

Report of Director of Environment and Housing

Report to Executive Board

Date: 5th March 2014

Subject: Implementation of the Review of Housing Management Services and Next Steps

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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input 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 in July 2013 set out the implementation arrangements and the governance structures that were to be put in place.
2. Following these decisions, arrangements were made to implement the changes, including integrating staff into the Council, disbanding the ALMO Boards and taking steps to wind up the companies, and creating a Shadow Housing Advisory Board as a forerunner to the new Housing Advisory Board that has now been formally constituted. A Programme Board was also established to manage the delivery of the implementation programme, covering a number of work streams. Structural arrangements were also developed covering three functional lines: Housing Management, Property and Contracts and Strategic Housing.. Chief Officers were appointed just before Christmas to head up these functions. A new JNC structure was appointed to in January. Detailed staffing structures are now being consulted upon.
3. Alongside these structural changes, work has been undertaken to review existing delivery arrangements across the former ALMO areas and identify best practice that can be delivered consistently for all tenants, whilst taking account of local needs. Staff from across the new Housing Leeds Service have been engaged in workshops to capture ideas and explore options for the development of new operating models. A locality focus will be retained within the Housing Management function, with the

development of three delivery wedges that are linked to Area Committee boundaries. This will strengthen relationships and facilitate closer working with local ward members and Area Committees.

4. Work has also been done to integrate key business support functions into the Council, and other support functions such as governance, performance management and communications are being aligned to arrangements that already exist within the Environment and Housing Directorate or the Council.
5. Considerable revenue savings have already accrued or are due to be delivered from the actions taken to date, including £600k savings on senior manager costs, £500k associated with the dissolution of the three companies, £400k from the freezing of vacancies in the business support functions. Further savings are anticipated and will be confirmed when detailed structures are agreed. It has also been possible to realise ALMO reserves - £6.4m has already been injected into the Capital Programme, on top of £8m already identified for existing capital works within the three former ALMO areas, and a further £11.3m has already been identified to be returned to the Council for redistribution.
6. Within the Property and Contracts function, work has been undertaken to develop a capital programme for 2014/15 in accordance with the priorities agreed by Executive Board on 6 November 2013. The proposed capital programme was considered by the new Housing Advisory Board at its inaugural meeting on 28th February, and it was agreed to endorse the programme for recommendation to the Executive Board (the HRA Capital Programme was subsequently approved by Executive Board as part of the Council Budget decision on 14th February 2014). These proposals recognise that the Government's decency standard is now no longer the sole driver for investment and that there is an opportunity to review the criteria for investment linked to other factors that make a real difference to housing conditions for Leeds tenants, particularly thermal efficiency. This paper therefore signals a proposal to move away from the Government's decency standard towards a new Leeds Housing Standard which gives thermal efficiency more prominence.
7. A series of further reports are planned over a course of the coming year which will set out a new direction for the service.

Recommendations

8. Members of the Executive Board are recommended to:
9. Note the progress that is being made to deliver the outcomes of the Housing Management Review, and the savings that have already been accrued or are forecasted to accrue as the implementation programme progresses
10. Recognise that the Government's decent homes standard is no longer the sole investment driver and request the Director of Neighbourhood and Housing to undertake work to develop a new housing standard for Leeds which takes account of improvement priorities for tenants, particularly around thermal efficiency

1 Purpose of this report

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

1.2 The report also requests approval to the Housing Advisory Board's proposal that the Council moves away from the Government's decent homes standard towards the development of a Leeds Housing Standard which gives thermal efficiency more prominence.

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 in July 2013 set out the implementation arrangements and governance structures that were to be put in place.

2.2 This involved:

- transferring over 1,000 staff into the Council under TUPE rules (Transfer of Undertakings Protection of Employment) and winding up the ALMO companies;
- creating a Shadow Housing Advisory Board to fulfil the legal role of the former ALMO Boards during the winding up process ;
- creating a Housing Management Review Implementation Board to manage the implementation of Housing Review outcomes;
- amending officer delegations to include previous ALMO functions under the Directorate of Environment and Housing;
- redesigning the service across functional lines and developing and appointing to a senior management structure as a first phase,
- reviewing and realigning former ALMO business support functions delivered by the ABCL with those within the directorate and the Council,
- amending the officer delegations to include previous ALMO functions under the Directorate of Environment and Housing.

2.3 The information included in 3.1 below provides an update to the Executive Board on this programme of work, and also identifies revenue savings that are being delivered as well as the realisation of ALMO reserves which is creating capacity for further investment in Council housing stock.

2.4 The Council House investment programme has historically been driven by the need to achieve the Government's Housing Decency Standard. However, following the end of decency funding and the shift to self-financing, the Council is free to develop its own standards. The information included in 3.2 below sets out the background to the recommendation being made by the Housing Advisory

Board to ask the Director of Neighbourhoods and Housing to look at the development of a Housing Standard for Leeds, in order to reflect important priorities for Leeds tenants, particularly around thermal efficiency which have previously not been reflected.

3 Main issues

3.1 Update on the Housing Review Implementation Programme

- 3.1.1 ALMO staff were transferred into the Council on 1 October 2013 and the ALMO Boards were 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.
- 3.1.2 TUPE rules applied and so it was not possible to develop any detailed staffing structures prior to 1 October as the Council would have been deemed to have breached TUPE regulations and would be open to challenge. A general proposal was put to the Shadow Housing Advisory Board by the Director of Environment and Housing on 5th September 2013 to organise the service under three functional areas: Housing Management, Property and Contracts, and Strategic Housing. This was agreed by the Board and, immediately after the 1 October transfer date, a senior management structure was developed, to be headed up by three Chief Officers. Appointments to these posts were made before Christmas, along with the majority of JNC level posts in January (there are only 3 JNC 45% vacancies yet to fill). The senior management structure is provided as an Appendix to this report.
- 3.1.3 This revised senior management structure takes out 11 JNC posts from 24 in the original ALMO and Strategic Landlord management structures, representing a saving of around £600k p.a. An important driver for the Review was the extent to which any changes could deliver financial savings in back office or overhead costs. Work is being done by colleagues in HR and Finance to integrate these support services into the Council, and other functions such as governance, performance management and communications are also being reviewed to determine how these functions might be best delivered within wider directorate and Council arrangements. 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. Together, these form a significant proportion of the original minimum savings estimate of £1.4m.
- 3.1.4 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. Steps have been taken to engage with staff from across Housing services and other parts of the directorate and Council to examine existing arrangements and identify best practice. The outcomes of this activity are now being used to inform new structure proposals for each of the functions.

- 3.1.5 This functional review work has also identified opportunities to make some minor changes to boundaries to align with those of partners e.g. the new West Yorkshire Police Division, and to integrate former ALMO functions with other parts of the Directorate and the Council, which should help to deliver more effective services. For example, Estate Caretakers, previously employed by the ALMOs will become part of broader Environmental Action teams. The proposed structures sweep away distinctions between staff working on HRA and land supported through the general fund, to create a more flexible workforce which deals with environmental issues in the round.
- 3.1.6 In addition, it has been possible to realise ALMO reserves totalling £6.4m (a recent increase from £4.4m due to unspent earmarked sums and the reassignment of appropriate spending relating to Welfare Reform to the HRA). These are now being injected into the Capital Programme for use across the city to implement improvements for Council tenants, and 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 for redistribution. A further £8m of ALMO reserves has been allocated for existing works within the three former ALMO areas.
- 3.1.7 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.
- 3.1.8 Many of these savings are still indicative and are dependent on the final structures produced by Chief Officers in the next few weeks, but there is a degree of optimism that implementation of the review will deliver the higher estimate of £2.4m savings outlined 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.

3.2 Towards a Leeds Housing Standard

- 3.2.1 At their meeting on 28th January 2013, the Housing Advisory Board considered the proposed HRA Capital Programme 2014/15 and agreed to recommend this to Executive Board (this formed part of the 2014/15 budget proposals approved by Executive Board on 14 February 2014). In addition, they considered a proposal to move away from the Government's Decent Homes Standard and develop a Leeds Housing Standard that would take account of the need to give energy efficiency more prominence.
- 3.2.2 At the end of the Decent Homes programme, over 96% of the Council's housing stock met the Government's Decent Homes Standard. Nationally, the position was that Councils were deemed to have met the Standard if more than 90% of their stock complied with the requirements. For the future, an assessment is made annually over a five year time frame of the components that will need to be checked to ensure that they continue to meet the Standard. Those components

that are confirmed through surveys to have failed have been programmed in to investment plans for 2014/15.

- 3.2.3 Post Decency, it has been identified that major investment is needed to particular types of properties that have structural or thermal efficiency issues. The Council owns and manages 121 multi-storey blocks, 3647 low/medium rise flat blocks, 5228 non-traditional build homes (PRC and System build properties) and 1596 back to back properties (including properties in the PFI areas). These 'hard to treat' properties have had Decent Homes Standard investment, but this has not always addressed structural or 'liveability' issues. As an example, the Council has many properties that only have 'partial' central heating. This usually comprises heating to the living rooms, but not the bedrooms. Whilst it meets the Decent Homes Standard as controllable heating is provided in two or more rooms, it is often inadequate. The City also has a lot of properties that have single glazed windows installed, mainly in the 1970s before double glazing became the norm. Whilst these windows also meet the Decent Homes Standard, their combination with partial heating almost often results in issues with condensation and black mould in unheated rooms.
- 3.2.4 The increase in fuel prices which will result in increased fuel poverty, together with the liveability issues outlined above, points to the need to give thermal efficiency greater priority for future investment in the stock.
- 3.2.5 The Housing Advisory Board agreed to recommend to Executive Board that the Director of Environment and Housing be asked to explore the possibility of a move away from the Government's Standard and develop a Leeds Housing Standard that better reflects local investment requirements that will deliver better housing conditions for tenants, particularly in relation to thermal efficiency.

3.3 Looking to the Future: Meeting the City's Future Housing Needs

- 3.3.1 The paper has set out progress on the structural changes and financial savings resulting from the movement of housing management back into the Council. During the course of the year there are further pieces of work to be done to set out a new direction for the service. Utilising the Housing Revenue Account's borrowing capacity and right to buy receipts, the Council can make an important contribution to new housing, setting a standard for affordable housing in the city. As is important, the Council has the opportunity to refresh its relationship with tenants, putting them at the centre of service developments. At a time when the Council's stock represents 18% of the city's housing properties, it is important to think again about its role in the city, who it is there for and whose needs can be met.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 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. A Joint Consultative Committee has

also been established with the Trades Unions that will deal solely with matters connected with the implementation of the Housing Management Review.

- 4.1.2 The Executive Board, on the recommendation of the Housing Advisory Board, is being asked to make a decision in principle to explore the possibility of introducing changes to the housing standard currently applied to Leeds Council properties, and in particular to ensure that adequate consideration is given to thermal efficiency requirements. Further work would need to be done to develop a proposal for approval, which would be informed by the views of key stakeholders.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Executive Board members are being asked to note the progress being made with the implementation of the Housing Management Review and, as such, a decision is not being made. An Equality Impact Assessment screening was done at the time the decision was taken to commence delivery of the implementation programme, and it was determined that individual EIAs would be carried out on particular delivery aspects, as required.
- 4.2.2 However, it is recognised that failure to deliver the changes quickly and effectively could have a negative impact on service performance generally, which could in turn affect the delivery of equality and diversity/cohesion and integration. To date, the indications are that performance levels are being maintained, but these will be closely monitored throughout the implementation and bedding-in period.
- 4.2.3 In relation to the proposals to explore the development of a Leeds Housing Standard, EIAs will be undertaken as part of the development and review processes.

4.3 Council policies and City Priorities

- 4.3.1 In relation to the Housing Review Implementation Programme, 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 in the Best Council Business Plan under the objective of 'Ensuring High Quality Public Services'. It also contributes to the objective of 'Becoming an Efficient and Enterprising Council'.
- 4.3.2 In relation to the proposal to explore the development of a Leeds Housing Standard with thermal efficiency as a prominent feature, this would contribute to the delivery of the Health and Wellbeing Board's Housing Strategy, including a range of housing related indicators and wider health indicators. It also relates specifically to the city priority of 'increasing the number of properties improved with energy efficiency measures' and the Council Business Plan success measure 'joint delivery of 5,000 energy efficiency measures in Leeds per year'.

4.4 Resources and value for money

- 4.4.1 One of the major aims of the Housing Review implementation programme is to reduce duplication and streamline/integrate processes to deliver a more efficient Housing service to Leeds tenants. The details in section 3.1 demonstrate the real

and potential savings accruing from this work. Future service design and structural arrangements will build on this, allowing the funds saved to be used to deliver an improved service for Council tenants.

- 4.4.2 In relation to the development of a Leeds Housing Standard which addresses thermal efficiency issues, work is being done with the Sustainable Development Unit to maximise opportunities to access Green Deal/ECO (Energy Companies Obligation) funding to support investment to improve the energy efficiency of non-traditional Council house stock. This in turn will reduce the levels of HRA funding required to deliver these energy efficiency improvements to stock, which enables funding to be used for other improvement work.

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. 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. The original Executive Board decision to implement the outcomes of the Review was subject to call in.
- 4.5.2 The Government's Decency Standard is no longer the primary investment driver and the Council can develop its own investment criteria. The decision being recommended to Executive Board at this point is to ask the Director of Environment and Housing to commence the work to develop a Leeds Housing Standard and to present this to Executive Board in due course. The decision to do this is 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 the Housing Advisory Board which is chaired by the Executive Member for Neighbourhoods, Planning and Support Services.
- 4.6.2 Any risks associated with making changes to the housing standards applied to Leeds council houses would be considered as part of the development process.

5 Conclusions

- 5.1 The information at 3.1 of this report sets out the considerable work that has been undertaken to bring the staff of the former ALMOs 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 then to appoint to senior posts, and develop service structures and models of operation that are based on best practice and will deliver efficiencies and better front-line services to council tenants. 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, as well as savings that have been

possible as a result of the dissolution of the ALMO companies and the capitalisation of reserves.

- 5.2 It also puts forward a recommendation from the Housing Advisory Board to ask the Director of Environments and Housing to explore the possibility of developing a new Housing Standard for Leeds homes which gives thermal efficiency more prominence.

6 Recommendations

- 6.3 Executive Board members are invited to:

6.4 Note the considerable progress that is being made to deliver the outcomes of the Housing Management Review, and the savings that have already been accrued or are forecasted to accrue as the implementation programme progresses,

6.5 Recognise that the Government's decent homes standard is no longer the sole investment driver and request the Director of Neighbourhoods and Housing to undertake work to develop a new housing standard for Leeds which takes account of improvement priorities for tenants, particularly around thermal efficiency.

7 Background documents¹

- 7.1 none

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.

