

## **Report to the Cabinet**

**Report reference: C/052/2007-8.**

**Date of meeting: 8 October 2007.**



**Epping Forest  
District Council**

**Portfolio: Housing Services.**

**Subject: Budget Virement – Works Unit.**

**Officer contact for further information: Mick Merrick (01992 – 564065).**

**Democratic Services Officer: Gary Woodhall (01992 – 564470).**

---

### **Recommendations/Decisions Required:**

**(1) To note the increased use of sub-contractors by the Building Maintenance DSO due to continuing recruitment problems with Craft-workers; and**

**(2) That the sum of £200,000 be transferred from the Salaries allocation (78 001 0100) to Sub-Contracting expenditure (TB 100 3420) as contained within the overall Building Maintenance DSO Budget for 2007-08.**

### **Report:**

1. When the budget for the 2007-08 financial year was set, a provision for the use of sub contractors was agreed at £280,000. This provision was made to allow the Building Maintenance Direct Services Organisation (DSO), to sub contract work that is either of a specialist nature or enables the service to deal with peaks in workflow from Housing Services.

2. Following the introduction of Job Evaluation for craft workers, which saw significant increases in salary levels, it was management's intention to recruit additional employees to undertake the work in house. Thereby reducing sub-contracting expenditure, which in 2006-07 closed at £411,000. Despite several recruitment initiatives it has not been possible to attract suitably qualified and/or experienced craft workers in significant numbers. The new salary levels have remedied problems with retention but not those associated with recruitment. There are currently 11 vacancies from an approved establishment of 59 craft workers. There would appear to be a general shortage of skilled building industry craft worker personnel.

3. As a consequence of this situation and to ensure that performance targets are achieved there has been a need to substantially increase the amount of work issued to sub contractors. The situation was made worse following the gales in the earlier part of the year, which added to the amount of work received by the service. Overall completed works instructions are up by 9% in comparison for the same period during the 2006-07 financial year.

4. It would be reasonable to assume that recruitment will continue to be a problem with the Building Maintenance DSO for the foreseeable future. This is likely to result in a continuance in the increase in sub contracting activity or the possible use of agency staff if performance levels are to be maintained. Alternatively the DSO will have to reduce the amount of work undertaken on behalf of Housing Services.

5. During the first four months of the 2007-08 financial year the Building Maintenance DSO has incurred £232,441 of expenditure with sub contractors. Whilst monthly expenditure has now peaked and will start to diminish a year-end figure of around £480,000 is forecast.

As a result of the recruitment situation the salaries budget has been under spent and at month four is £109,872 in surplus. Allowing for this years pay award, still to be agreed and on the assumption that there will be no noticeable increase in staff numbers, the salary budget at year end is likely to be under spent by around £300,000. Overall the Building Maintenance DSO expenditure will remain within its budget of £3,001,190 agreed for the financial year.

6. To ensure that the Council continues to achieve value for money in terms of its Building Maintenance operation management has endeavored to sub contract those areas of work where favorable prices can be obtained. These generally relate to larger type jobs or where there is an area of specialism not held within the DSO. These prices in the majority of cases are at less than those contained within the pre priced Schedule of Rates used by the service, which is a bench marked document. This leaves the Building Maintenance DSO to deal with the smaller type emergency and reactive work not usually attractive to contractors.

**Statement in Support of Recommended Action:**

7. Failure to transfer funds as recommended would result in expenditure code 78 001 0100 (salaries) being under spent at year end by approximately £300,000 and expenditure code TB 100 3420 (sub contracting) overspent by around £200,000. If the sub-contracting element had not been increased there would have been a failure in achieving performance targets and service delivery to tenants would have declined.

**Other Options for Action:**

8. Alternative action considered:
- (a) Engage agency staff (craft workers);
  - (b) Offer overtime working as appropriate; or
  - (c) Reduce level of service delivery.

**Consultation undertaken:**

9. No external consultation undertaken.

**Resource implications:**

**Budget provision:** Expenditure contained within the Building Maintenance DSO budget of £3,001,190 for 2007-08.

**Personnel:** None.

**Land:** Nil.

**Community Plan/BVPP reference:** Nil.

**Relevant statutory powers:** Nil.

**Background papers:** Appropriate pages from month 4 of the Building Maintenance DSO Monitoring Report.

**Environmental/Human Rights Act/Crime and Disorder Act Implications:** N/A.

**Key Decision reference (if required):** Not a key decision.