



To: Executive Councillor for Housing: Councillor Kevin Price

Report by: Liz Bisset

Relevant scrutiny committee: Housing Scrutiny Committee 18/1/2017

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 2017/18

Key Decision

1. Executive summary

1.1. The Housing Transformation programme is effectively the second year of a fundamental review of housing services. A programme of service changes and savings for 2016/17 was agreed in October 2015. This report fulfils the requirement for further service transformation and savings proposals to be identified to meet a number of objectives, including the need to achieve a balanced budget in the longer term.

2. Recommendations

2.1. The Executive Councillor is recommended:

- i. To agree the changes to achieve savings as set out in section 4.
- ii. To support the future workstreams described in section 7

3. Background

3.1. Government policy on socially rented and affordable housing has undergone a radical shift in recent years, and may shift in emphasis again with the new post Brexit Government. Whatever the future holds, as previous reports to Housing Scrutiny have set out, legislative changes have put significant pressures on our budget, reducing our rental income in the long term through rent reductions and the proposed sale of high value

assets to finance Right to Buy (RTB) for housing association tenants. These earlier reports are referenced as background papers in section 5.

3.2. Whilst the proposals on pay to stay have now been scrapped, other impending national policies such as mandatory fixed term tenancies with financial reviews, and the full roll out of Universal Credit, also require us to change the way we deliver housing services.

3.3. Further drivers for change include our gradually diminishing stock through RTB, and changes to the types of people we house. Our tenants are increasingly singles or in two person households. Around 60% are not in employment, and around a quarter have a limiting long term illness or disability. We have proportionally decreasing numbers of younger and older households than in 2008, the base year for our data. The majority of our tenants are aged between 24 and 65. We still have a significant, albeit decreasing, number of older tenants. Almost 39% of our tenants are aged over 65. Generally speaking those we are housing are increasingly vulnerable.

3.4. The context for the Transformation Programme to be implemented in 2017/18 has therefore been the need to balance our budget and live within our means, achieving an operating surplus to meet new demands for changing services.

3.5. In considering the future shape of services it has been important to recognise the core services we want to protect, although not necessarily in their current form. These are lettings and tenancy management, repairs and maintenance, income management, tackling anti-social behaviour (ASB), and supporting vulnerable tenants. In our interaction with residents on all of these core functions they need to be straightforward to access and it needs to be clear who has key responsibility for an issue and how this will be taken forward.

3.6. The Housing Transformation programme also looked at efficiency and value for money. It considered when finances are tighter how to manage expectations about what services we provide through having clear policies, that staff, residents, elected members and others can refer to.

3.7. It is important too that we continue to look after our housing assets, and are clear about what are landlord responsibilities and what are tenant responsibilities. The Housing Transformation programme in this phase has focused on what this means for the way we manage voids and day to day repairs.

4. Savings

4.1. The Budget Setting Report 2017/18 for the Housing Revenue Account (HRA) is also on the agenda for this Housing Scrutiny Committee. It shows how net savings of £1,431,640 can be achieved for 2017/18, to which the housing transformation programme contributes around £874,600 from 2017/18, rising to £995,400 in 2018/19 because savings will be taken after the beginning of 2017/18 to allow for implementation of staff changes. The full saving from this transformation programme will be realised by 2019/20, by which point £1,025,400 will be achieved, once longer term changes have been implemented.

4.2. The MTS provides a full list of all savings and unavoidable expenditures, some of which are unrelated to the housing transformation programme.

4.3. The following table summarises the savings from the housing transformation programme.

Proposal	(Saving or Increase in Income)				
	2017/18	2018/19	2019/20	2020/21	2021/22
Restructure of Housing Services, reviewing both staffing structures and operational costs, with staffing changes expected to be delivered by July 2017	(244,200)	(320,500)	(320,500)	(320,500)	(320,000)
Reduction in Resident Involvement expenditure, with the Annual report combined with one of the issues of Open Door and reductions in grants in line with prior year take up	(7,800)	(7,800)	(7,800)	(7,800)	(7,800)
Savings in the budget identified for transformation of the HRA	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)
Increased service charge income to the HRA as a direct result of charging tenants in flats for the supply of communal electricity and grounds maintenance services, in line with charges passed to leaseholders, and in recognition that these services are provided to these tenants only.	(99,300)	(99,300)	(99,300)	(99,300)	(99,300)

Reduction in ASB and Racial Harassment costs and recharges to the HRA, following a review of the work undertaken currently by the Community Safety Team, which identifies a greater proportion of work being performed for the General Fund	(59,800)	(59,800)	(59,800)	(59,800)	(59,800)
Restructure of Estate and Facilities, reviewing both staffing structures and operational costs, with staffing changes expected to be delivered by July 2017	(238,300)	(257,800)	(257,800)	(257,800)	(257,800)
Restructure of the Stores Team and improved procurement processes following relocation of new in-house team to Cowley Road	(63,700)	(63,700)	(63,700)	(63,700)	(63,700)
Increased income in respect of Estates and Facilities Special Projects Team, with a pilot project to build new homes for the HRA using our own staffing resources	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Increased rental income as a direct result of reduced void times, due to proposed changes in working practices and operational processes	(30,000)	(45,000)	(60,000)	(60,000)	(60,000)
Increased rechargeable repairs cost recovery, as a result of improved working practices and better charging mechanisms	(25,000)	(35,000)	(50,000)	(50,000)	(50,000)
Total Proposals	(874,600)	(995,400)	(1,025,400)	(1,025,400)	(1,025,400)

4.4. There are two further significant savings identified in the Budget Setting Report, which contribute to the overall savings identified for the HRA. Firstly, the delay in the Government bringing forward precise regulations around sale of high value assets and the communicated delay in implementation results in increased rental income of £182,740, which has been incorporated into financial plans. Secondly, the recently tendered gas servicing contract has delivered savings of £197,800, reducing that required from the Housing Transformation programme.

5. Cultural change

5.1. Many of the changes described in this paper require new ways of working and involve not just structural changes, but also cultural changes in the way we do things. This will take time to embed and the task of all managers will be to work with staff and residents to continue to deliver good quality service, keeping the changes under review, adapting and refining the processes that will underpin change. There will be work to do following the structural changes to work on the responsibilities of each team, how they will work together. Staff will be expected to work flexibly between teams to manage peaks and troughs, as happens to an extent now. A development programme for staff to support new ways of working will be developed once the new structure is in place.

6. Housing Transformation workstreams 2016/17

i. Housing management

6.1. The transformation programme looked across the whole of the housing management function reporting to the Head of Housing Services. This enabled us to consider:

- management and staff capacity and flexibility of roles
- where we could bring activities or teams together in a more logical structure
- where there were overlaps or lack of clarity that was wasteful of resources and confusing to our customers
- improving clarity and accountability to residents as to who had primary responsibility for their issue, reducing the number of handoffs between teams

6.2 Overall, savings are achieved from a reduction in management and other staff costs. The introduction of generic job descriptions for similarly graded posts will increase opportunities for displaced staff to be redeployed and reduce redundancies.

6.3. Housing management will be restructured into four functional teams as set out in the functional chart in Appendix 1. (This is not a structure chart and does not describe individual posts). The main features of the proposed new structure can be summarised as follows. There will be four housing teams – housing advice, sheltered and supported housing, city homes and strategy.

6.4. The Resident Involvement and Communications team be part of the sheltered and supported housing manager but the Head of Service will be expected to shape the work of this team, with the aim of strengthening the

strategic engagement and communications role with tenants and leaseholders.

City Homes

6.5. There will be for teams in City Homes with each having a responsibility for a particular aspect of housing management.

6.6. The core of this will be the tenancy and estate management team, who will operate across 4 patches. These teams will be responsible for the day to day management of the patches, and key contacts for most tenancy issues that cannot be dealt with by the customer contact centre. They will call upon the specialist support of the 3 other teams - income management and financial inclusion, tenancy support, and estate champions and caretaking, as needed.

6.7. The income and financial inclusion team will bring together the chasing and enforcement element of income management, together with the help and advice we offer on managing and reducing debt. At a time when changes to benefits are putting increasing pressures on households, and the risk of increasing arrears with the roll out of universal credit, a team that focuses on income managements will help us to addresses the challenges we and our tenants face, more effectively. Reception and cashiers roles will be combined to provide a more flexible front of office presence and will be part of this team.

6.8. Estate champions and caretaking will remain as it is, working closely with the tenancy and estate management patch workers for their area.

6.9. The home ownership team's work involves processing RTB applications for existing tenants, managing shared ownership properties, and providing an interface between the Council and leaseholders around management issues and leaseholders contributions to service charges and planned maintenance programmes. Shared ownership products will increase in number as part of the Council's development programme. The work of this team therefore straddles housing management and asset management. The financial contribution to planned maintenance programmes and the administration of Section 20 notices is an area the Council could manage better. To improve communication between teams it is proposed to physically co-locate the home ownership section with the asset management team who are responsible for the planned maintenance programme. The team would remain as part of the housing management set-up in City Homes.

Housing advice

6.10. As part of the Housing Transformation programme the Temporary Housing Service (THS) will move to become part of the Housing Advice Service. The existing team structure will be adjusted as part of this move. This creates an opportunity for temporary housing provision to form part of the portfolio of activity delivered by the Council's homelessness and housing advice services and to strengthen inter-dependencies. Both services deliver housing management functions; and the Homelessness Reduction Bill, which is going through the parliamentary process, is going to significantly change the way local authorities deliver services because it will introduce homelessness prevention and alleviation duties. There is likely to be less emphasis on provision of temporary accommodation and more on alleviating homelessness at an earlier stage, using a range of housing options to either alleviate homelessness or discharge full homelessness responsibilities.

Sheltered/supported

6.11 This team will provide an integrated service through the Independent Living Service and Ditchburn Place to older residents in need of support, both in our sheltered housing and in general needs housing (both public and private sector). However the maintenance officer function will move to be managed within Estate & Facilities to be consistent with all of the other maintenance responsibilities.

6.12 The resident involvement team will be line managed as part of this team. Given the level of change taking place in housing services the resident involvement team will play an important role in consultation and communication with residents and as such the Head of Service will be expected to help shape the work of this team.

6.13. The tenancy support service, which supports those with high needs will move into the sheltered/support team, providing support on a time limited basis for tenants with complex needs or at a time of crisis, with the aim of putting in place sustainable solutions. Long term management of tenants will remain with the tenancy and estate management team.

ii. Estates and Facilities

6.14. The HRA services provided by Estates and Facilities account for around half of our operational budget. It is essential that we maintain our estate in good order and examine the way we carry out our business, making the best use of available resources. The focus of this year's transformation programme has been on:

- increasing efficiency and reducing waste through overly complex systems or ways of operating that lead to significant amounts of unproductive time
- improving clarity on what is the Council's responsibility and what are tenant responsibilities within existing policy
- ensuring that the structure and size and skill set of the workforce reflects the patterns of demand
- developing new business opportunities through new build and work for the general fund.
- bringing activities and teams together into a more logical structure.

6.15. Some of the changes deliver savings, but some do not and are designed to deliver one or more of the above objectives. Savings for Estates and Facilities are achieved through a combination of changing working practices in repairs and voids, reducing the number of operatives overall and technical staff to reflect this, recharging for tenant responsibility repairs, and bringing commercial income in from the work of the special projects team.

6.16 Overall, the Estates and facilities Team is to be reduced by the 7 full time equivalent posts, to better reflect workflow demand and continued efficiencies. This includes the vacant trainee surveyor post, which is now designated as an apprentice surveyor and supported by external funding. The functions reporting to the Head of Estates and Facilities remain the same as show in the structure chart attached as Appendix 2.

Repairs

6.17. A detailed analysis of repairs carried out over the past year has revealed some obvious areas for efficiencies, which together will deliver significant savings. The main changes will be:

- Recharging for repairs that are the tenant's responsibility. An analysis of repairs carried out shows that up to 10% of jobs are potentially tenant responsibilities. This is an area where we intend to be more rigorous in implementing current policy. We will need to remind tenants of what is their responsibility and what we will repair.
- We will offer a rechargeable repair service for repairs that are the tenant responsibility, for tenants that require this.
- Reducing the amount of downtime from travelling, visits to the depot and waiting for work to be allocated.
- Redesign van stocks and reduce the need for visits to the depot

Voids and lettings

6.18. The voids team will be expanded into a voids and lettings team, with two assistant housing officer posts moving over from City Homes to provide an end to end service from the point at which notice of termination is confirmed, to the point at which a property is relet. This integrated way of working is the outcome of the deliberations of a working group who concluded that this change will reduce the turnaround time for properties by at least 5 working days, reducing the inefficiency of hand-offs between teams.

Special projects

6.19. The work of the special projects has a growing commercial element. For this reason a new post of principal surveyor with commercial building experience is to be introduced to oversee the work of the special projects team, moving across a vacant principal surveyor post from asset management. The special projects team are currently piloting the delivery of two new build houses, built off site using modern methods of construction, which they will then fit out and finish. The pilot will establish whether they can deliver a cost effective product on small sites. If successful this will provide a future workstream and income to sustain this team. At the same time it will contribute to the Council's broader objective of delivering affordable homes at a competitive price. The team will include a scheduler/work planner post, moving a post from the technical support team.

Stores

6.20. The stores review is completed and recommendations are in the process of being implemented. After market testing the service the review concluding that the service should be retained in-house and made more efficient and cost effective through re-procurement of stock items, reduced stock lines, targeted counter services, greater use of site delivery, and better managed van stocks. Savings will be delivered from these new ways of working

Adaptations

6.21. A separate paper on this agenda recommends a clearer and updated framework for managing the budget relating to adaptations in the Council's housing stock. Any savings generated from these recommendations will be in the Capital budget, and will be used to offset against RTB receipts. For this reason the financial impact of changes to adaptations has not been included in the revenue savings required, as explained at the beginning of this report.

7. Future workstreams.

i. Anti-Social behaviour (ASB)

7.1 The services provided by the Council to address ASB are much wider than those paid for by the HRA, which relate to tenancies and housing management. An initial downwards adjustment has been made to the contribution of the HRA to the Safer Communities Team, reflecting the changing balance of the work of this team towards general fund work. A paper will be brought back to this committee following a more thorough review of ASB as it relates to tenancies and housing management.

ii. Senior management

7.2. The senior management structure for housing services remains under review. Any decision on future structures will take into consideration the level of structural and cultural change to be implemented over the next 18 months.

iii. Repairs

7.3. There are some further changes that are being worked on. These are the next phase of work relating to the repairs service. They are designed to improve working practices by cutting out waste through unnecessary administrative tasks, and better use of working time.

- Dynamic scheduling to maximise overall efficiency
- Reviewing and simplifying the schedule of rates
- A review of terms and conditions through the Council's negotiating apparatus

iv. Improving our use of technology

7.4. In carrying out the reviews a recurrent theme was how well, or not, we use technology to improve the ability of our residents to interact with us; to enable staff to work off-site; to reduce the number of times we input data; to use data more intelligently to plan services on a day to day basis and to plan for longer term needs. This is a future piece of work.

7.5. Upgrading IT is a costly investment and needs to be well planned to meet the future objectives of the service and put forward as a project to 3ICT. We need to be clear about what we want to achieve and learn from

other housing providers who have already improved digital services for those who use housing services and those who deliver them

Shared services

Sharing more housing services with neighbouring authorities remains under consideration as a future option. We will continue to explore opportunities during 2017.

8. Implications

(a) Financial Implications

The financial implications of the transformation programme will to deliver savings of £874,600 in 2017/18, £965,400 in 2018/19 rising to £1,025,400 in 2019/20 as set out in the table in 4.3.

(b) Staffing Implications

This report proposes the net deletion of 17.2 posts (10.2 from Housing Services 7.00 from Estates and Facilities), which is representative of approximately 11.4% of the total number of posts currently established within the HRA. This net figure is not the same as number of redundancies that may occur, as some of the posts proposed for deletion are vacant. In line with the City Council's Organisation Change Policy we will endeavour to seek alternative employment for potentially redundant employees through the redeployment pool. A detailed consultation paper will be issued to staff following this Scrutiny Committee, which will give detail on the proposals as they affect individual posts and the opportunities to apply for newly created roles.

(c) Equality and Poverty Implications

An EQIA is available for the HRA Budget Setting Report which considers the impact of savings identified in this report, together with other HRA bids and savings.

(d) Environmental Implications

Nil.

(e) Procurement

The Stores review has led to a re-procurement of stock to improve value for money.

(f) **Consultation and communication**

The housing transformation programme has had a scheduled set of meetings with staff and tenant representatives to keep them up with developing ideas and to seek their feedback. These discussions have helped to shape the proposals presented today.

Clear communication of proposals that impact directly on tenants in this paper will be planned in. Although none of the changes involve changes of policy a communications strategy will be essential as there will be changes in current practice, particularly around rechargeable repairs.

(g) **Community Safety**

ASB work with tenants and leaseholders is part of a much greater spectrum of work on Community Safety carried out by a number of teams. The Housing Transformation programme is primarily concerned with the interface between generic housing management functions and specialist work carried out by other teams. The HRA contribution to the Safer Communities Team has been adjusted as described. A more thorough review is looking at how HRA funded activity fits within a broader context of other ASB and community safety.

9. Background papers

These background papers were used in the preparation of this report:
Housing Scrutiny Committee reports:

24 September 2015 . Fundamental Review of the Housing Service

<http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CIId=414&MIId=2822&Ver=4>

21 June 2016. Housing Transformation Programme

<http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CIId=414&MIId=3063&Ver=4>

22 September. Housing Transformation update

<http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CIId=414&MIId=3064&Ver=4>

10. Appendices

High level functional structure charts (attached for Housing Management and Estates and Facilities)

11. Inspection of papers

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

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