

## **HOMES & COMMUNITIES COMMITTEE**

**16 MARCH 2020**

### **HOUSING MANAGEMENT IMPLEMENTATION – PROJECT UPDATE**

#### **1.0 Purpose of Report**

1.1 This report provides Members with an update on:-

- a) the successful integration of the housing management service and;
- b) the forthcoming workstreams in the second tranche of work and;
- c) a request to consider a framework for the allocation of the efficiencies accrued as part of this 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, was established and the team successfully transferred the service and all of the staff back to the Council on 1 February 2020.

#### **3.0 Project Update**

##### **3.1 Successful Transfer**

The transfer of the housing management service to the Council successfully took place on 1 February 2020, two months ahead of schedule. Company activities, contracts, employees, assets and liabilities were all included in the transfer agreement and are now under direct service provision by the Council.

##### **3.2 Staff Engagement**

In the weeks leading up to the transfer, a number of staff engagement activities took place. All staff were issued with a personalised welcome pack, which included a welcome letter from the Chief Executive, key HR documents and their new ID Badge and Council lanyard. Feedback received from staff on the transfer has been positive.

During the welcome week (the first week of transfer), there were two staff welcome talks led by the Chief Executive and Director – Governance and Organisational Development as well as two welcome walks, encouraging staff to meet new colleagues over their lunch break whilst participating in something active. The welcome walks were well received with over 30 people participating across both walks.

Housing staff now have access to all of the Council activities and will continue to be included in Council opportunities and initiatives including wellbeing activities such as Body MOT's; and opportunities to be mental health and wellbeing champions etc.

### 3.3 Operational Matters

#### 3.3.1 Branding

The process to revert the Company branded assets to the Council's branding is progressing well. Vehicles, the housing website, social media accounts, staff uniforms and myaccount were rebranded during the first week of transfer. Signage across the district is in the process of being updated to include the Council logo where appropriate.

#### 3.3.2 Contracts

A number of contracts between the company and a supplier have now novated to the Council. There are a few outstanding contracts which have not novated over and we are working with suppliers to expedite the process.

#### 3.3.3 Customer services

The housing services customer services number (0800 561 0010) is still in operation and tenants have the option to call either the housing services number or phone the Council's customer services directly. Work is underway to amalgamate the customer comments and complaints procedure to ensure that housing comments are captured in the same way as the Council. This will be reported to the Homes and Communities Committee when the work is complete.

#### 3.3.4 Tenants

The transfer, from the tenants' perspective, has been seamless and feedback from tenants have been positive following the transfer. Tenants are receiving the same quality service under the council's direct management. Involved tenants will be receiving new involved tenant lanyards which will more clearly identify them in their role.

3.3.5 A review of tenant engagement is now taking place; it is a regulatory requirement of housing providers to deliver effective opportunities for tenants to influence the design and delivery of housing services and their homes and to hold their landlord to account. This review will establish the preferred approach to ensure customers (future, present and past) views are used to scrutinise and shape services. Further detail of the establishment of the housing advisory group, which is overseeing the review, is explained in 3.5.2.

### 3.4 Recruitment of Director of Housing, Health and Wellbeing

A successful appointment has been made to the Director of Housing, Health and Wellbeing post following an extensive recruitment process, which included a Member led panel. Suzanne Shead will start as Director of Housing, Health and Wellbeing in April. The Director will lead on the integration of housing management service back within the Council as well as having oversight of the health and wellbeing, housing strategy, housing options and community relations functions. In the interim period, Julian Paine will continue as Interim Director of Housing, Health and Wellbeing.

### 3.5 Governance

3.5.1 Whilst it is recognised that the Company is a wholly owned Council company, there needed to be a series of formal decisions made by the Company's Board and legal agreements signed by both parties to ensure that Company activities, contracts, employees, assets and liabilities

transferred to the Council. The transfer agreement was signed by Newark and Sherwood Homes Board and the Council on 30 January 2020.

The Company will continue in existence for a period in order to finalise any existing arrangements for contracts, suppliers whilst the wind up process is implemented. The company will be required to file final accounts and submit the relevant paperwork to Companies House in order to formalise its dissolution.

3.5.2 Following the approval by this committee to establish the housing advisory group, the first meeting was held on 25 February 2020. The role of the Housing Advisory Group is to create an informal forum through which the comments/views of the tenant representatives can be heard on a range of tenant-related matters and then be incorporated into the consideration of these items by the Homes & Communities Committee. The Housing Advisory Group, is effectively a working party of the Committee, and does not have any delegated authority or decision-making powers. It will cease following the implementation of its work and conclusions around the review of tenant involvement and engagement.

### 3.6 Second Tranche Work

A second tranche of work has been designed to ensure that the synergies and alignments with council services are fully explored. Work to be included in the second tranche has been identified and these works are currently being scoped including:- achieving synergies with ASB and Safety in the Community; use of the Farrar Close and Brunel Drive Depot sites; and performance measures and assurance. A range of operational synergies including admin, customer services and ICT have also been identified. Updates on these workstreams will be reported to future meetings of the relevant Committees.

## 4.0 Efficiencies Identified

### 4.1 Background

The re-integration of the housing service is expected to deliver significant efficiencies for the Housing Revenue Account, estimated at £0.950m. The efficiencies were identified as part of an independently commissioned report by Savills and were considered by the Policy and Finance Committee on 4 April 2019. The Council, when taking the decision to bring the service back in house made a commitment to reinvest these efficiencies back into housing services for tenants.

### 4.2 Efficiencies realised to date

The housing service was successfully transferred back into the council on 1<sup>st</sup> February. As indicated earlier in this report, there is now a tranche of work designed to ensure that the synergies and alignments with council services are fully explored.

At the point of transfer a number of efficiencies have already been realised and will accrue from the new financial year. These efficiencies total £0.694m.

The second tranche of work will accrue further efficiencies and it is anticipated that these will bring the total efficiencies to at least the level predicted of £0.950m. This work is likely to take approximately six months with all work being complete and all efficiencies accrued for the financial year 2021/22.

## **5.0 Utilising Efficiencies To Best Achieve Outcomes**

### **5.1 Context**

In approving the return of the housing management service to the council there was a commitment that all efficiencies to the HRA would be reinvested to improve services for tenants. As part of the tenant consultation on the decision to bring the housing management services back in-house, tenants were asked to identify the top three areas that were important to them. These 3 areas were; repairs and maintenance, anti-social behaviour and value for money. There is an expectation by tenants that their 3 priorities will be taken into account when reallocating the efficiency savings.

5.1.1 In considering the context of utilising the efficiencies, it is important to ensure that the very best value for money is achieved and maximum impact on service improvement is attained. This requires a balance between undertaking improvements in the short term and taking time to consider and frame the direction of ongoing performance improvement.

5.1.2 There is also a need to consider the ongoing budget position and that there is a differentiated approach to demonstrating that efficiencies achieved are spent in a way which supplements the budgeted spend. In real terms this means that the identified efficiencies should not be used to provide 'business as usual' activities but to enable spend that would not have otherwise been possible. Within section 5.4 of this report are some details on how this will be recorded and provide a transparent account of how the efficiencies are being spent.

### **5.2 Framework Approach**

5.2.1 There is a range of complex and competing areas where the efficiencies could be utilised. It is important to understand these and create a framework in which decisions on spending can be made. This will ensure that the efficiencies provide high quality impact for tenants balanced with sustained improvements to services.

### **5.3 Considerations**

5.3.1 Any approach needs to consider the outcome of the tenant consultation and the 3 areas the tenants have highlighted as most important to them. There should be a balanced approach to spending, this includes balance across place and service type, ensuring that not all spending is one geographical or service specific area. There needs to be consideration of immediate, ongoing and emerging opportunities, such that not all efficiencies accrued should be spent immediately. There should be time taken to understand and look at the strategic opportunities through research and comparison to best practice.

5.3.2 This should be balanced with the need for some quick and demonstrable actions which tenants can see as being an immediate input of resource following the transfer of the housing management service back in house.

5.3.3 There is also a need to understand and create a balance between recurring investment and one off / time limited actions and initiatives. This is best demonstrated by the difference, (for example) between:-

- employing an additional member of staff to deliver a service, which is a recurring spend and would be committed on an ongoing basis; and

- a commitment to undertake a one off upgrade within a certain locale, which would be a fixed spend and the saving identified would then be available to spend again in the following financial year for another initiative.

5.3.4 The information above considers recurring and one off/time limited spend and the need for spend to reflect the identified 3 priorities of tenants. In addition to this the work of the project team has identified a natural grouping of 4 types of spend which will be required.

I. Quick wins

These would be highly visible, relatively low cost one off/time limited spends that demonstrate to tenants an immediate action following the transfer in of the service. It is suggested a sum is set aside each year for these from the identified efficiencies

II. Maintain focus on housing

There has been an acknowledgement and commitment to ensure that there is a continued focus on housing and this has been provided for through the establishment of a Housing, Health and Wellbeing Directorate. This has included 3 key posts, the Director and two Business Managers. This was approved by committee as recurring spend. Additionally it is recognised that there needs to be enhancement/improvement in tenant engagement and involvement as previously referred to in the report.

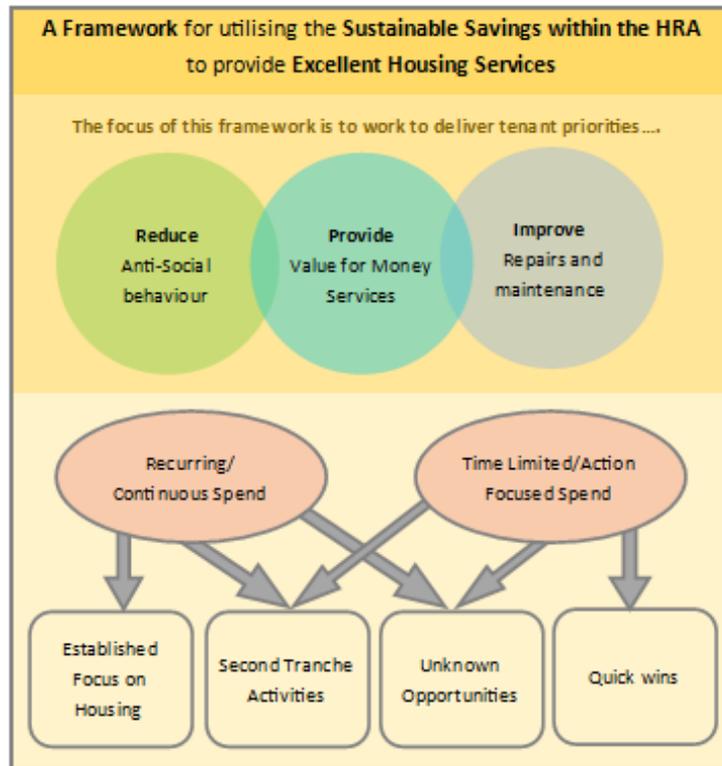
III. Second tranche developments

The first tranche of work enabled the housing service to be transferred 2 months early, the 1<sup>st</sup> of February rather than the 1<sup>st</sup> of April. The principal was to 'lift and drop' where possible, mitigating the understandable uncertainty for staff by reducing the time frame. There are now a number of strands of work to align services to council services ensuring maximum synergies and overall improvement to be services. Work is required to understand what the options are for each strand and the best way to achieve them. Some of the efficiencies may need to be allocated to enact some improvements in these areas.

IV. Unknown Opportunities

Returning the housing service for direct provision by the Council brings a significant responsibility and the efficiencies present an opportunity for the newly formed directorate to consider best practice, undertake research and pilots to innovatively change and improve the way services are delivered. These are longer term strategic changes and it will be necessary to ensure that some of the efficiencies are available to undertake this research/feasibility work.

5.3.5 To present this complex set of needs for the efficiencies the following model/framework is suggested.



### 5.3.6 Proposal

That the above framework above is approved and that from this the following actions are undertaken.

- A budget of £20,000 is set aside for quick wins from the identified efficiencies and this is reviewed each year
- That specific areas of allocation of efficiencies are brought back to committee who will consider them in line with the framework identified in paragraph 5.3.5 above
- That working groups are set up, at the appropriate time, to look at specific areas of service improvement or areas of risk. Having considered the evidence available and where they believe efficiencies could be allocated to facilitate that service improvement or mitigate risk, the working group makes the recommendation to the Homes and Communities Committee who can examine this as part of the framework.

## 5.4 Accounting For The Spend

5.4.1 It is important that there should be transparency on how the efficiencies are allocated. The Business Manager - Financial Services has undertaken to allocate all spend from efficiencies on an identifiable budget line so that they are easily identifiable.

5.4.2 As detailed in section 4 of this report a significant proportion of the originally estimated efficiencies have already been achieved. However there are further efficiencies which will be accrued over the next financial year. Only efficiencies actually accrued will be available to spend. As further efficiencies are accrued they will be monitored by the Business Manager - Financial services and be made available for spend within the framework.

## 5.5 Communication

- 5.5.1 It is important that both tenants and staff are aware of how the efficiencies are being allocated and a communications plan is being developed which will ensure that this is presented in an effective and multi-channel way appropriate to the audience.
- 5.5.2 This communications plan will also cover all of the relevant actions achieved and included as part of the second tranche of work.

## 6.0 Equalities Implications

- 6.1 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 persons with protected characteristics, but none are envisaged at present.

## 7.0 Financial Implications (FIN19-20/8765)

- 7.1 The report presented to Policy and Finance Committee on 4<sup>th</sup> April 2019 approved a budget of £150,000 in order to fund the independent tenant consultation exercise and other transitional arrangements. To date £129,730 has been incurred in relation to 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.
- 7.2 The original Savills report presented to Policy and Finance 4<sup>th</sup> April 2019 detailed £0.950m in efficiencies that could be made based on the re-integration of the Housing Management Service. This included the deletion of senior management roles, but did not incorporate the creation of any management structure to replace the deleted roles.
- 7.3 Members have clearly stated their requirement for a focus to be retained on housing within the Council, and this has been secured by creating a new Directorate specifically relating to Housing, Health and Wellbeing. This Directorate (previously approved by Policy and Finance) will be headed by the new Director and includes four Business Managers, the cost of which will be borne by the General Fund and Housing Revenue Account in appropriate proportions. Without the creation of these posts, there would be a risk that the housing service would lack strategic direction and would be diluted by other priorities for the Council.
- 7.4 The current efficiencies generated amounts to £0.694m (as per paragraph 4.2).
- 7.5 The cost of the Director and the two Business Manager roles is £0.263m. It is proposed that 80% of the Director's costs are directed to the HRA and 20% to the General Fund, due to their management responsibilities.
- 7.6 Based on this, currently £0.431m would be available for re-allocation into other priority areas. As further efficiencies are identified, this will be brought back to the Committee for a decision on re-allocation.

7.7 By way of update, when the council considered the potential efficiencies that could be realised by bringing the housing management service back in-house during its review, reference was made to the annual revenue received from the Photo Voltaic Panel tariff (PVT) in the region of £500k per annum. Previously this was paid direct to the Company in addition to the agreed annual management fee each year. It had been anticipated that significant capital expenditure would be required to facilitate ongoing meter readings required by the relevant energy provider for them to release tariff payments. However, efforts by council officers have secured a resolution to this issue that avoids the need for the capital expenditure.

## **8.0 Community Plan – Alignment to Objectives**

8.1 The proposals align with the Council’s community plan objective ‘build more homes and provide an excellent housing management service’. There are commitments within this objective to ensure tenants and other customers live in safe, well maintained, affordable homes and receive quality, value for money services. It is considered that the second tranche of work and the reinvestment in housing services from the efficiencies identified will contribute to this.

## **9.0 RECOMMENDATIONS**

- a.) That the project update be noted;
- b.) That the second tranche of work be noted;
- c.) That the framework approach detailed in 5.3.5 as to the allocation of the achieved efficiencies be approved;
- d.) That £20,000 is set aside from the efficiencies to form a ‘quick wins’ pot and that this is reviewed annually and rolled over as appropriate; and
- e.) That areas of allocated spend from the efficiencies are brought back to Homes and Communities Committee for approval.

### **Reason for Recommendation**

To provide an update to Committee on project progress and to inform Committee on the framework approach of the allocation of achieved efficiencies from bringing the housing management service back in house.

### **Background Papers**

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

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

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