

**For publication**

**Commercial Services**

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Meeting: Enterprise and Wellbeing Scrutiny Committee

Date: 5<sup>th</sup> December 2019

Cabinet portfolio: Councillor

Report by: Responsive Repairs Manager

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<b>Purpose of reviewing the topic</b>	<ul style="list-style-type: none"><li>• To evaluate the commercial services provided by the council</li></ul>
<b>What are the objectives of the review?</b>	<ul style="list-style-type: none"><li>• To establish what services the council can currently provide commercially</li><li>• To examine how these services are marketed to the general public</li><li>• To review the number of commercial jobs undertaken annually and the number of enquiries that are received</li><li>• To consider the customer satisfaction levels (e.g. initial response times, lead time for work, standard of work, complaint handling)</li></ul>
<b>Progress to date</b>	<ul style="list-style-type: none"><li>• New item on the work programme</li></ul>

## 1.0 **Background**

1.1 Operational Services completed the first 'Commercial' project in August 2016 where we carried out a re-roof.

At this time there were limited publicity to the general public promoting the service and work was slow to come in. Predominantly the work we were getting were the 'smaller jobs'.

We sold and still sell our business on **'You can't put a price on peace of mind'**. A quality and reliable service carried out by an established local organisation.

The service was and still is managed by one Senior Technical Officer and the work completed by an established workforce picking the additional work up alongside there day to day housing repairs.

In March 2017 a leaflet was produced and placed in the information with the Council tax. Immediately the enquires trebled. We were unable to cope with demand of the enquires and potentially lost some opportunities.

We enrolled with Trusted Trader and have received a few enquiries through this scheme

### In the first full year of trading 2017/2018

Income target for £150,000

Amount of quotations carried out 279

Amount of quotations won 125

Percentage won 44.8%

Amount of income realised £95,000

## Second full year of trading 2018/2019

Income target for £180'000

Amount of quotations carried out 331

Amount of quotations won 296

Percentage won 89.4%

Amount of income realised £137'431.00

We cover all trade areas and completed in the first 12 months the following works as an example:

- Re-roofs
- Market Hall Café refurbishment
- Ashgate Croft School Toilet and kitchen refurbishments
- Stop tap Installations
- Cooker installations (new tenants –opportunity and regular income and peace of mind it's been installed safely)
- Doors and Windows
- Boiler Servicing
- Complete Heating systems
- Wet/bath room refurbs.
- Gardening/Landscaping (Use of Environmental Services)

### 2.0 **Current position and key milestones**

- 2.1 The typical work areas have not changed since 2016 and the listed items above remain the key areas of enquires however the service is growing in a controlled manner without overcommitting resources and impacting on the day to day delivery of the Housing Repairs service.

A sales leaflet was re-produced and delivered in the Council Tax information in March 2019 but the same impact was not seen and in March 2017.

Our current lead time from receiving an enquiry is 1 to 2 weeks but this depends on the workload at the time.

Some enquires are responded to and the work completed within 5 days.

At the end of October 2019 we had received/responded to 395 enquires to a value of £299'000.00. We were successful in winning 242 to a value of £106'000.00.

Our largest project to date is a small ground floor extension which started November 2019 at a value of £25'000.00. All works to be completed with the OSD workforce.

The work is predominantly for the private home owner but also worked for Council tenants who want to carry out their own home improvements with our permission.

Work has also been carried out to Private commercial businesses and charity based organisations has seen repeat business from the initial enquiry.

- Chesterfield Football club – Servicing and maintenance of Air Conditioning units, Legionella checks, plumbing and heating services.
- Ashgate Croft School - – Servicing and maintenance of Air Conditioning units, Legionella checks, plumbing and heating services.

Enquires have also been made and work completed to other Council services (Leisure Services, Bereavement Services) where this work would have previously been carried out by external contractors.

We have recently started working with our Private sector housing team and provided valuable support and services in this area. This work has historically been sublet to private contractors.

Customer Satisfaction forms are sent out on completion of the works and at the stage the final Invoice is produced and sent out to the customer. This was a recommendation from the Internal Audit.

On the return of the form the information is extracted and entered on to a spreadsheet.

Customer liaison is carried out by the Senior Technical Officer managing the work stream and deals with any queries or complaints we receive. Continuity is an important factor to us in ensuring the customer is dealing with one individual throughout the work.

Complaints are managed through the Councils Complaints, Comments and Compliments procedure for consistency.

Each job over £250.00 requires a 25% payment from the customer in advance. This is to assist in procurement of materials and any costs incurred prior to commencement of the work.

Less than £250.00 no deposit is taken due to the cost in admin of producing the invoice.

### **3.0 Barriers/obstacles**

An obstacle has been and will be our pricing structure and a barrier in being competitive. In some cases we are competing against 'one man and his van' which is not achievable when considering our overheads and the ensuring we carry out the work complying fully with Health and Safety and trained employees.

We seek to purchase materials at a competitive rate though procurement processes. Our labour rate is the challenge and an obstacle in potentially winning more potential opportunities.

Limited resources to respond to an enquiry and deliver the service within a 'reasonable and acceptable timescale for the customer

Customer expectations and ensuring the income is received on completion of the works. Risk of not being paid for the works.

Ability to know whether a job has been profitable or not. Not having the technology to provide this critical information is a barrier to knowing whether it should be a service we continue to offer and provide.

#### **4.0 Future plans**

It is envisaged that the service will grow and continue to achieve additional income for CBC.

A robust and reliable competitive pricing structure to be achieved with the ability though technology to provide a profit and loss position for each job completed.

We see an opportunity to provide a 'full package' for larger projects (Extensions etc.) where we become a reliable 'One stop shop' that provides the service from start to finish utilising our skills but also the skill from other council departments working in partnership (Design and Planning, Building Control services)

#### **5.0 Conclusion**

An audit report in April 2019 gave the service a 'Reasonable' level of assurance. (Appendix 1&2)

There's a base to build on to deliver more of the same or expand to deliver larger projects. To expand will require additional resource to deliver the service.

There are challenges in competing in the private sector against smaller businesses when the 'cost' wins the work. This is not our strength.

Current arrangement does not impact on the day to day housing repairs.

## 6.0 **Suggested scrutiny activity**

6.1 *Identify areas for further scrutiny involvement (D&S Officer can advise).*

### **Document information**

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<b>Background documents</b> These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>This must be made available to the public for up to 4 years.</i>	
<b>Appendices to the report</b>	
Appendix A	<i>Commercial Audit Report April 2019</i>
Appendix B	<i>Commercial Audit Report April 2019 – Progress report August 2019</i>