

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Portfolio Holder Housing

16 September 2009

AUTHOR/S: Corporate Manager Affordable Homes

AFFORDABLE HOUSING REVIEW

Purpose

1. To provide the Portfolio holder for Housing with a summary of the actions taken to refocus the service delivery of Affordable Homes following the Housing Futures ballot result.
2. This is a key decision because;
 - It is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.
 - It is likely to be significant in terms of its effects on communities living or working in an area of the District comprising two or more wards

Background

3. The Housing Futures documentation identified that the option to retain council homes under the ownership of South Cambridgeshire District Council would require current service levels to be reviewed and cuts to be made.
4. The full reduction in capital expenditure is required by 2010/11 and has already been agreed by Council. The capital budget has therefore been reduced from its 2008/9 levels of £6.8M to the £2.9M from April 2010. The capital spending requirement identified by the most recent stock condition survey was at least £10M per year. By 2013/14 there will therefore be a cumulative net shortfall in spending since 2009/10 of at least £33M. The detailed cuts are identified in the Five Year Housing Maintenance Plan 2009/10 - 2013/14 and will be reviewed as part of the annual budget setting cycle and brought to Council.
5. The reduction in revenue expenditure is £500,000 required by 2011/12. This will enable the working balance of the HRA to be increased and sustained at £2M. The detail of the HRA Business Plan will be developed as part of the annual service planning cycle and reported to Council.
6. In addition to the cuts required to balance the HRA there are also external considerations that need to be taken into account in the review of Affordable Homes. The most significant issues are as follows:

Supporting People. The sheltered housing service is dependent upon around £600K of income from Supporting People (SP). The SP budget is administered by the County Council but now forms part of the wider LAA funding pot. From April 2010 the ring fence on this budget will be removed. Cuts in this budget are required by 2012/13 to avoid a projected overspend. In addition the SP team have indicated that the sheltered housing contract will be competitively tendered in the near future with a new focus on providing services with a floating support' model.

Tenant Services Authority (TSA). The TSA will take over responsibility for the regulation of council housing departments from April 2010. The TSA are currently the regulatory body for housing associations having taken over from the Housing Corporation in that role in 2009. New service standards are still being devised by the TSA but it is anticipated that they will provide a more direct and challenging regulation function to that the council sector currently experiences from the CLG. This will place fresh demands upon the Council to ensure that service standards are maintained. The TSA has the power to order an Audit Commission inspection at short notice.

Considerations

7. The key objectives of the Affordable Housing review are:
 - To bring expenditure in line with available income and ensure that the HRA can remain balanced for the foreseeable future with an appropriate level of prudent balances.
 - To redesign the housing service to achieve maximum efficiency and value for money
 - To identify new ways of working that will seek to meet the aims and objectives of the Council, the regulatory requirements of the TSA (from April 2010) and the aspirations of the tenants whilst acknowledging the limited funds available
 - To identify the potential impact on the General Fund
8. The work has been divided into a number of linked themes as follows:
 - Responsive repairs contract
 - Sheltered Housing
 - Capital programme
 - Housing Management reorganisation
 - Asset management
 - Rents & Income maximisation
 - Tenant engagement
 - IT review
9. **Responsive repairs contract**
 - (a) The responsive repairs work is currently undertaken by the Council's own Direct Labour Organisation (DLO) for 2/3 of the district with Cambridge City Services providing the service to the other 1/3.
 - (b) The contract is now due to be competitively tendered. If the DLO fail to win the tender then those staff would be transferred to the winning contractor and the Council would lose its in house team.
 - (c) Work has been undertaken to explore the options available to the Council and these are reported below.

10. **Sheltered Housing**

- (a) In 2008/09 there was cross subsidy from the HRA to sheltered housing of around £600K. In order to achieve the overall savings required within the HRA this subsidy needs to be reduced significantly.
- (b) The anticipated re tendering of the SP contract will also require the service to be structured in a way that will be able to win a competitive tender. This will mean reducing overall costs and building in flexibility to offer a 'floating support' model of service that is able to be targeted at those individuals in most need across tenure and not just those living in designated sheltered schemes.
- (c) Work has been undertaken to explore the options available to the Council and these are reported below.

11. **Capital programme**

- (a) Whilst the capital cuts required are already detailed within the Five Year Housing Maintenance Plan, there is a corresponding need to reduce the staffing levels supported by the capital programme. This means a reduction in the numbers of staff within the Property Services team.
- (b) Work has been undertaken to explore the options available to the Council and these are reported below.

12. **Housing Management reorganisation**

- (a) As reported during the Housing Futures process following the review by an independent consultant, the staffing levels within housing management are already very close to the minimum level that would support a full service. Non staffing cuts have therefore been considered including a reduction in the grounds maintenance budget which will be reported separately to the Portfolio Holder for a decision.
- (b) The focus for housing management is therefore on restructuring this part of the service to ensure that the needs of tenants and the requirements of the TSA can best be met. This will require Cabinet to agree to the deletion of some existing posts and the creation of some new posts.

13. **Asset management**

- (a) The reduction in money available to the capital programme requires a fresh approach to asset management. A separate paper will be presented to the Portfolio Holder in the near future. Particular attention needs to be given to the sale and buy back of equity share for the elderly properties. Legal advice is currently being obtained on the options open to the Council.
- (b) In the interim period the Corporate Manager will bring forward requests to dispose of individual properties as they arise.

14. **Rents & Income maximisation**

- (a) Whilst rents levels are in essence set by central Government a review of all service charges is being undertaken. Consideration will also be given to more efficient recovery of recharges required by the current tenancy agreement. A review of Council garages has also been started to identify if there are any options for increasing the income stream from their rents.

15. **Tenant engagement**

- (a) The Tenant Participation Service (TPAS) have been approached and asked to carry out a tenant participation 'health check'. The action plan that emerges for this would enable the Council to achieve TPAS accreditation if resources allow and will be an important step towards meeting the TSA requirement for tenant participation. These feature as a significant part of the TSA standards.

16. **IT Review**

- (a) A report by independent consultants in 2008 identified a number of weaknesses in the current IT set up for housing. To improve the efficiency of the service operation and to minimise the risk of data errors a complete refresh of the IT system is required. This work has now begun and will be a significant T project for the Council over the next 12 - 15 months.

Options

17. **Responsive repairs contract**

- The Council's current position of requiring the responsive repairs contract to be competitively tendered carries a high risk of losing the DLO. This will impact upon levels of tenant satisfaction and upon the Councils' General Fund finances.
- A consultant report from 2006 recommend that the responsive repairs work could be awarded in house. As long as suitably robust performance and productivity measure were put in place this could provide the best outcomes for both tenants and the Council. A business plan is currently being prepared to demonstrate whether or not this option is financially viable.
- A further consideration is that the market for supplying responsive repairs service is unstable at present with one of the key private sector suppliers recently closing down.
- A proposal is being developed to give the Council the option of not tendering the responsive repairs contract and giving the DLO a 3-5 year period to prove that it can meet the business plan objectives.

18. **Sheltered housing**

- A proposal for the restructuring of the sheltered housing service is being prepared which will contain a number of elements:
 - (i) The establishment of two floating support teams providing housing support to these elderly people in most need. This represents a move away from the current scheme based sheltered housing officer structure.
 - (ii) The expansion of the assistive technology team to develop the use of community lifelines and other technical support systems
 - (iii) The establishment of a new community development team to work with tenants groups and facelift social and other activities in the communal rooms
 - (iv) The development of a programme of extra care schemes in partnership with housing also\additions, the PCT, Cambridgeshire County Council and Supporting People. These will meet the needs of those people with higher levels of need.

- (v) The possible retention of a network of sheltered housing schemes with a nominated sheltered housing officer.

- Overall this is likely to result in the loss of around 10 posts and may involve some redundancies.

19. **Capital programme**

- The Property Services team will be restructures to take account of the reduced resources now available to support this team. This will result in the loss of three posts and may involve some redundancies.

Implications

20. Financial	The proposed changes will achieve savings to the HRA and General Fund. There may be some redundancy costs that will have to be borne by the Council.
Legal	None,
Staffing	Significant changes tot he staffing structure within Affordable Homes
Risk Management	The staff
Equal Opportunities	Staffing changes need to have regard to equal opportunity issues as do any proposed changes to service delivery

Consultations

21. Tenants and residents were consulted throughout the Housing Futures process on the implications of a vote to retain the ownership of council homes with the Council. Further consultation exercises have been held with residents in the leaseholder forum and the sheltered housing forums with regard to he proposed changes in sheltered housing. There have been a number of staff workshops exploring the Affordable Homes Review.

22. Effect on Strategic Aims

23.	Commitment to being a listening council, providing first class services accessible to all.
	The proposed changes are designed to maximise efficiency and limit the negative impacts of any cuts. However it is inescapable that the inescapable available to run the housing service is being reduced and this may have an impact on the Councils ability to offer a good quality service.
	Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.
	Health & safety issue will not be compromised by any of the proposed changes
	Commitment to making South Cambridgeshire a place in which residents can feel proud to live.
	The proposed changes are designed to maximise efficiency and limit the negative impacts of any cuts. However it is inescapable that the budget available to run the housing service is being reduced and this may have an impact on the Councils ability to offer a good quality service a may impact upon residents perception of South Cambridgeshire
	Commitment to assisting provision for local jobs for all.
	N/A

Commitment to providing a voice for rural life.
N/A

Conclusions/Summary

24. The review of Affordable Homes is a complex project with a number of related strands. This report summarises some of the key work undertaken so far and will be developed into a more detailed report that can be reported to Cabinet in October 2009. The Cabinet report will be seeking the Council's permission to delete some current posts and create some new posts. The overall number of staff employed will reduce and there will be a number of staff at risk of redundancy.
25. Separate reports will be brought forward during 2009/10 to take forward issues such as the new Asset Management policy. Further work will be embedded within the Affordable Homes Service Plan for 2010/11.

Recommendations

The report is for information only at this stage. A report detailing the decision required is being prepared for Cabinet in October 2009.

Contact Officer: Stephen Hills
Telephone: (01954) 713412