

**Sandwell Metropolitan Borough Council**

**Action Taken Under Delegated Powers**

**Joinery Review 2016**

**1 Summary Statement**

- 1.1 *Demand for purpose made joinery has declined over a number of years making a large joinery manufacturing facility unviable.*
- 1.2 *Currently the overheads for the building space occupied by the joinery shop are £251,100.*
- 1.3 *A market testing exercise identified potential savings of around 27% to 35% by outsourcing joinery manufacture.*
- 1.4 *The proposed arrangements will result in savings of around £55k.*
- 1.5 *The space currently occupied by the Joinery Shop in Roway Lane could be better utilised for office or meeting accommodation.*
- 1.6 *The alternative to the recommendation is to leave joinery shop in its current form or to close it completely and have no facility to cut down standard timber and sheet material.*
- 1.7 *Consultation has taken place with members of the Direct Works Forum and a procurement exercise was undertaken with local joinery manufacturers.*

**2 Recommendation**

- 2.1 Cease production of bespoke joinery and utilise surplus floor space for additional office space.
- 2.2 Undertake a competitive tender for a contract to supply non-standard joinery items.
- 2.3 Retain 1 Joiner/Machinist to operate the reduced service and redeploy the remaining 3 employees within the existing Repairs and Maintenance Structure.



In accordance with the authority delegated to Chief Officers to act on matters within the authority delegated to them under Part 3 of the Council's Constitution, I intend to take the action(s) recommended above.

I ~~do~~/do not have an interest to declare in this matter

  
**Ajman Ali**  
**Interim Director of Neighbourhoods**

**Date** 20.1.2017



*If the Constitution requires the decision to be taken in consultation with another chief officer, the following signature box should also be included*

I confirm that I have been consulted on the above proposals and have no objection to their proceeding.

**NOT APPLICABLE**

**Date**

*If the Constitution requires the decision to be taken in consultation with a Cabinet Member, the following signature box should also be included*

I confirm that I have been consulted on the above proposals and have no objection to their proceeding.

**Councillor Carmichael**  
**Cabinet Member for Housing**



**Date**

26/1/17

**Contact Officer**

**Mr Steve Greenhouse – Service Manager**



### **3. Background Details**

- 3.1 In line with the three year improvement plan for Repairs and Maintenance, the Joinery Service was due for review in 2016. The Joinery Service is based in Roway Lane and is part of the in-house service delivery arrangements for the Repairs and Maintenance Service. It provides high quality joinery items required in the maintenance of Council owned housing stock.
- 3.2 The joinery workshop occupies 18% of available floor space in the Roway Lane building and is staffed by just 5 employees, which equates to 168m<sup>2</sup> per person in comparison with the remaining occupiers of the building who share on average 6.9m<sup>2</sup> per person. This space could be better utilised for office or meeting accommodation.
- 3.3 The environment in which Neighbourhood Services now operates has moved on significantly over the past 40 years. In the 1970's the old Public Works Department was responsible for maintaining around 54,000 dwellings and all public buildings and schools within the borough. The vast majority of doors and windows fitted back then were timber making a joinery manufacturing facility viable.
- 3.4 The reduction in housing stock down to around 28,000 dwellings and the change of raw material used for window and door manufacture has resulted in a significant fall in demand on the Joinery Service.
- 3.5 A consultation exercise was undertaken via the Direct Works Forum (DWF) in autumn 2016 to establish what the rest of the housing maintenance sectors' approach was to operating an in-house joinery manufacturing facility. All members of the DWF were approached to gauge what percentage of organisations, responsible for maintaining social housing, are operating a joinery shop.
- 3.6 A total of 39 responses were received of which 9 had a joinery manufacturing facility. This equates to just 23% of respondents having the in-house capability to manufacture bespoke joinery
- 3.7 Of the nine organisations with a joinery shop, four are trading externally to supplement income and one other operates in a conservation area where there is a high demand for bespoke joinery. The trend within the housing maintenance direct works





sector is to operate without an in-house joinery manufacturing facility.

- 3.8 From this analysis it is apparent that the maintenance sector, where possible, will use standard joinery and adjust on site rather than manufacturing made to measure items.
- 3.9 Demand for bespoke joinery has decreased recently and is likely to decrease still further in the future with greater use of PVCu items, furthermore there is scope to utilise more standard joinery with a little more forethought and change in culture. These factors limit the Joinery Services' ability to outturn enough joinery to cover costs.
- 3.10 A quarter of the current joinery output, including cutting sheet material and other sundry items, could be met from a reduced joinery cutting service occupying a much smaller footprint. The remaining three quarters of production is dominated by the production of standard joinery in non-standard sizes such as ledged and braced doors, flush doors and door frames etc. This type of joinery readily lends itself to outsourcing.
- 3.11 In order to compare the cost of the internal service with the external market a basket of 12 common joinery items were selected for comparison. In conjunction with Sandwell's Procurement team a mini-competition exercise was undertaken via In-tend.
- 3.12 Based on cost alone the internal Joinery Service was placed fourth out of four bidders, coming in 35.16% more expensive than the lowest bid.
- 3.13 The actual cost of the Joinery Service in 2015/16 was **£491,593**; a summary of the cost is broken down in the table below:

| <b>Item</b>               | <b>Cost</b>      |
|---------------------------|------------------|
| Labour                    | £ 148,527        |
| Material Stores Issues    | £ 65,148         |
| Material Direct Purchases | £ 14,227         |
| Plant                     | £ 12,591         |
| Overheads                 | £ 251,100        |
| <b>Total Cost</b>         | <b>£ 491,593</b> |



- 3.14 The review has concluded that the Joinery Service in its current form is around 30% more expensive than the external market. The main reason for the difference in cost is attributable to the cost of the accommodation occupied by the current joinery shop. It should be noted that the direct costs are competitive with the market.
- 3.15 Our costs make it unviable to consider trading externally as other members of the Direct Works Forum are doing, the three remaining options considered were:
- i) Continue with the Joinery Service in its current form.
  - ii) To close the Joinery Service completely.
  - iii) Reduce the Joinery Service to a basic cutting facility and outsource the production of purpose made joinery.
- Option three being the favoured option.
- 3.16 There will be an on-going need to source bespoke joinery externally. Reducing internal joinery production to a basic cutting service will result in financial savings of around £55k.
- 3.17 Further savings could be realised in the Housing Revenue Account if the vacated space is fully utilized for office space, thereby reducing accommodation costs elsewhere within the organisation.
- 3.18 The employee implications are 4 of the 5 posts being deleted from the Joinery structure, the details are:
- Retain a Joiner/Machinist within the Supplies structure to manage bespoke joinery orders to external suppliers and to issue timber and sheet material, including providing a limited cutting service.
  - The Joinery Supervisor and Painter to fully take up their posts of Warehouse Supervisor and Warehouse Assistant respectively within the Supplies Service following a review of the Supplies Service in 2015.
  - The permanent Joiner/Machinist to be re-deployed within the Repairs and Maintenance service filling a Carpentry vacancy in the existing structure.
  - The fixed term contract of the remaining Joiner/Machinist not to be renewed when it expires in January 2017.

Source Documents

## **Joinery Review 2016/17**

[ILO: UNCLASSIFIED]

