



To: Executive Councillor for Housing: Councillor Kevin Price
Report by: Liz Bisset, Strategic Adviser
Relevant scrutiny committee: Housing 22/9/2016
Scrutiny Committee
Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge East Chesterton King's Hedges Market Newnham Petersfield Queen Edith's Romsey Trumpington West Chesterton

HOUSING TRANSFORMATION PROGRAMME

UPDATE

Not a Key Decision

1. Executive summary

1.1 This report provides an update on progress for the Housing Transformation programme. The Housing Transformation programme is reviewing the way we deliver housing services for three major reasons. It is good practice to periodically review the way we do things to ensure that our services are delivering the right outcomes and that of resources are targeted towards meeting service and policy objectives; national housing policy and local initiatives have resulted in incremental changes to the service that we now need to take an overview of; and finally as a result of recent legislation we have to make very significant savings in the Housing Revenue Account.

2. Recommendations

2.1 The Executive Councillor is recommended:

To endorse the approach set out in this report

3. Background

Managing uncertainty

3.1 We are planning for the future shape and level of resourcing for housing services in a period of considerable uncertainty. Although the

Housing and Planning Act has gained royal assent we do not yet have the detailed regulations. Critical for us will be the level at which the levy from the sale of high value assets to pay for Right To Buy (RTB) for housing association tenants will be pitched. Brexit and the national political changes with a new Prime Minister and new Ministerial appointments have compounded this uncertainty. On the plus side the Cambridgeshire and Peterborough East Anglia Devolution proposal includes funding for 500 socially rented homes in Cambridge, potentially replacing some of the rental income lost through the disposal of high value assets and Right To Buy of our own properties.

3.2 Because of this uncertainty the approach that is being taken here is to find around £1m of savings for 2017/18 (year 1 of these reviews) as a prudent minimum. At the same time work will be progressed on reviews that require a longer time frame to make changes and deliver savings. This strategy would be flexed if greater clarity means that we know we have to make more savings in year 1. The strategy also plans for a further level of savings up to a further £1m in year 2, 2018/19. Decisions for year 1 savings will be taken in January for full implementation by late spring/early summer.

3.3 Housing has an operating budget of £13m from which the majority of savings will need to be found. The following table gives a breakdown of savings to achieve £1m and £2m against broad service areas.

Spend area	Amount & % of total spend	Contribution to £1m/c8% saving	Contribution to £2m/c15% saving
Repairs & maintenance	£6.3m or 48%	£480k	£960k
Housing management	£3.5m or 27%	£270k	£540k
Central costs (re-charges)	£2.8m or 22%	£220k	£440k
Other	£0.4m or 3%	£30k	£60k
Total Operating Budget	£13m or 100%	£1m	£2m

3.4 Arguably we should be reviewing our housing operations periodically, to ensure they provide value for money and meet broader policy objectives. This will include comparing our practices and costs against other similar providers. All of our current reviews are considering aspects of the service we should be reviewing regardless of the current financial situation. The reforms proposed will however need to take account of the level of savings we need to make.

Underpinning principals

3.5 The reviews are informed by a number of principles which will guide the way we carry out reviews. These are:

- The requirement to balance the budget and live within our means
- Achieving some level of operating surplus for unfunded and emerging priorities
- Identifying what constitute our core services and what we want to protect
- Targeting scarce resources on the most vulnerable
- Achieving value for money – managing expectation, time and money well
- Managing and maintaining our assets in good order

3.6 We are committed to involving staff and trade unions in the development of change proposals so that our final proposals are informed by the considerations raised by front line staff as well as management. We are consulting with tenant representative on proposals as they develop and with all tenants and leaseholders about changes that significantly alter service levels or standards, such as changes to our repairs offer.

Work streams

i) Housing management

3.7 This review will be largely completed within the first year – but it is likely that there will need to be ongoing consideration of working smarter and more effectively over the longer term. The service has evolved over time and it is timely to take stock as to what is the right structure for the future, with enough flexibility to take us forward at a time of significant change. Our housing stock has been reducing steadily for years and our structure needs to be able to flex with future changes we know are on the horizon.

3.8 We have increased the level of support we provide to vulnerable tenants, and have a number of posts that provide support to tenants at risk of losing their tenancies, with different emphasis on the support they provide. We will be examining overlapping roles and whether there are clear processes for case management where more than one team are potentially working with an individual or a household. We expect to bring similar posts together into newly constituted teams.

3.9 Management costs make up 17% of Housing Management staff costs, and this is an area for potential savings. Proposals to be explored will include:

- Reducing management posts at all levels.
- Introducing generic job descriptions that allow greater flexibility of roles as circumstances change.
- Reducing the overlap between existing roles, teams and between agencies, including consideration of how cases are managed between teams
- Bringing similar roles together into new team and considering levels of resourcing.
- Changing reporting lines
- Potential for a shared strategic function and possible other services

ii) Repairs, voids, and project work

3.10 This budget accounts for just under half of all of the HRA revenue costs. This year we are focusing on the cost of the basic service and how we can reduce costs. At the moment the HRA meets the full cost of the resources deployed each year regardless of actual demand or productivity. This is not a sustainable approach. In this review we will therefore aim to establish the core level of resources needed to meet actual demands for repairs, voids and project work, taking into account that stock and void numbers are continuing to decline in numbers. Significant progress has already been made in recent years to reduce expenditure on sub-contractors and to reduce the cost of void refurbishment works. Now we are focusing on how to redesign and deliver the whole service to reduce waste in management processes and to increase the overall efficiency and outputs of craft operatives.

3.11 We are evaluating the viability of recasting the project works team on a more commercial basis so that it becomes self-financing, achieving a programme of work costed on a competitive basis. We could simply stop doing project work on the basis that it is not core business but want instead to explore evolving this aspect of the business to succeed as a commercial enterprise.

3.12 The second strand of work which will be a longer piece of work is to review the repairs and voids service standards. Work is being commissioned to benchmark how our repairs offer compares to other providers. We know through our participation in Housemark that this is an area many providers are looking at. It is already apparent that we are not sufficiently rigorous about recharge for repairs that are the tenant's

responsibility, and carry out repairs that many providers consider to be the tenant's responsibility.

3.13 In summary, the repairs and voids review will examine:

- Reducing management and admin costs at all levels
- Introducing more flexible job descriptions that allow more flexibility across roles as things change
- Critically analysing our processes and simplifying to remove unnecessary activities and reporting that does not add value.
- Detailed analysis of actual repairs activities to identify actual core service requirement and level of resourcing required to deliver – target “first time fix”, tenant responsibilities, improved repairs reporting
- Training to increase levels of genuine “multi-skilling” of Repairs operatives
- Possible introduction of “dynamic” works scheduling software requiring more flexible working arrangements, routine use of vehicle location technology and changes to employee Terms & Conditions.
- Efficiency of all front line services
- Developing opportunities for other sources of income – new work

3.14 Reviewing the offer to tenants must include consultation with resident representatives and tenants. This will take time and resources to complete, hence the timeframe for this review will extend into year 2.

iii) Stores

3.15 This review is now complete and an improvement plan is in place to be delivered over next 12 months. This will not deliver an immediate saving but will increasingly contribute towards reducing the cost of repairs as the cost of supplying materials reduces. The service will remain in house, having been market tested. The staff team will be restructured, all stocklines will be reviewed and re-procured using compliant pricing frameworks, the processes for control of stock overhauled; and vans refitted to carry a greater range of stock to reduce inefficient multiple stores visits by craft operatives. The new site at Milton Road will be fitted out to accommodate the revamped service.

iv) Senior Management

3.16 A review of senior management will follow on from the reviews next year as a logical consequence of reshaping services.

v) Central recharges

3.17 These are 22% of operating costs. An initial meeting has been held with the Strategic Director and Head of Finance to look at where savings can be found that are at least commensurate with the level of saving being identified for the service as a whole. A starting point will be ensuring that the correct proportion of corporate savings from the support services review and other corporate savings have been correctly allocated to the HRA. Individual recharges and service levels will also be examined. Other recharges such as the Customer Service Centre which have not been recently reviewed will need revisiting.

vi) Debt repayment

3.18 Our strategy to set aside 25% of the value of the debt by the point of maturity of the loans was agreed at a time when we had a healthy HRA balance generating a surplus. The combined impact of the well documented changes as a result of the rent cut and the Housing and Planning Act have impacted on our ability to manage servicing the debt and delivering an acceptable level of service with our current budget. The level of set aside we make for the future will need to balance the need to provide adequate services in the here and now with managing long term risk relating to repayment conditions in 20 years time.

vii) Disabled adaptations

3.19 This is an area where criteria for expenditure need to be tightened as demand increases over time. Any savings will be capital and will not contribute to the £1-2m savings target, but can be used for other priorities such as new build. This review will be completed this year. Work to date has included looking at spend patterns, how long adaptations remain in a property, benchmarking, engagement and consultation with disability groups.

viii) Planned Maintenance Programme and Decent Homes Standards

3.20 The planned maintenance programme which includes the delivery of the decent homes programme is capital funded. The first tranche of savings last year took significant amounts from the decent homes budget to absorb construction inflation and to make savings towards our revenue target. Nonetheless this is a programme we will want to examine again as a part of our total resources across revenue and capital budgets in the light of emerging future priorities and the possible need to release further capital to match fund a new build programme. The current programme exceeds minimum decent homes criteria and also includes additional discretionary workstreams that will all be reviewed as part of this process.

Other related work

3.21 There are a number of other workstream, other than savings reviews, that are underway that are preparing us for the changes ahead, and will inform our future budget strategy. These are:

i) Land audit

3.22 It is many years since we carried out a land and asset audit. The context for managing our assets is very different from when we carried out our previous land audit. We have delivered a programme of new build on HRA land and now view potential sites informed by greater experience of potential build sites. The devolution deal gives us the potential to build 500 new Council homes on City Council land. A further consideration is that we expect that the disposal of high value assets will allow us to meet a levy in part through disposal of other assets we hold, and we need an up to date asset register for this. In summary pro-active management of assets is needed to:

- Inform asset disposal strategy
- Generate capital receipts
- Provide sites for new built

3.23 A brief is being drawn up to commission work on a land audit this year in readiness for future challenges.

ii) Impact of Pay-to-Stay

3.24 The Government has published notification of its intention to implement pay-to-stay for Council tenants where households with an income in excess of £31,000 will make a contribution to their rent on a sliding scale up to market rent. We do not yet have any detail of how income or market rent will be assessed and have written to the new Minister for Housing to express our concern that an implementation date of April 2017 is unrealistic. A project group has been set up to take this forward, working with revenues and benefits and South Cambs colleagues.

iii) Shared services

3.25 We already share services with South Cambridgeshire and Huntingdon. In addition to legal, ICT and financial services housing have a joint shared service arrangement for the Home Improvement Agency and for the Housing Development Agency. There is the certainly the potential to consider other shared services for part or all of housing services. Experience with other shared services suggest that we should focus on delivering service efficiencies in our separate services first and then

consider joining operations to create further efficiencies and savings where that provides benefits, and that is the approach we are taking here.

Engagement

3.26 The changes that are being explored involve staff working in different ways and changes to the way we interact with residents. Engaging all stakeholders in the process of change facilitates a better understanding of why changes are happening and the opportunity to gain from feedback on how people view the impact of change.

3.27 The Housing transformation programme has begun a programme of briefings and workshops to engage staff, trade unions, councillors and tenant representatives. There will be some proposals such as changes to the repairs service which require us to consult a wider body of tenants and proposals will be brought back about how this will be done.

3.28 The changes we are exploring in this transformation programme do imply changes in behaviours and future expectations of staff, members, tenants and leaseholders. It will be important to address cultural as well as structural change as part of the ongoing management of change.

3.29 A round of meetings with staff and trade union representatives has generated some good ideas about what they consider to be core provision and areas to look for savings. The meetings have been well attended, with staff recognising the need for change and engaged in putting forward their ideas.

3.30 Tenant representatives are keen to be involved and contribute their knowledge and understanding of services from a tenant and leaseholder perspective. Of particular interest are ASB, vulnerable residents, and how we manage Section 20 notification for leaseholders. We will engage resident representatives in the next stage of the reviews before the report is brought to committee in January.

Timetable

3.31 For 2017/18 the following timetable will apply. This will be for proposals to achieve the £1m savings target.

Current – September 2016. Consultation on early proposals
22 September 2016. Report to Housing Scrutiny Committee on progress
October – December. Finalise savings proposals for 2017/18
October – December. Consultation with various stakeholders on 2017/18 savings

16 January 2017. Report to Housing Scrutiny Committee with final 2017/18 savings proposals

February 2017. Consultation paper on staffing changes

March/April 2017. Final implementation paper and business case

April/May/June 2017. Implementation

3.32 The conclusions of some of the reviews will not be included in the January Committee report because they will not be completed. These are the more complex reviews or where it makes sense to make decisions at a later stage. The reviews on ASB, the repairs offer, decent homes, senior management and shared services will all report after January 2017. The expected timeframes for reviews to complete are as follows:

Workstream	For implementation 2017/18	For implementation 2018/19
Housing management restructure	Final proposals in Jan 2017 report	
ASB	Review starting Sept 2016	Review complete June 2017
Response repairs/voids special projects restructure	Final proposals in Jan 2017 report	
Repairs offer	Review starting Sept 2016	Review completed June 2017
Stores	Completed. Implementation now proceeding	
Senior management		No later than April 2019
Central recharges	First tranche proposals in January 2017 report	Further proposals to be brought forward for 18/19 implementation
Debt repayment	Update longer term strategic approach in January 2017 HRA MFS report	
Disabled adaptations	Final proposals in January 2017 report	
Planned maintenance, Decent Homes		Review completed July 2017

3.33 Reviews which continue into next spring/summer 2017 will be brought to committee at the earliest practical date, and the intention is to agree any changes in sufficient time to achieve the required savings for 2018/19.

4. Implications

(a) Financial Implications

The aim of the reviews that make up the Housing Transformation programme is to identify savings of between £1 million and £2 million as explained in the report.

(b) Staffing Implications

Staff are engaged in the transformation programme as described in the section on engagement. There are no specific proposals on posts at this stage.

(c) Equality and Poverty Implications

An EQIA will be done for the January Scrutiny Committee, based on specific change proposals.

(d) Environmental Implications

Nil

(e) Procurement

None

(f) Consultation and communication

See engagement section

(g) Community Safety

The ASB review will address community safety issues.

5. Background papers

None

6. Appendices

None

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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