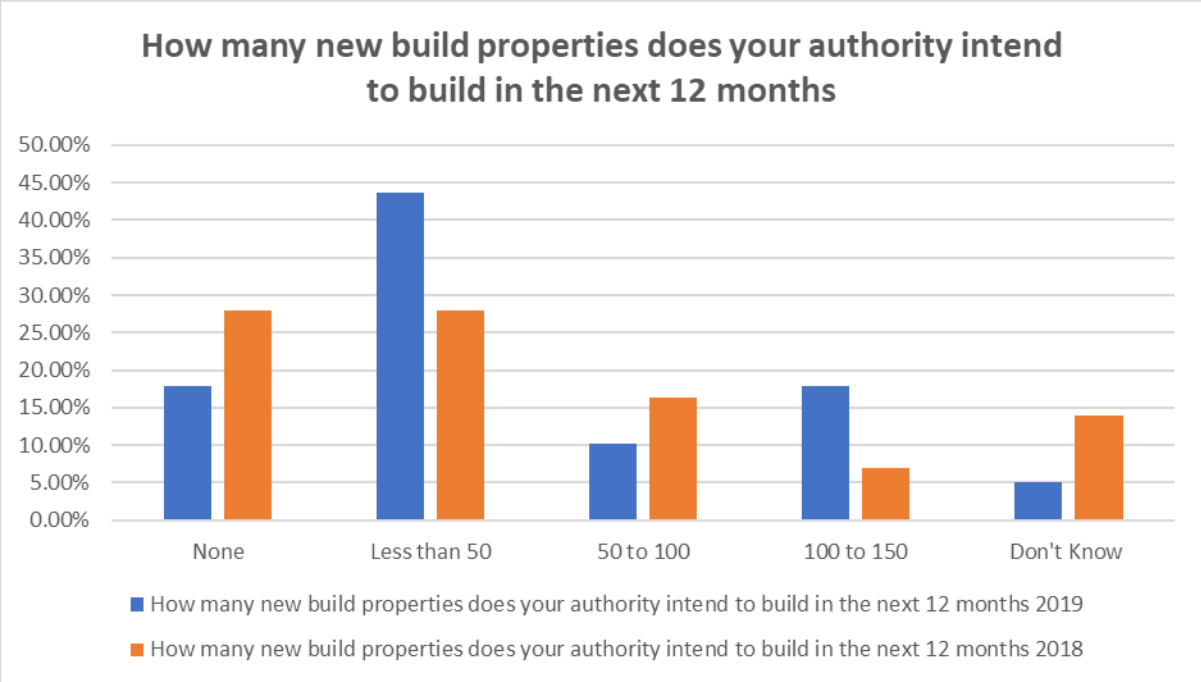
In addition, to the responses outlined above, three authorities were reporting that more than 10% of their workforce was made up of apprentices.

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 number of respondents reporting that their council is intending to build new build properties in the next 12 months has increased from last year by 22.63%, with the percentage stating they did not know reducing by 8.82%. This reflects that an increasing number of councils have strategies in place to build new properties and are responding to the changes in government policy as well as the need for social housing in the local area.



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

50% of the respondents thought that their authority had the required skills to construct the planned units and 47.87% felt that their authority did not. It is evident from the additional comments received to this question that the project management of new build development is being managed inhouse, with the on-site construction being contracted out. This could explain why it is perceived that local authorities do not have the required skills in-house.

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 2019 are comparable with the previous years. A total of 82.06% of respondents expected their personal workload to increase or significantly increase, 17.95% thought it would stay the same and only 2.56% predicted that it would decrease or decrease significantly. 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 been 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 2015.

Housing

Answer Options	2019 Housing %	2018 Housing %	2016 Housing %	2015 Housing %
Increase significantly	22.22%	19.35%	14.81%	8.3%
Increase	38.89%	35.48%	40.74%	30.5%
Stay the same	30.56%	29.03%	33.33%	52.8%
Decrease	8.33%	12.90%	11.11%	8.3%
Decrease Significantly	0.00%	3.23%	0%	29%

Non-housing

Answer Options	2019 Non-housing %	2018 Non-housing %	2016 Non-housing %	2015 Non-housing %
Increase significantly	26.09%	3.23%	7.69%	5.90%
Increase	39.13%	41.94%	42.31%	47.10%
Stay the same	21.74%	19.35%	34.62%	29.40%
Decrease	13.04%	35.48%	15.38%	17.60%
Decrease Significantly	0%	0%	0%	2.90%

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 continues from the 2016 State of the Market survey.

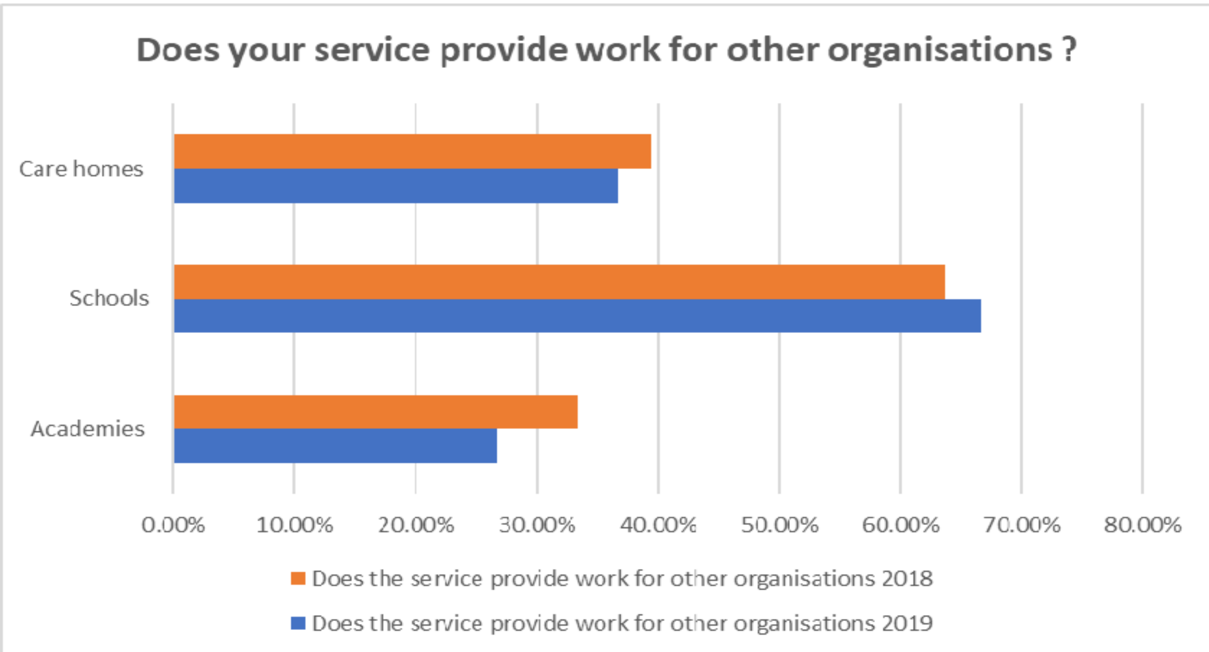
There has been a 6.28% increase from 2018 in the number of respondents stating they expected the workload in housing to increase or increase significantly in the service. The reasons outlined for this expectation in the comments included: -

- new build work
- capital programme of works
- significant refurbishment 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 been consistent; with around 50% of respondents reporting that they believed this to be the case (45.17% in 2018, 50% in 2016 and 53% in 2015). However, in 2019 this has increased to 65.25% which could be in part due to investment by local authorities in civic properties following a period of estate rationalisation and reduced investment.

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 graph below provides a comparison with the responses from 2018:-



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 35.29% of respondents reporting that they expected external work to expand, 50% expect that it would stay the same and 14.71% 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.

Productivity

16. Changes in the method of repairs and maintenance service delivery.

	Emergency Repairs		Urgent Repairs		Day to day repairs		M&E / Gas work		Voids	
	2019	2016	2019	2016	2019	2016	2019	2016	2019	2016
In-house; likely to continue	83.33%	66.67%	80.56%	75.76%	80.56%	78.79%	61.11%	43.75%	84.38%	63.33%
In-house; likely to be outsourced within 2-3 yrs.	2.78%	9.09%	2.78%	6.06%	2.78%	6.06%	8.33%	6.25%	3.13%	16.67%
External; likely to continue external in 2-3 yrs.	11.11%	24.24%	16.67%	18.18%	16.67%	15.15%	30.56%	37.50%	9.38%	13.33%

External; likely to be brought in house in 2-3 yrs.	0%	6.06%	0%	6.06%	0%	6.06%	5.56%	18.75%	0%	6.67%
Has been brought in house in 2-3 yrs.	11.11%	3.03%	11.11%	3.03%	11.11%	3.03%	8.33%	46.25%	12.50%	3.33%

	Aids and adaptations		New build		Housing capital works		Civic building repairs		Civic building capital works	
	2019	**2016**	**2019**	**2016**	**2019**	**2016**	**2019**	**2016**	**2019**	**2016**
In-house; likely to continue	68.57%	60.00%	36.36%	23.08%	58.06%	42.86%	55.17%	50.00%	48.28%	36.67%
In-house; likely to be outsourced within 2-3 yrs.	5.71%	6.67%	12.12%	11.54%	0%	3.57%	10.34%	6.67%	6.90%	6.67%
External; likely to continue external for the next 2-3 yrs.	25.71%	30.00%	57.58%	57.69%	45.16%	50.00%	31.03%	30.00%	48.28%	53.33%
External; likely to be brought in house in 2-3 yrs.	2.86%	6.67%	0%	11.54%	3.23%	10.71%	0%	20.00%	0.00%	10.00%
Has been brought in house in 2-3 yrs.	8.57%	6.67%	3.03%	0%	3.23%	0%	6.90%	3.33%	3.45%	0%

The majority of those responding to the survey represent councils delivering all types of repairs and voids in-house and the expectation in 2016 was that this would continue. The survey shows that this expectation has increased in 2019. In addition, there is a greater number of respondents reporting that the service has been brought in house in the last 2-3 year for 2019.

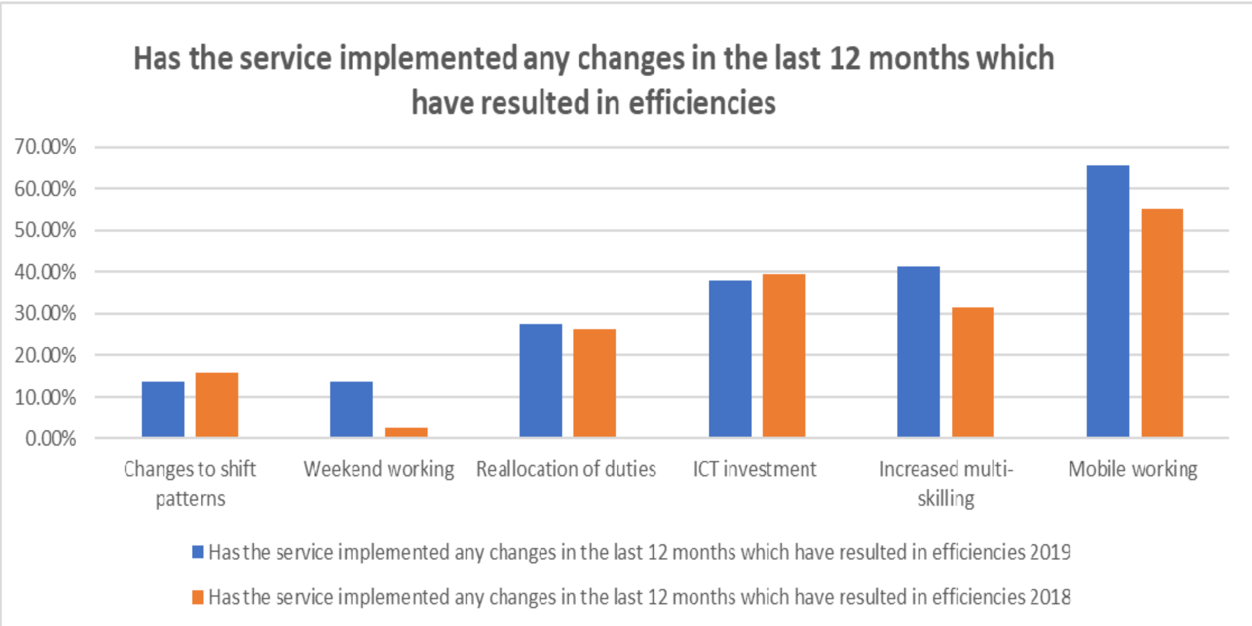
It is noted that there has been a 2.08% increase the response regarding mechanical and electrical / gas work and the perception that it could be outsourced in the next 2-3 years. This may be in direct response to the skills shortage being experienced in this area.

Voids have become a focus for many local authorities due to demand for social housing and the requirement for properties to generate an income. The importance of this service to local authorities is evident from the 2019 responses with 84.38% of respondents advising that the service was in-house and likely to continue as an in-house service. The model of an in-house service can provide the authority with greater control and the flexibility to target resource to where it is most required.

Efficiencies

17. 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.



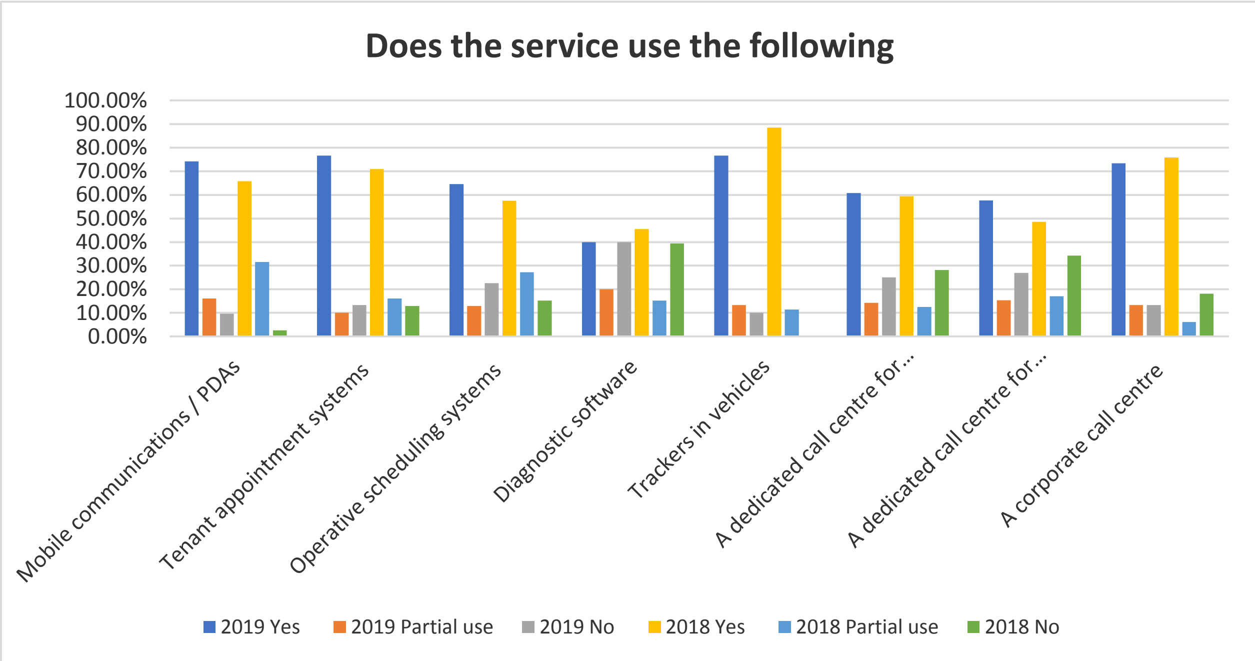
respondents, 65.52%, stating that they have introduced mobile working, 41.38% advising they had increased multi-skilling and 37.93% of respondents investing in ICT to improve efficiencies.

However, there has been an 11.16% increase in respondents reporting that they had introduced weekend working. This could be in response to the service adapting to tenant demand for greater flexibility in appointment times.

18. 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: -



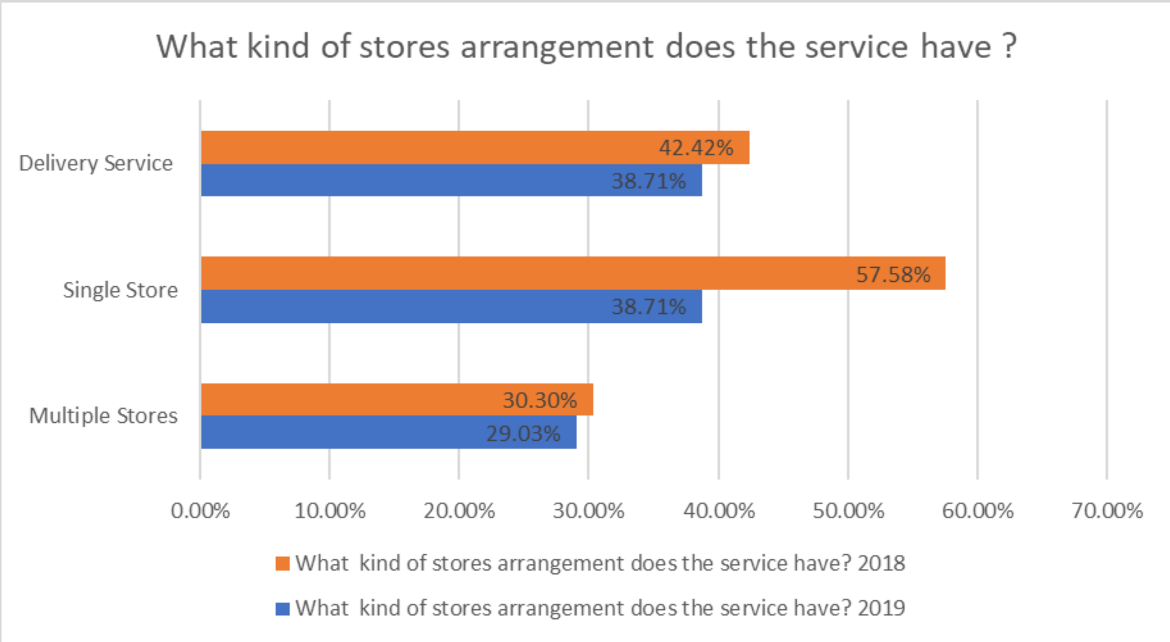
It is clear that the systems taken up by some organisations are not used universally. There has been substantial investment in systems such as mobile communications, appointment systems or vehicle trackers and the comparison with 2018 shows that this is a continuing trend.

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.

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

The greatest number of respondents, 38.71% respectively have reported that they have a single stores arrangement or a delivery service. A further 29.03% reported having a multiple stores arrangement.

When comparing the responses with 2018 there has been a decrease of 18.87% in those reporting a single stores arrangement. The graph below outlines the 2019 and 2018 response comparison.



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.

20. 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 50% of respondents predicting that the growth would be to repairs on new housing units through a Local Authority Housing Company, 39.29% thought that there would be growth in work from the insourced housing stock, 21.43% saw growth in new contracts with housing providers and 10.71% 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

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

A significant percentage of respondents, 67.86% expected that work would decrease as a result of reducing budgets, and 50% 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 21.43% of respondents that tenant behaviour change would reduce the amount of work undertaken.

There has been a 10.71% reduction from 2018 in the number of respondents believing that there would be reduced work from the reduction of housing stock, which is reflective of the current landscape of councils building more stock and insourcing housing provision.

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 skill and capacity shortages.

Compliance

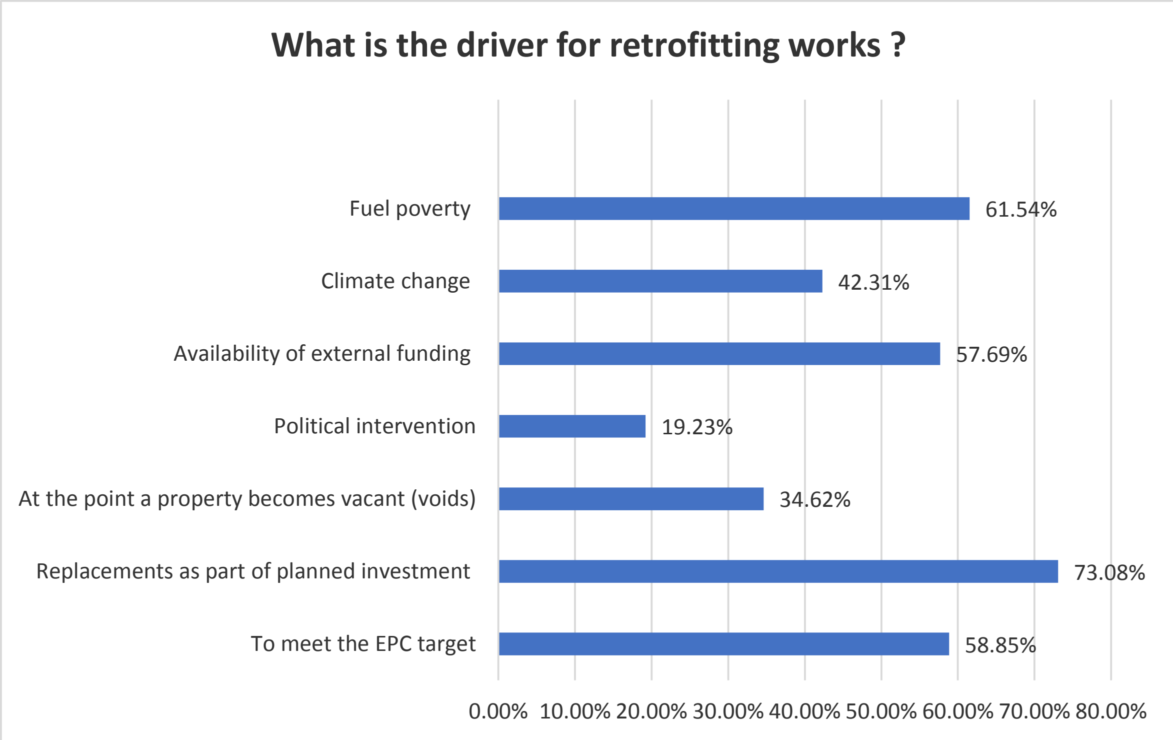
Local Authorities have a range of statutory requirements that have to be met in housing and many councils have in place corporate strategies that directly impact on the building maintenance and repairs service including reducing fuel poverty and climate change emergency declarations. This section of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

22. Are you retrofitting properties to ensure compliance with minimum energy performance certificate level E?

The vast majority of respondents, 74.20% answered yes or that they had future plans in place to retrofit and only 22.58% of respondents reported that they were not refitting properties. The further 3.23% 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.

23. What is the driver for retrofitting works?

This is 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.



It is clear from the responses that retrofitting is been carried out to a strategic plan with 73.08% reporting that replacements are part of planned investments. This approach provides the opportunity for local authorities to invest in their housing stock in line with wider corporate priorities such as reducing fuel poverty and climate change. In addition, it is also cited that external funding that is available for the sector is a driver for retrofitting.

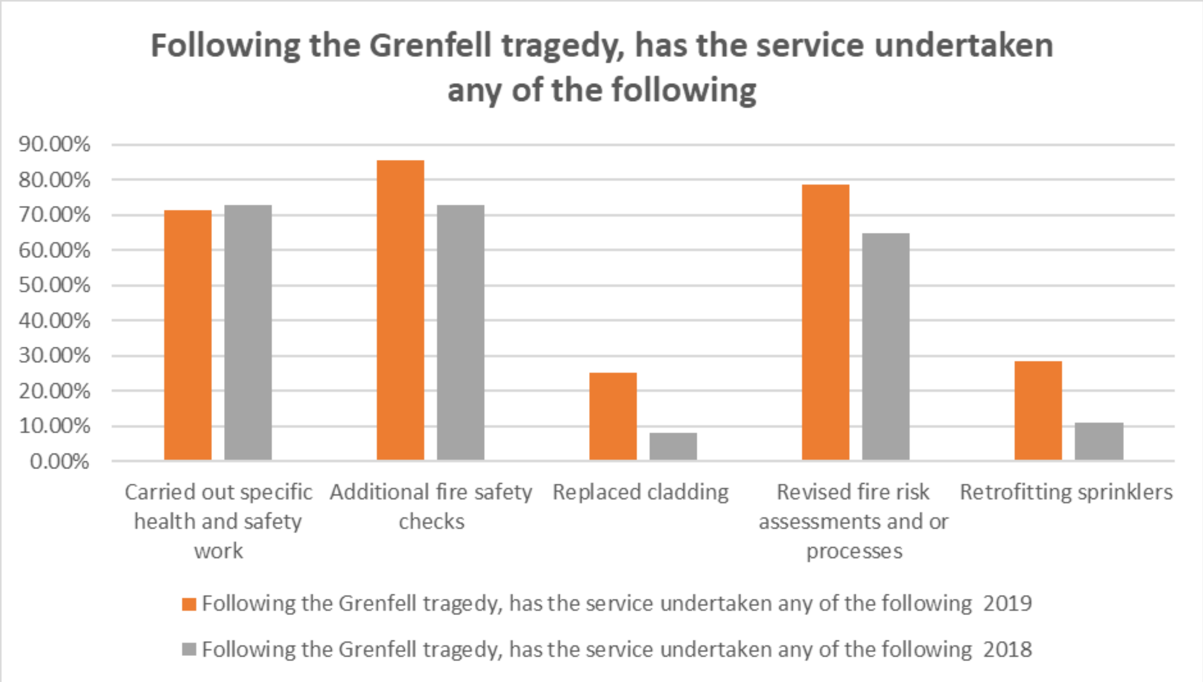
24. What aspects of retrofitting are been undertaken?

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

78.57% reported that heating systems were being replaced, 67.86% advised that window and doors were being replaced and a further 67.86% stated that kitchen and bathrooms were being upgraded. Roofing upgrades were reported by 60.71% 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 reinstalled which could be in direct response to the tragic events of Grenfell.

25. Following the Grenfell tragedy, has the service undertaken any of the following?

The following graph outlines the work that has been carried out by authorities in the wake of the tragic events at Grenfell.



Following the tragedy, it is evident from the survey responses that councils have continued to act to ensure that buildings meet the required safety standards. It was noted in 2018 that some authorities had plans in place to retrofit sprinklers and cladding over the proceeding 1 to 3 years. The survey responses for 2019 highlight that councils have put the plans into action with an increase of 16.89% reporting that cladding had been replaced and an increase of 17.76% of respondents reporting that sprinklers have been retrofitted.

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