

CABINET ITEM COVERING SHEET PRO-FORMA

AGENDA ITEM

REPORT TO CABINET

2 NOVEMBER 2006

REPORT OF CORPORATE MANAGEMENT TEAM

CABINET DECISION/KEY DECISION

**Housing-Lead Cabinet Member – Councillor Leonard
Community Safety and Protection - Lead Cabinet Member – Councillor Kirton**

REVIEW OF CONCIERGE SECURITY SERVICE

1. Summary

A review of the Concierge Security service has been undertaken over the last six months, and Cabinet is requested to endorse the key proposals emerging from the review.

2. Recommendations

2.1 That Cabinet endorse in principle, as a basis for more formal and widespread consultation with residents, the workforce and trade unions, Option 5 ('single crewing' at selected sites between 1am and 7am) as set out at Appendix B, in conjunction with continuing selective use of third party employees.

2.2 That a proposed final package of measures, following consultation with residents, workforce and trade unions be reported to the earliest practicable meeting of Cabinet.

3. Reasons for the Recommendations/Decisions

3.1 To provide a clear direction for the forthcoming processes of consultation with residents, the workforce and trade unions.

3.2 To allow for implementation of the final outcomes of the review process, in time for the first quarter of the 2007/08 financial year.

4. Members' Interests

Members (including co-opted members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (paragraph 8) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgment of the public interest (paragraph 10 of the code of conduct).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting is being held, whilst the matter is being considered; not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (paragraph 12 of the Code).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc.; whether or not they are a member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting, and if their interest is prejudicial, they must also leave the meeting room during consideration of the relevant item.

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DETAIL

1. The Council's Concierge Security Service was first established in 1994 (covering Stockton and Thornaby sites only), and extended to Billingham in 1997, in association with a major programme of refurbishment of the Council's blocks of flats. It provides a 24/7 service to 1,006 flats across the following sites:-
 - Anson House and Hudson House (Village Ward, Thornaby)
 - Hume House and Nolan House) (Stockton Town Centre Ward)
 - Elm House, Campbell Court and Walton Court)

 - Kennedy Gardens (Blocks 1-3) and Dawson House (Billingham Central Ward)
 - Melsonby Court and Prior Court, Low Grange (Billingham East Ward)

2. Since its establishment the service has been highly valued by residents in the blocks (both tenants and the small number of leaseholders), as identified in successive customer satisfaction surveys (most recently in summer 2006- key findings summarised at Appendix A), and crime within the blocks has been reduced to virtually nil, with a dwelling burglary rate across the: 'Concierge Stock'

far lower than the lowest rate per Ward. During this period there has been a significant shift in the profile of residents, a substantial proportion being vulnerable by virtue of age, physical disability, learning difficulties, mental health problems, and drug/alcohol problems, or some combination of the above. Despite these challenges, the blocks remain in good condition in terms of internal finishes, lifts are almost always in full working order, and most sites are in high demand from prospective tenants. Although the Concierge Security Service does not provide personal care, it make a major contribution to providing a relatively protected living environment for most residents, and there are many instances where members of staff have gone beyond the strict requirements of their job roles to provide additional assistance to residents.

3. The service provided is generally regarded as being of a high quality, but it is not cheap. The total budget for the service in 2006/07 is approximately £1.55 million, with the vast majority of this (94%) being made up of employee costs, and the remainder consisting of relatively small amounts for the maintenance and upgrading of CCTV systems (£60,000) and small amounts for transport (mainly mobile duty supervisors), uniforms, etc. With employee and other costs tending to rise by about 3% per year, and the aim for the Housing Revenue Account being to operate to the same financial discipline as the General Fund (i.e. limit to 1% increase in budgets per year), there is an annual inflationary 'gap' of 2% i.e. about £30,000.
4. The service is partly funded via service charges (£12.86 per week, based on 48 rent weeks, in 2006/07), which recover about 32% of the total cost, with the remainder being met via general rent income to the Housing Revenue Account. Government guidance states that service charges of this kind should be 'de-pooled', i.e. that local authorities should make progress to a position where service charges achieve full cost recovery, although this guidance is qualified by other Government guidance which states that total charges to tenants should not increase year on year by more than the Retail Price Index plus 2%. Further work is being done on this issue, which includes making representations to the Department for Communities and Local Government, and a further report will be brought to Cabinet on this issue during 2007.
5. The Service was last subject to a major review in 2001, the outcome of which was a significant reduction in the size of the core workforce, from 8 Supervisors (2 per shift) and 52 Concierge Security Officers to 4 Supervisors (1 per shift) and 44 Concierge Security Officers, with absence cover being provided by a mixture of directly employed relief staff, agency employees and sub-contractor's employees. This arrangement has worked well over the intervening five years, and is consistent with similar arrangements in other services, including Care for Your Area. This arrangement provides an informal career structure for individuals who can enter the service as third party employees and 'graduate' to the Council's direct workforce.
6. The aims for the current review are identified as being to reduce the cost of the Concierge Security Service and to provide a basis for a sustainable model of service in the medium term, i.e. the next three to six years (while maintaining the quality of service delivered). The challenge is to find the optimum balance between cost containment and preservation of service quality.

7. During the remainder of 2006 the review process has been undertaken in close conjunction with colleagues at Tristar Homes Limited, who have facilitated a consultative group of six to eight residents, who volunteered in response to a letter sent to all residents in May, and with a workforce group, supplemented by informal discussions with officers of Stockton Unison. The 'Options' paper attached as Annex B was made available to both residents and workforce representatives, and parallel discussions with these two groups indicated an emerging consensus around a slight variation to Option 5, under which three of the main sites (Anson/Hudson; Nolan/Hume; and Kennedy/Dawson) would reduce to 'single crewing' between the hours of 1 am and 7 am. The remaining site (Melsonby/Prior) was excepted from this change, on the basis of an analysis of non-routine incidents dealt with by the Service, which showed a much higher level of incidents in the early hours at Low Grange than at the other three sites. This approach is also consistent with the way in which the service for the Elm/Campbell/Walton complex has been operated for the last two to three years.

This approach has been the subject of trials over the last three to four months. The first 'batch' has been put in place following discussion with the consultative group of residents and a second 'batch' has been put in place following discussion with the consultative group of residents.

8. At the time of writing there are 4 vacancies against the establishment of 44 Concierge Security Officers, and one more Officer is due to retire by the end of January. The final choice between Option 2A (relying on 'natural wastage' alone) and Option 2B (offering Early Retirement/Voluntary Redundancy –ER/VR – Options) is not one which can be made now, because of the current uncertainty about the future of the Local Government Superannuation Scheme, which makes it temporarily impossible to calculate the cost of severance packages for individuals. However, the general principle which would be applied to any offer of ER/VR is that only those applications which represent a good business case in terms of early 'payback' of the costs involved by recurring annual savings could be considered for approval, and the extent of any such approvals would be determined also by the capacity of the Housing Revenue Account to cover the initial costs from reserves, without falling below the recommended level of reserves. It is not anticipated that there would be any prospect of compulsory redundancy as a result of these proposals: the only potential impact on the existing workforce may be in terms of some change in shift patterns, to accommodate the proposed new pattern of service, is explained in more detail at Appendix C.
9. Subject to the approval of Cabinet, it is proposed before Christmas to consult all residents of the blocks on the proposed changes, and to consult formally with the workforce and the relevant trade unions (UNISON and GMB). This consultation package would include the formal invitations to apply for redundancy, with reference to the proposed new scheme, and to apply for reduced working hours.

FINANCIAL AND LEGAL IMPLICATIONS

Financial

10. The purpose of this review is to generate recurring savings on the Housing Revenue Account. It is estimated that Option 5 has the potential to produce potential savings of the order of 10% of total direct employee costs, i.e. approximately £140,000. There may be some delay in achieving the full potential, depending on the speed of natural wastage and whether or not ER/VR options are offered and taken up on a cost effective basis (see paragraph 8 above), and some 'netting off' of savings to provide for a 'floating' Concierge Security Officer in the early hours, associated transport costs and, on some sites, additional cameras and other security systems. However, it is considered that the net effect will achieve enough savings to control the inflationary 'gap' of approximately £30,000 per year for at least four years, thus satisfying the objective of the review and providing for a staged implementation of change. There may also be some limited scope for capitalisation of costs of maintenance and upgrading of CCTV systems.

Legal

11. Consultation on the proposals are required under the Trade Union and Labour Relations (Consolidation) Act 1992. Appropriate procedures for any selection for voluntary redundancy, early retirement or to change terms and conditions (including working arrangements) must be put in place in order to comply with the requirements of the Employment Rights Act 1996.

RISK ASSESSMENT

12. On the basis of the approach outlined in this report it is considered that most of the risks in terms of budgets, service delivery, and employment law can be obviated, and the proposed approach is therefore categorised as low to medium risk. Existing management systems and daily routine activities, supplemented by a review of safe working practices at each site, are sufficient to control and reduce risk.

COMMUNITY STRATEGY IMPLICATIONS

13. The proposed approach is intended to complement the Council's policies and objectives in respect of housing provision and community safety.

CONSULTATION INCLUDING WARDS AND COUNCILLORS

14. With residents and the workforce, as outlined in paragraphs 7 and 9 of the report. At the time of writing, a decision is awaited whether the report in draft can be accommodated within the work programme of the Housing and Community Safety Select Committee before submission to Cabinet. The report in draft has been submitted to all Ward Councillors, as listed below:-

| | |
|----------------------|--|
| Village | Councillor Dalgarno and Councillor Robinson |
| Stockton Town Centre | Councillor Coleman and Councillor Kirton |
| Billingham Central | Councillor Teasdale and Councillor Woodhouse |
| Billingham East | Councillor Cunningham and Councillor Stoker |

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Property

No change is proposed to the Council's Corporate portfolio.

**TOPLINE RESULTS OF SURVEY OF CUSTOMER SATISFACTION WITH
CONCIERGE SECURITY SERVICE, AUGUST 2006**

The Survey was organised by Tristar Homes.

940 questionnaires were issued, of which 379 were returned, a response rate of 40% (not all respondents answered every question).

Response rates varied across sites, as follows:-

| | | |
|-----------------------------|---|-----------|
| Thornaby (Anson/Hudson) | - | 38% (70) |
| Queen's Park (Hume/Nolan) | - | 45% (116) |
| Dawson House | - | 44% (39) |
| Kennedy Gardens | - | 50% (112) |
| Low Grange (Prior/Melsonby) | - | 26% (34) |
| Elm House | - | 15% (8) |

Questions ranged across perceptions of value for money, frequency of contact with Concierge staff, purpose of contact, awareness of the Concierge Officer job role, the appearance (smartness) of Concierge staff, response times, gender, tenure, length of residence, age, ethnicity, disability and special needs (self-perceived).

359 respondents were Council tenants and 16 were leaseholders
210 (58%) considered themselves to have a disability

On the two key questions for the purpose of the review, answers were as follows:-

'OVERALL, HOW DO YOU RATE THE SERVICE GIVEN BY THE CONCIERGE STAFF?'

| | | |
|-----------|---|----------------|
| Excellent | - | 160 (43%) |
| Very Good | - | 102 (27%) |
| Good | - | 51 (14%) |
| OK | - | 48 (13%) |
| Poor | - | <u>14</u> (4%) |
| | | 375 |

HOW IMPORTANT DO YOU THINK THE CONCIERGE ARE IN MAKING THE FLATS A SAFE PLACE TO LIVE?

| | | |
|-------------------|---|---------------|
| Very Important | - | 305 (81%) |
| Important | - | 44 (12%) |
| Little Importance | - | 20 (5%) |
| None at All | - | <u>6</u> (2%) |
| | | 375 |

In addition, eleven pages of 'any other comments?' responses were received, and those are being analysed to look for ways in which the service can be improved.

REVIEW OF CONCIERGE SERVICE – REVIEW OF OPTIONS

Introduction

This paper sets out brief details of eight broad options identified by the review work so far. The first four options are about the employment basis on which the service is delivered, and could be used EITHER together with the existing method of service (i.e. 24/7 cover of all the key sites, with double crewing at all times) OR in combination with changes in the model of service, as outlined in options five to eight.

Purpose

The purpose of the review is to reduce the cost of the Concierge Security Service and to provide a basis for a sustainable model of service in the medium term (i.e. next three to six years). In this context, 'sustainable' means a model of service which can be afforded within the current budget limits, notably a 1% cash increase in the annual budget (which is typically a real terms cost reduction, with inflation running at 2-3% per year).

A related, but separate, issue is the need to make progress towards 'de-pooling' the cost of this service. The current weekly service charge to residents is £13.38, (based on 48 rent weeks), but this level of charge in 2006/07 only recovers about 40% of the cost of the service, with the remaining 60% being met via the rents charged to all Council tenants. The total budget for the service in 2006/07 is £1.55 million, and the amount budgeted to be received from direct service charges is £615K. Employee costs account for 94% of the total budget.

The likely effect of the 'de-pooling' is a steady rise over a period of years in the combined level of rent plus service charge, regardless of what option is chosen (except for option 8).

TUPE

The TUPE regulations are incorporated in UK employment law. If all or part of a service is contracted out, the current workforce is entitled to be transferred to the new service provider on the same pay and conditions.

Option1: Status quo

This is carrying on as we are. This is not a viable option, because costs are rising by about 3% per year, but the overall budget increase is limited to 1%.

Option 2: Increasing Reliance on Third Party Employees

The model which emerged from the last major review of the service, in 2001, was a reduction in the size of the 'core' workforce (i.e. direct, full-time employees) from 60 (52 Concierge Officers and 8 Supervisors) to 48 (44 Concierge Officers and 4 Supervisors), with 'gaps' in cover due to holidays, sickness, training, etc., covered by staff provided by employment agencies or contractors. This option at the time delivered a good balance between cost savings and the Council retaining strong control over the quality of service

delivered, retaining high levels of customer satisfaction. We could tip the balance further towards third party employees in one of two ways:

OPTION 2A – we could rely on ‘natural wastage’ to reduce the size of the core workforce over a period of time to lower level e.g. 28 (24 Concierge Officers and 4 Supervisors), or even 24 (20 Concierge Officers and 4 Supervisors), providing for one direct employee and one indirect employee per shift per site. There are currently 3 vacancies for Concierge Officers and two more Concierge Officers are expected to retire by the end of the 2006/07 financial year.

OPTION 2B – we could reduce the size of the workforce more rapidly by inviting applications for voluntary redundancy. This approach would accelerate the annual savings, but would run up bills for redundancy payments. Most of these would be non-recurring, but some elements would be recurring costs in relation to pensions. The mix of non-recurring and recurring costs would depend on the ages and lengths of service of employees taking voluntary redundancy.

Option 3: Competitive Tendering

We could invite tenders to provide the service from other organisations (with or without the option of an ‘in house’ tender from the Council). This process would be lengthy, because it would take time to draw up a set of tender documents specifying the required service, and it would be more difficult to guarantee the quality of this service under a contract (as demonstrated by the Council’s experience of contracting out grounds maintenance during the 1990s). There is not a well developed market for providing concierge services compared to, for example, office cleaning. Potential savings would be limited by TUPE.

Option 4: Arms Length Options

The Council could move the service to an arms length company either an existing company (e.g. Tristar Homes Limited) or a new one set up for this purpose, and rely on the company to reduce service costs over a period of time. TUPE would apply to this option as well.

Option 5

We could reduce the service to ‘single crewing’ at some times of the day at some sites. Initial discussions suggest that there may be an option to reduce to one officer only at most sites (Queen’s Park, Thornaby, and Billingham Town Centre) between midnight and 8.00 am or 11.00 pm and 7.00 am, but that it would be inadvisable to reduce staffing levels at Low Grange (Melsonby/Prior), in view of the more challenging clientele. This approach would reduce employee costs by about 10% and would also reduce the level of service during the quieter times, by increasing response times if there was an incident. Some of the savings would be reinvested in extra mobile cover to help with incident response. This option would mean a change in shift patterns for at least half the workforce.

Option 6

For some sites we could stop having any fixed cover on site at the quieter times. This would reduce employee costs by about 20 – 30%, but would reduce the level of service even further, and some of the savings would need to be reinvested in extra mobile cover. This option would also mean changes in shift patterns for all or most of the workforce. Costs would arise from connecting sites to the Council's Security Centre to monitor CCTV and to provide intercom response.

Option 7

We could withdraw the on-site presence from all or some sites completely, and provide a central monitoring station only. This would involve a major change in the style of service and a major reduction in the workforce, probably involving redundancies.

Option 8

We could discontinue the service completely. This option is not recommended in view of the experience of life in the flats in Stockton-on-Tees before the Concierge Service was established, and the experiences of other Councils and housing providers.

APPENDIX C

REVIEW OF CONCIERGE SERVICE - WORKFORCE ISSUES

Establishment

| | | | |
|---------------------------------|---|----|--|
| Current Establishment | = | 44 | Concierge Security Officers |
| Current In Post | = | 40 | Concierge Security Officers |
| One retirement due January 2007 | = | 39 | Concierge Security Officers |
| Proposed Target Establishment | = | 36 | Concierge Security Officers, to be achieved via natural wastage and the options outlined below (Principles iii and iv) |

Staff Pattern

Current pattern over a 28 day cycle, of which one shift – the ‘Flexi Shift’ – is not worked, on a rotational basis, in order to balance back to the equivalent of a 37 hour week.

| Mon | Tue | Wed | Thu | Fri | Sat | Sun |
|-------|-------|-------|-------|-------|-------|-------|
| Night | Night | Rest | Rest | Day | Day | Day |
| Rest | Rest | Night | Night | Rest | Rest | Rest |
| Day | Day | Rest | Rest | Night | Night | Night |
| Rest | Rest | Day | Day | Rest | Rest | Rest |

Proposed pattern is to remain the same, with the exception that the ‘Flexi Shift’ would be taken as two half night shifts i.e. 1am – 7am for most officers, except those assigned to Elm House and Low Grange Prior/Melsonby).

Each officer would therefore work 12 shifts of 12 hours (with breaks of 40 minutes) and two shifts of 6 hours per 28 day cycle.

Principles

- (i) No compulsory redundancy.
- (ii) ER/VR package to be offered to a maximum of 3 officers.
- (iii) All officers to be offered the options to reduce hours voluntarily (e.g. the option not to work any night shifts at all, or only to work 'half night shifts' i.e. 7pm to 1am).
- (iv) Any officers with particular objections to moving from the single full 'flexi shift' to two half night shifts would be assigned to cover either Elm House or Low Grange.
- (v) At least one officer per site per shift to be directly employed.

Coverage Required – Number Of Officers Per Site

| | DAYS | NIGHTS | |
|-------------------------------|----------|----------|---|
| ELM | 1 | 1 | *Plus second officer working 'split shift' hours, 4pm – 2am of 10 |
| QUEENS PARK | 2 | 1.5) | |
| THORNABY | 2 | 1.5) | 2 officers 7pm to 1am |
| KENNEDY GARDENS /DAWSON HOUSE | 2 | 1.5) | 1 officer 1am to 7am |
| LOW GRANGE | <u>2</u> | <u>2</u> | |
| | 9 | 7.5 | Total 16.5 shifts per day |

*Provided by sub-contractors, as has been the case since 2004

Core Workforce/Sub-Contractors Balance

| | | | |
|---|--------------------------------------|----------------|---------|
| Each officer works | 169 shifts per year | | |
| Less | <u>24</u> (assuming 5 years service) | | |
| Sickness (2) 5% | 145 | | |
| | <u>7</u> | | |
| | 138 x 36 officers = | 4,968 | – 82.5% |
| Total shifts required 365 days x 16.5 = | | <u>6,022.5</u> | – 100% |
| Shifts required from sub-contractors | | 1,054.5 | – 17.5% |