

Report of Director of Environment and Housing

Report to Housing Advisory Board

Date: 28 January 2014

Subject: Implementation of the Review of Housing Management Services

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The Executive Board on 19th June 2013 took a decision to bring the Council Housing Service back into the Council, following a review of the service and the consideration of options. A subsequent report set out the implementation arrangements and the governance structures that were to be put in place.
2. Arrangements were then made to integrate staff into the Council, disband the ALMO Boards, create a Shadow Housing Advisory Board and establish a Programme Board to manage the delivery of the implementation programme. Structural arrangements were also developed on functional lines: Housing Management, Property and Contracts and Strategic Housing, and Chief Officers were appointed just before Christmas to head up these functions and develop detailed staffing structures, and appoint to a JNC structure by end December 2013.
3. This report sets out the actions that have been taken to date, and future actions that are planned to deliver the changes, together with the anticipated savings that will accrue from these actions.

Recommendations

4. Housing Advisory Board members are invited to note the progress being made to deliver the outcomes of the Review, and agree to receive further updates as the implementation plans progress.

1 Purpose of this report

- 1.1 The purpose of the report is to update Members of the Housing Advisory Board on progress with the delivery of Housing Management Review outcomes.

2 Background information

- 2.1 The Executive Board on 19th June 2013 took a decision to integrate housing management within the Council's Environment and Housing Directorate, and a subsequent report set out the implementation arrangements and governance structures that were to be put in place. Actions to date and planned activity is outlined below.
- 2.2 The former ALMO staff were transferred back to the Council on 1 October and the ALMO Boards have been disbanded. A shadow Housing Advisory Board was established to oversee the transition and an officer Programme Board was also set up to manage the detailed service re-design work streams.
- 2.3 A proposal to organise the service on functional lines was presented to the Shadow Housing Advisory Board on 5 September 2013, and it was agreed that further work would be undertaken to develop detailed staffing structures under each of the functional areas: Housing Management, Property and Contracts and Strategic Housing. The three areas would be headed by three Chief Officers, and appointments were due to be made to these posts before Christmas, along with the majority of the JNC level posts.
- 2.4 In parallel to the filling of senior posts, work had been done to start to redesign each function area based on pooled knowledge and identified best practice from across the service, and also look at other ways in which work done historically within ALMOs might be integrated into other functional areas across the directorate and the Council.
- 2.5 A Housing Advisory Board has now formally been established and the shadow Board has been stood down.

3 Main issues

- 3.1 This report provides an update to Board members on the actions taken to date to implement the outcomes of the Housing Management Review, sets out what has already been delivered in terms of actual savings/projected savings, and goes on to outline future actions and other prospective savings that could be delivered.

3.2 Actions, Timescales and Savings

- 3.2.1 Officers acted immediately after the call in period following the 19 June Executive Board decision to bring staff into the Council. A project team was put in place and a number of work stream leads were identified to take the work forward, reporting to a monthly Programme Board chaired by the Director of Environment and Housing. A shadow housing advisory board, chaired by the Executive Member for Neighbourhoods, Planning and Support Services was also established to overview the project and ensure that we continued to have

involvement from tenants and independents. A communication plan was designed to ensure that stakeholders, and most importantly tenants and staff, were kept up to date on a regular basis and given the opportunity to get involved as the project progresses. All ALMO staff were successfully transferred into the Council by the target date of 1 October with minimal impact on front-line delivery, which was a significant logistical exercise.

- 3.2.2 TUPE rules applied (Transfer of Undertakings Protection of Employment) and, under these rules, it was not possible to take any action on staffing structures prior to 1 October as the Council would have been deemed to have breached TUPE regulations and would be open to challenge. It would also have been inappropriate to act in advance of the transfer as this would have given the wrong impression about the transparency of the process.
- 3.2.3 Immediately after the 1 October transfer date, a new senior management structure was developed, with three Chief Officer posts established covering the three distinct functions: Housing Management, Property and Contracts and Strategic Housing (the Housing Service senior management structure is set out in the Appendix to this report). One of the Chief Officer posts is being filled on a temporary basis, and the two others were filled via Members Employment Committee appointments which took place just prior to Christmas. At the same time, a number of the JNC level staff were able to be slotted into posts on the new structure, and JNC interviews also took place 13 January to fill some of the remaining vacancies. The majority of the senior officer structure is now filled, with only 3 JNC 45% vacancies yet to fill (these will be dealt with through the Council's usual procedures).
- 3.2.4 This revised senior management structure takes out 11 JNC posts from the original ALMO management structures, representing a saving of around £600k, which already takes us a significant way towards the minimum savings estimate of £1.4m. Given that this is the first phase of a change that involves over 1,000 staff, there is reason to believe that the higher estimate of £2.4m should be achievable, but we will not know the exact levels of savings until detailed structural arrangements have been formulated – see para 3.2.6 below.
- 3.2.5 An important driver for the Review was the extent to which any changes could deliver financial savings in back officer or overhead costs. Work is being done by colleagues in HR and Finance to integrate support services into the Council, and other functions such as governance, performance management and communications are also being reviewed and integrated into the Directorate/Council. Given that there are no longer three separate organisations to support and that there are possibilities to streamline services and delayer management structures, it is anticipated that a significant proportion of the staffing savings will come from this process. Since the decision to integrate the former ALMOs into the Council was taken, a recruitment freeze was imposed on the ABCL while restructure proposals were being developed. This has led to a saving of around £400k against current budgets.
- 3.2.6 In parallel to this (i.e. in advance of structures having been agreed), work has been done to look at the functions and start to identify the models of operation

that will deliver the best outcomes. Work has been done to engage with staff from across Housing services and other parts of the directorate and Council to examine existing arrangements and identify best practice, and the outcomes of this activity are now being used to inform new structure proposals for each of the functions. Chief Officers have been asked to bring forward detailed structure proposals for their functional areas by end January. At this point it will be possible to do a more accurate forecast of savings.

- 3.2.7 This functional review work has also identified opportunities to integrate former ALMO functions with other parts of the Directorate and the Council (for example environmental teams) which should help to deliver more effective services as well as achieve further efficiencies.
- 3.2.8 In addition, it has been possible to realise ALMO reserves totalling £4.4m, and these are now being injected into the Capital Programme for use across the city to implement improvements for council tenants. There is a possibility that this may be higher once final costs are calculated. This is in addition to around £11.3m of further ALMO reserves which had already been identified to be returned to the Council to be redistributed. A further £8m of ALMO reserves has been allocated for existing works within the three former ALMO areas.
- 3.2.9 Additional savings of around £500k will accrue from the removal of the costs associated with maintaining three separate companies (for example payment of corporation tax), as well as savings in no longer requiring a client-side function. These savings will be delivered in the 2014/15 financial year once the ALMO companies are wound up and accounts closed.
- 3.2.10 Many of these savings are still indicative and are dependent on the final structures produced by Chief Officers in the next few weeks, but we are optimistic that implementation of the review will deliver savings towards the higher end of the range identified in the June Executive Board report. Immediate savings of £1.5m have already been built into the budgets for 2014/15, offset by costs associated with pay protection, ELI payments etc. in the first year. The remaining savings will be delivered over the next two years as structures are fully implemented.

3.3 Next Steps

- 3.3.11 As indicated in para 3.2.6 above, detailed structures are to be developed by Chief Officers by the end of January. A set of principles have been developed and these, together with a timetable for consulting with staff and finalising arrangements for implementing the structures, have been agreed with the trades unions. A detailed implementation plan is being developed and this will be agreed at the point that structures are finalised.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.12 Staff have been fully engaged in the development of the Housing Management Review through regular communications, staff briefings and key messages that have been issued through a range of media.
- 4.1.13 A Joint Consultative Committee has been established with the Trades Unions that will deal solely with matters connected with the implementation of the Housing Management Review.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 This is not a decision-making report and as such there is no need for an EIA screening document to be completed.
- 4.2.2 It is recognised that failure to deliver the changes quickly and effectively could have a negative impact on service performance and affect the delivery of equality and diversity/cohesion and integration. To date, indications are that performance levels are being maintained, but these will be closely monitored throughout the implementation and bedding-in period.

4.3 Council policies and City Priorities

- 4.3.1 The changes are being delivered in line with the Council's policies and procedures and are designed to deliver an improved and more cost effective Housing service across the city. Delivery of the Review is a specific priority within the Best Council Business Plan.

4.4 Resources and value for money

- 4.4.1 One of the outcomes of the return to the Council of the Housing service is the reduction in duplication of roles, and the details given in Section 3 above set out real and potential savings. Future service design and structural arrangements will maximise opportunities to take out duplications and streamline/optimize service delivery, allowing funds saved to be used to deliver an improved service for council tenants.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Legal Services have been fully involved in the process for the closure of ALMO companies and this process is being dealt with in accordance with Company Law.
- 4.5.2 All contracts and liabilities held by the ALMOs are being transferred to the Council, although the major contracts such as repairs and maintenance are already in the Council's name.
- 4.5.3 The original Executive Board decision was subject to call in.

4.6 Risk Management

- 4.6.1 A Programme Board chaired by the Director of Environment and Housing is in place and programme activity is being delivered via a number of work streams. Governance arrangements exist to deliver the changes and manage any

associated risks. Regular reports will be taken to Housing Advisory Board which is chaired by the Executive Member for Neighbourhoods, Planning and Support Services.

5 Conclusions

- 5.1 This report sets out the work that has been done within the legal constraints of TUPE to bring the staff of the former ALMOs back into the Council on 1 October 2013, and to develop new structural arrangements designed around three functional areas. It provides details of the progress that has been made since 1 October to appoint to senior posts, and to develop service structures and models of operation that are based on best practice and deliver efficiencies that can be used to provide better front-line services to council tenants.
- 5.2 It identifies the corresponding staffing savings that are being achieved to date and the prospect for further savings as new structural arrangements are rolled out.
- 5.3 It also identifies other savings that have been possible as a result of the dissolution of the ALMO companies and the capitalisation of reserves.

6 Recommendations

- 6.1 Housing Advisory Board members are invited to note the progress being made to deliver the outcomes of the Housing Management Review.

7 Background documents¹

- 7.1 Appendix 1: Housing Leeds Senior Management Structure.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.