

HOMES & COMMUNITIES COMMITTEE
20 JANUARY 2020

HOUSING MANAGEMENT IMPLEMENTATION – PROJECT UPDATE

1.0 Purpose of Report

- 1.1 To provide Members with an update on the progress of the housing management implementation project.

2.0 Background Information

- 2.1 On 26 September 2019, the Policy & Finance Committee made the decision, following an extensive tenant consultation, to bring the housing management service in-house for direct service provision by the Council. This included the decision to dissolve the Council's housing management company, Newark and Sherwood Homes Ltd.
- 2.2 A project team, consisting of Council officers and officers from Newark and Sherwood Homes, has been established and the team have developed a project plan to manage the transfer of the service back to the Council. Key work streams have been identified and project tasks are being delivered and projects risks are being monitored.
- 2.3 Since the last update to this Committee, an interim housing management consultant has been appointed, Julian Paine, to oversee the activities of the Company during the transition period. He is also part of the project team, which is managing the transfer of the service back to the Council. The CEO and Director of the Company have now left the organisation, and recruitment to the newly created Council post of Director - Housing, Health & Wellbeing has commenced. It is anticipated that an appointment will be made on Friday, 14 February 2020.

3.0 Project Update

3.1 TUPE

- 3.1.1 The transfer of the Company's staff to the Council in accordance with the Transfer of Undertakings (Protection of Employment) Regulations continues to progress smoothly. Employee liability information was received from the Company on 23 December 2019 and this data is currently being analysed by Council HR colleagues.
- 3.1.2 The Council issued letters to all Company staff on 23 December 2019, prior to the required January due date. It was felt that it would be beneficial to issue the letters to staff prior to the Christmas break to provide a level of assurance and certainty. This was welcomed by all those concerned. The letters advised staff who their new Business Managers would be and where they would be located as well as providing information on two minor matters (a change of transfer date from 3 to 1 February 2020, and a requirement for transferring staff to sign up to the Council's Officer Code of Conduct) as well as setting out arrangements for Welcome Week.

3.2 Staff Engagement

3.2.1 A programme of activities has been developed for Welcome Week (week commencing Sunday 2 February 2020). These include the delivery of training sessions on core NSDC processes for relevant transferees as well as other activities to ensure that transferring staff settle smoothly and comfortably into the Council.

3.2.2 Welcome Packs will be issued to all transferring staff prior to 1 February. These will include:

- Welcome Letters from the Chief Executive;
- New ID Badges and NSDC Lanyards which staff will be required to wear from 1 February 2020;
- Copies of the Council's Code of Conduct which must be signed and returned by 28 February 2020;
- List of useful contacts;
- Parking Deductions Authorisation forms (for those based at Castle House who use the rear car park and have not already signed up to deductions via payroll);
- Fitness to Drive Declaration forms (to be signed by any staff member who is required to drive on Council business)
- Details of locker allocations and instructions (for those based at Castle House)

3.2.3 Staff briefings were held on 2 December 2019 launching the Council's revised high level structure. Further briefings will be held in January 2020 to explain all levels of the structure so that individuals can see where their teams are placed.

3.2.4 Members of the project team will work across all NSH locations during Welcome Week to ensure there is somebody on hand to assist with any queries or concerns that may arise as a result of the transition.

3.3 Pensions

3.3.1 The Council commissioned Barnett Waddingham to produce an indicative report into the options available to the Council upon the cessation of the NSH pension liability. This report identified two options that the Council could consider, a 'partial cessation', requiring a £8m payment, or an 'ongoing cessation' which would move the pension liability into the Council while improving the Council's pension funding position.

3.3.2 The ongoing cessation method was identified as the most advantageous option for the Council and was approved as an urgent decision in December 2019. The minute of this decision will be included within the Policy & Finance Committee agenda items on 23 January 2020.

3.3.3 It is important to note that this decision has no impact upon the Company's employees' pension rights, which are protected when they are transferred over.

3.4 Branding

3.4.1 Three options have been considered in relation to the 'branding' of the housing management service post transfer:-

- Retain the NSH branding
- Develop a new brand
- Transfer to the Council branding

3.4.2 Feedback was obtained from councils who have previously transferred the management of their housing stock from an ALMO back to the council, regarding their experience of amending the branding. The responses were unanimous, all had reverted back to council branding.

3.4.3 A number of reasons were given, however the overriding reason was to avoid any confusion for tenants who had all been advised that the management of the housing service was reintegrating with the council. Branding was seen by tenants as a clear and explicit statement that this transfer had taken place.

3.4.4 A plan is in place to amend the branding including staff ID cards, vans, signage, website, tenancy agreements and stationery, ensuring that costs are kept to a minimum. Replacement uniforms where there is a NSH logo displayed will also be replaced.

3.4.5 Members of the project team met the Involved Tenants on 11 December 2019 to discuss the proposals and the Involved Tenants gave broad support to the proposal.

3.5 Tenant Engagement, Influence and Accountability

3.5.1 A root and branch review of how tenant engagement and involvement in the development and delivery of the homes and services they receive is required to ensure that there are effective mechanisms for all tenants' voices to be heard and to enable them hold the Council to account. This will take some time to develop and implement and will include the involvement of tenants, the officers that work closely with tenants and new Director of Housing, Health and Wellbeing. It will also consider how feedback and other evidence received from tenants is used to inform decision making.

3.5.2 It is important that this review and its recommendations ensure that any changes made have a positive and long lasting impact on the housing management service, quality of homes and contribute to achieving the Council's ambition of being a "leader of place" throughout the communities and neighbourhoods in which homes and services are provided.

3.5.3 This review will need to look at all levels of tenant and leaseholder engagement, including how tenant and potentially leaseholder representatives can effectively engage with the Homes and Communities Committee and the Committee can demonstrate that it is taking all tenants' views into account. The proposals set out in the paragraphs below suggest an interim arrangement whilst the review takes place. This will ensure that during this interim period there is a mechanism by which tenant representation can be fed into the Homes and Communities Committee.

3.5.4 It is proposed that the current tenant NSH board members would be in an ideal place to assist during this interim phase. They have had significant experience within their roles on the NSH Board and have undertaken a wide range of training specifically relating to housing. The interim lead for Housing Julian Paine has confirmed that they would be willing to undertake this role.

- 3.5.5 The interim proposal is that an advisory group is established comprising of the Chairman or Vice Chairman of the Homes & Communities Committee, the tenant board members, two Committee Members and senior housing officers. This advisory group should meet regularly and the meetings should be coordinated with those of the Homes and Communities Committee so that appropriate items can be considered by this advisory group and comments/views of the tenant representatives be incorporated into the consideration of these items by the Homes & Communities Committee.
- 3.5.6 The period of the review will also give the Council the opportunity to consider whether any further support to the Committee would be beneficial in overseeing a large, complex housing service and property function, particularly in respect of achieving health and safety compliance and meeting the Regulator of Social Housing's requirements.
- 3.5.7 Currently tenant NSH board members receive remuneration of £2,000 pa, though only one of the tenant board members has opted to receive the payment. It is proposed that remuneration continues to be offered on a pro-rata basis whilst the advisory group exists.

3.6 Transfer of Assets

- 3.6.1 Between the years 2014 and 2018, Newark and Sherwood Homes has acquired 25 properties under its direct ownership, either through direct development or acquisition. These are separate, and in addition to, its management of the circa 5500 properties held within the Council's Housing Revenue Account. The 25 properties, comprising 15 houses and 10 flats, are all let on an assured tenancies.
- 3.6.2 At a recent meeting, Newark and Sherwood Homes Board requested that the Council consider the future ownership of the properties and advise the company as to its preferred option. A report is being taken to Policy & Finance Committee on 23 January 2020, which sets out the options for disposal. It details the various restrictions in place relating to the disposal of the assets, both through the company's articles and the various grants and funds utilised to secure the properties. The officer recommendation contained within the report is for Policy & Finance Committee to advise NSH board as sole shareholder that the preferred option is to transfer the assets back to the Council and into the HRA. It is noted that the decision for disposal rests with the Company's Board, who will be taking a decision at their meeting on 30 January 2020

3.7 Savings Identified

- 3.7.1 The review undertaken by Savills identified that efficiency savings of £0.950m was achievable. It is acknowledged that the savings identified would not be made immediately upon transfer and would accrue at various points. The Project Team are working through how these savings will be identified and will report back to this Committee at an appropriate point.
- 3.7.2 Inherently within the £0.950m, a proportion of this efficiency was to be generated by savings on senior management. When the Company is dissolved, there will therefore be no further requirement for the roles of the Chief Executive, the Director and the three Assistant Directors. These will be replaced by a Director - Housing, Health & Wellbeing and two Business Managers. This provides for the upper tier of management. Where other areas of spend are identified through this process, a report will be brought back to this Committee to allocate the savings accrued.

4.0 Equalities Implications

4.1 There are no direct equalities implications arising from this report. Any proposed changes to operations and any consequential impact upon tenants and staff will need to be considered in terms of any possible negative impacts upon people with protected characteristics, but none are envisaged at present.

5.0 Financial Implications (FIN19-20/7727)

5.1 At the 4 April 2019 Policy & Finance Committee it agreed a project budget of £150,000 in order to fund the independent tenant consultation exercise and other transitional arrangements. To date £91,199 has been spent and committed against this budget in respect of the consultation exercise, HR and legal advice and obtaining a closure valuation report from Local Government Pension Scheme. It is anticipated that this budget will be fully expended.

5.2 It is anticipated that costs in relation to the project will cross over to the 2020/21 financial year and, as such, any underspend in the current year is therefore proposed to be carried forward into 2020/21. An additional allocation of £50,000 has also been identified within the HRA budget to further assist with the project. This has been included within the HRA Budget and Rent Setting report.

6.0 Community Plan – Alignment to Objectives

6.1 These proposals align with the Council’s Community Plan objective to “Generate more income, improve value for money and increase residents’ satisfaction with the Council”. There is a specific action under this objective to undertake a review and implement the option that delivers the management of the Council’s housing stock in the most cost effective and appropriate way. It is considered that the reintegration of the Housing Service back with the Council will deliver the most cost effective and appropriate delivery of the service for tenants and leaseholders.

7.0 Comments of Director

7.1 The project plan and the many actions contained within it are being progressed well and the anticipated transfer date of 1 February 2020 is achievable. Significant efforts are being made to ensure that the transferring staff from the Company are kept fully informed of all matters relating to their transfer to the Council to enable as smooth a transition as possible with minimal adverse impact upon service delivery to tenants during this transition period.

8.0 RECOMMENDATIONS that:

- a) the project update be noted;**
- b) the proposals for an interim arrangement, for an Advisory Group comprising of the Chairman, Vice-Chairman, two Committee members, senior housing officers and the three Tenant Board Members (as set out in paras 3.5.3 to 3.5.7 of the report) be approved, with the Director - Governance & Organisational Development having delegated authority to put these arrangements in place including retaining remuneration arrangements for the Tenant Board Members on a pro-rata basis and that the Homes & Communities Committee nominate the two Committee members to the Advisory Group;**

- c) a further report be submitted to the Committee setting out proposals for future tenant engagement and involvement, and if required further support for the Committee, in the development and delivery of housing and tenant related services; and
- d) a further report be submitted to the Committee setting out the savings achieved and recommending areas for allocation of the savings accrued.

Reason for Recommendations

To provide an update to Committee on project progress.

To ensure there is effective tenant engagement at committee level during this interim period

Background Papers

26 September 2019 - Policy & Finance Committee - Housing Management Review

4 April 2019 – Policy & Finance Committee – Housing Management Review

For further information please contact

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