

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet

14 January 2010

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AFFORDABLE HOMES PROPERTY SERVICES RESTRUCTURE

Purpose

1. To seek the recommendation of Cabinet to Council to grant the Chief Executive the authority to approve expenditure outside of budgetary provision in order to undertake the restructuring agreed by Cabinet on 12 November 2009.
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.

Background

3. The Housing Futures project 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. This was made clear in the formal Offer Document issued to tenants prior to the ballot and examples of likely reductions in services, improvements, repairs and staffing were listed to enable tenants to make an informed choice.
4. A reduction in capital expenditure is required by 2010/11 and has already been agreed by Council as part of the 2009/10 estimate process. The budget for major repairs and improvements has been reduced from its 2008/9 level of £6.8M to £2.9M per annum from April 2010.
5. As a consequence of the reduced capital programme 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 and a restructuring of that team.

Considerations

6. On 12 November 2009, Cabinet agreed the restructuring proposals for the sheltered housing service. A report went on to full Council on 26 November 2009 to seek authority for the Chief Executive to meet any subsequent redundancy costs that were outside of the budget.
7. At full Council on 26 November this authority was not approved. A wide-ranging debate was held during which concerns were expressed particularly about the impact of the proposed savings on the sheltered housing service.
8. Since the November report, the Council has also received the draft HRA Determination for 2010/11 and this has been taken into account when reviewing the staffing level of the new structure.

9. Concern was also expressed by the trade unions that some staff pensions might be adversely affected if redundancies were to take place after 31 March 2010. The proposal has therefore been revised to allow for earlier redundancies where this is appropriate.

Options

10. Cabinet has agreed that the Property Services team be restructured to take account of the reduced resources now available to support this team, as some of the time of the team is allocated to the capital programme. The restructure is designed to reduce the operational costs whilst maximising the efficiency and effectiveness of this team.
11. A total of six staff (all project managers) would be potentially at risk of redundancy and it is anticipated that there could be up to two redundancies. The redundancies would not need to take effect until 2011, as there is a funded project that will support two posts during 2010/11 if the officers wish to take up these posts. The options for earlier voluntary redundancies, however, will be explored.
12. The cost of the current property Services staff structure is £870,000 per year. The new structure will reduce that cost to £680,000 per year making a total saving of £190,000, £150,000 of which is for the HRA and £40,000 for the capital programme.

Implications

13. Financial	The new structure will ensure that the Council has a staffing base commensurate with the new level of capital programme. The key financial implications are set out in the main body of the report. The reduction to the Staffing Establishment will incur redundancy and early retirement costs, which will initially offset the gross savings. It is not possible to be precise about the amount required until individual posts and employees have been identified for this purpose.
Legal	The power to carry out duties relating to the employment and terms and conditions of staff is a non-executive function under the terms of the Local Authorities (Functions and Responsibilities) (England) Regulations 2001, which cannot be exercised by the Cabinet. The Chief Executive has full delegated power within the constitution for all matters relating to the Staffing Establishment subject to budget. Cabinet is requested to recommend to Council that funding be made available to meet the costs of redundancies and early retirement arising from the savings proposals.
Staffing	The report proposes significant changes to the staffing structure within the Affordable Homes Property Services team with the deletion of nine of posts and the creation of six new posts. Proposals in respect of staffing redundancies will be subject to the statutory notification and consultation periods, which will be adhered to.

Risk Management	The new structure will also ensure that the Council is able to maximise the efficiency and effectiveness of its asset management role. There is a serious risk to the Council if the financial savings required are not achieved. These include: Further reductions in services to tenants beyond those already identified Adverse judgements from auditors if GF/HRA disciplines are not complied with Intervention by regulatory authorities.
Equal Opportunities	Staffing changes need to have regard to equal opportunity issues as do any proposed changes to service delivery

Consultations

14. 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 Tenant Participation Group, the Leaseholder Forum and the Sheltered Housing Forums.
15. There have been a number of staff meetings exploring the issues contained within this report and there have been meetings with the trade unions.

Effect on Strategic Aims

16.	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 budget available to run the housing service is being reduced and this may have an impact on the Council's ability to offer the highest quality service.
	Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all. Health and Safety issues 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. N/A
	Commitment to assisting provision for local jobs for all. N/A
	Commitment to providing a voice for rural life. N/A

Conclusions / Summary

17. Cabinet agreed on 12 November 2009 to delete ten current posts and create six new posts within the Affordable Homes Property Services team. There is therefore a net loss of four posts with one post being frozen. The overall staffing savings achieved will total approximately £190,000 per year at current prices.

18. The overall number of staff employed will reduce and there will be a number of staff at risk of redundancy. It is anticipated that there will be around two redundancies. The potential costs of redundancy is unlikely to exceed £70,000.

Recommendation

19. It is recommended that Cabinet:
- (a) approve that sympathetic consideration be given to those staff seeking redundancy before 31 March 2010, including pay in lieu of notice; and
 - (b) recommend to Council that the Council authorises the Chief Executive, in consultation with the Leader of the Council and the Finance and Staffing Portfolio Holder, to approve expenditure, outside of the budgetary provision, to meet the costs of any redundancies and/or early retirements brought about as a consequence the restructuring agreed by Cabinet on 14 January 2010.

Background Papers: Housing Restructuring report to Cabinet 12/11/09

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