

Future Tandridge Programme Housing Committee - Service Review Update

Tuesday, 4 October 2022

Report of: Chief Executive

Purpose: For information

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Wards affected: All

Executive summary:

As part of the Future Tandridge Programme ('FTP'), each service has undergone a robust service review to consider opportunities for service improvement, the potential for services to be delivered through a different delivery model and to identify savings needed to address the Council's significant budget gap in 2023/24.

This report sets out progress to-date for the services within the scope of the Housing Committee. Members are asked to note the progress of both the Housing Statutory and Housing Landlord service reviews which is detailed in Appendix A.

An options appraisal has been undertaken to help us further understand the possibilities for delivering our housing management services in a different way, to realise efficiencies and deliver an improved customer experience, more details can be found in Appendix B.

The Housing repairs and maintenance service review has been undertaken as part of the Operational Services review and is included in the report to the Community Services Committee (8th September). The budget for this service is however within the Housing Committee.

Where new savings opportunities for 2023/24 have been identified, these will be included in the overall assessment of the budget position for 2023/24. These are however still subject to further detailed analysis, consideration and formal approval as part of the budget setting process.

This report supports the Council's priority of: Building a better Council / Supporting economic recovery in Tandridge.

Contact officer David Ford (Chief Executive)

Recommendation to Committee:

1. To note the direction of travel for Housing Services as set out below:
2. Members are asked to note the progress of both the Housing Statutory and Housing Landlord service reviews outlined in Appendix A. This report outlines the work that has been undertaken in the service review and details the scope and findings for the two Housing areas - Housing Statutory Services and Housing Landlord services.

As detailed in Appendix B, a new structure and service improvement plan for the Housing Landlord Service is to be developed over the coming weeks. Emphasis will be given to setting a clear direction of travel for the service area, highlighting the need to collect meaningful, comparable data to ensure an accurate options appraisal in 12 months' time and a focus on resident engagement in accordance with the new Housing Reform Bill.

Appendix C sets out the comparable data we aim to collect during this time and provides performance indicators for a sector leading service. In addition to these, work will continue in relation to maximising income, co-designing processes with residents and stakeholder input and supporting the role out of the corporate Digital and IT strategy actions across all areas of housing.

3. To note that an update on the outcomes of the Housing restructure will be presented to the Housing Committee in September 2023.
 4. To note the direction of travel on the Housing repairs and maintenance service which is included within the scope of the Operational Services review.
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Reason for recommendation:

The Housing Services Service Review has highlighted areas for improvement including restructuring the team to ensure that Officers are focused on the right activities to bring about improved performance, whilst continuing to fulfil statutory obligations.

1.0 Background to Service Reviews

1.1 Financial context

It is also important to set the Service Reviews in the context of the financial gap that the Council faces going forward.

At the Strategy and Resources Committee on 30th June, a savings requirement of up to £2m was identified to meet the likely shortfall between income and projected expenditure.

There is a need for the Service Reviews to deliver a significant proportion of these savings and this report sets out the areas in which it is anticipated that this Committee will contribute to meeting that savings requirement in 2023/24. It is important to note that the financial position of the Council is continuing to evolve and, should current assumptions prove overly optimistic, further savings from services may need to be found.

An update on the budget position and overall financial outlook will be reported to the Strategy and Resources Committee on 29th September, including reference to the proposals and savings set out in this report, whilst also recognising that these are still subject to further detailed analysis and formal approval.

Final Committee consideration will take place in January 2023 leading to a final budget report to Strategy and Resources Committee on 31st January and Full Council on 9th February 2023.

1.2 Future Tandridge Programme

The overall aims of the FTP programme are to transform the operating model for the Council, to create a smaller, more strategic, agile and responsive organisation, with resources targeted at Council priorities and which is underpinned by a more business-like approach to the way that the Council operates.

A key part of the programme is consistent and rigorous review of all services which fundamentally challenges how and why the Council provides the services it does. It considers the demand for these services, the most appropriate delivery model, performance, cost and value for money. The focus is on identifying outcomes which support the longer-term operating model for the Council, balanced against short term opportunities to deliver the budgeted savings in 2022/23 and 2023/24.

A full progress update on the programme was reported to the Strategy and Resources Committee on 30th June. This report identified some key themes which, taken together, have implications for and will inform the future development of the future operating model for the Council and the way that services will be delivered.

1.3 A 'Commissioning Council'

Of particular note for this Committee is the emerging direction of travel for the Council to become a 'Commissioning Council'.

Commissioning is an established approach within and across the public sector. Essentially it is a structured process to assess needs (at a strategic,

operational and/or individual level), establish the resources available to meet those needs (both those available to the Council and more widely available through other partners) and to put in place the right delivery mechanisms to meet those needs.

Once delivery is underway, a cycle will involve evaluating and reviewing performance and taking corrective actions.

1.4 Implications for the Council

For the Council this means being clearer on the needs and requirements of its residents and service users, evaluating carefully what the contribution of the Council should be (alongside that of other partners), re-thinking the services it ought to provide, and taking a consistent approach to consideration of how best to deliver those services.

Whilst it does not mean outsourcing every service, it does mean a more objective and structured way of considering the most appropriate way for these to be delivered. In the current context however, it is likely to lead to more services being provided by third parties coupled with a stronger focus on what the Council can afford.

It is important to note that the Council is already a commissioner of services at an operational level (e.g. Waste Services through Biffa, Freedom Leisure). It is also a service provider in its own right, including for services which have been commissioned by other partners (e.g. the Wellbeing Service commissioned through the Clinical Commissioning Group).

The Housing Committee is also effectively commissioning the repairs & maintenance service internally from Operational services.

It is also evident from the Service Reviews that there are clear opportunities in some areas to commission services differently and more effectively. An example of this is Operational Services, where services are currently delivered through a mixture of third-party contracts, ad-hoc arrangements and in-house provision which, taken together, do not appear to represent best value for the Council or service users.

Looked at from a Council-wide perspective, commissioning arrangements have developed in an ad-hoc way over time without any overall guiding strategy, model or structured set of processes and standards to guide this. The consequence is that performance is patchy and there are gaps and weaknesses in areas such as:

- evidence to inform priorities and the way that services are provided
- performance metrics to support the evaluation of performance and the effectiveness of impact
- data to provide insight and improvement
- the lack of development of the core capabilities, skills, structure, mechanisms and disciplines necessary to be an effective commissioner of services.

Going forward, the Council will need to develop skills, mechanisms and capabilities in areas such as:

- client and contract management capability to drive performance and value from existing and new contracts and shared service arrangements.
- building evidence & knowledge
- specifying outcomes and/or services required
- developing influential partnerships and relationships with other partners and service providers to deliver outcomes.

2.0 Summary of Service Reviews

2.1 Housing Statutory and Housing Landlord Service

Service reviews have taken place in both Statutory Housing and the Housing Landlord Services, with the key lines of enquiry identified earlier in the reviews now being investigated to understand where there are savings and efficiencies opportunities. A subsequent review of Housing Services has looked at potential alternative delivery models and has considered how the teams should best be structured to deliver statutory services in the most efficient way.

The updates from the key lines of enquiry can be found in Appendix A. Findings from the review of the delivery model are detailed in Appendix B.

2.3 Overlaps with other service reviews

As part of the Digital and Customer Services reviews, improvements are proposed to the customer experience to ensure that queries are dealt with first time rather than creating further avoidable customer contact. This will have some impact on the future operating model for Housing Services.

As part of the Housing Review, it is proposed to transfer back services which are currently provided by the Localities team to Housing Officers.

Housing Repairs and Maintenance

The Housing repairs and maintenance service review has been undertaken as part of the Operational Services review and is included in the report to the Community Services Committee (8th September). The budget for this service is however within the Housing Committee.

In moving to a Commissioning Model, it will be for Housing Services to specify the requirements for their services currently provided by Operational Services. As such they will be closely engaged in the development of the Improvement Plan as it may impact Housing Services.

The Housing review identifies a twin track approach as set out below:

Internal Improvement programme - to initiate an internal improvement programme to deliver better service outcomes, achieve savings and mitigate operational risks and issues. This will include the redesign of Operations services, the development of service specifications and associated performance metrics, improvement in technology and an interim restructure of services

Market readiness preparation – to undertake early market engagement to assess the market readiness and appetite to deliver Operations services, in whole or in part.

Within this, there are two options under consideration for the future direction of the Housing repairs and maintenance service. These will be considered further as part of the early market engagement:

Option 1: developing a mixed economy for the delivery of housing repairs. This would involve creating an extended local supply chain of sub-contractors on longer term contracts to support the local economy and increased employment opportunities. This would then reduce the workload for the direct workforce, allowing it to be reduced in size

Option 2: seeking partner arrangements with local social landlord or other councils or outsourcers to piggyback on to their housing repair delivery arrangements to drive service improvements and economies for scale from a bigger and higher performing housing repairs service.

3.0. Comments of the Chief Finance Officer

The *2023/24 Budget Setting Process* report to Strategy & Resources committee on the 30th June 2022 set out optimistic, pessimistic and neutral scenarios for the 2023/24 budget. The report concluded that a range of savings of up to £2m will be required in 2023/24.

The scenarios included in the 30th June report were based on a range of assumptions around funding, reserves and inflation. These assumptions are in the process of being updated and the latest position will be reported to Strategy & Resources committee on the 29th September 2022. The continuation of high inflation is likely to mean that the savings requirement will be closer to the higher end of the range. Further savings may be required if funding does not match current projections, or inflation continues to escalate. Funding pressures are likely to remain across the Medium-Term from 2024/25 onwards.

This paper sets out the direction of travel for a set of services that has potential to contribute to the delivery of the savings required in 2023/24, subject to Member approval through the budget process. A savings requirement across the Council is inevitable and so maintaining the status quo is unlikely to be an option. Alongside the financial imperative is a desire to improve the services that the Council delivers to residents and to increase the overall value for money provided by the Council.

Investment will be required to deliver the savings and improvements set out here and across the wider Future Tandridge Programme. This investment will be funded corporately and so will be subject to further reports to Strategy & Resources committee setting out the quantum and expected return on investment.

4.0. Comments of the Head of Legal Services

The FTP is crucial in supporting the achievement of transformational change required to deliver major changes in the Council structure and how services

are delivered as well as the delivering budget savings in line with the Council's financial strategy. While there are no presenting legal implications arising from this report, it is likely that some of the projects included in the FTP of this Committee will have legal implications. Legal advice and support may be required to support and progress this work at the pace required.

Updates and relevant information for decision making purposes should continue to be brought to the respective Committee and or Full Council where required, as this work starts to evolve into firm proposals.

5.0 Equality

The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.

Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
- advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.

Officers will continue to monitor the impact of proposals and undertake an Equality Impact Assessment where this is found to be appropriate.

6.0 Climate Change

There are no direct impacts on environmental aspects in this budget report. Climate change implications will be assessed as part of any changes to Service provision through a business case process.

Appendices

Appendix A – Housing Services – Service Review update

Appendix B – Housing Services - Options paper

Appendix C – Key performance indicators – National standards

Appendix D – Glossary

Background papers

2022/23 overall S&R paper – 30th June 2022

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Appendix A – Housing Service Review update

1. Overview of existing service

For the purpose of this report, Housing is split into two service areas, Statutory Housing Services and Housing Landlord Services.

Services covered by Statutory Housing include, Housing Need and Homelessness, administration and management of Disabled Facilities Grants and Meadowside mobile home site. Private sector housing would usually be considered as a statutory housing function, however for the purpose of the Future Tandridge Programme it is being reviewed as part of the Regulatory service review due to the work currently being carried out as part of the Mole Valley Environmental Health shared service.

Services covered by the Housing Landlord service include, tenancy and estate management, income collection and sheltered housing. Community Surveyors and the Housing repairs service would ordinarily be considered as a Landlord service, however for the purpose of the Future Tandridge Programme they are being reviewed as part of the Operations and Asset Management service reviews respectively. Housing, as the main commissioning service area will have input into both service reviews and will work closely with colleagues from each area to ensure the best possible future operating model is achieved.

2. Scope and Approach

Officers have been undertaking work to develop and agree a scope for Housing's service reviews. To support this, several Key Lines of Enquiry have been developed and agreed by the Target Operating Model (TOM) Development Group, these include:

Statutory Housing Services

- KLE1: Review the potential for increased use of Government Homelessness Prevention Grant to offset legitimate General Fund costs such as salaries for the Housing Needs and Homelessness work area.
- KLE2: Commercial opportunities appraisal for Meadowside site for potential savings and income from sale. Consideration to be given to the purchase of the site by the Housing Revenue Account to aid management of the site, improve service for residents and provide a capital receipt to the Housing General Fund.
- KLE3 Review delivery of Disabled Facilities Grants (DFGs) and consider other delivery options.
- KLE4 Explore how the different IT systems can be linked to improve efficiency.
- KLE5 Review of team structure to ensure more effective set-up, bring about improved performance and continue to fulfil statutory obligations with regard to homelessness prevention, administration of a choice-based lettings scheme and administration of private sector DFG applications.
- KLE6 Consult with neighbouring Authorities with a view to increasing shared services beyond current arrangements.

- KLE7 Benchmarking of performance against other LA's to understand how we are performing in comparison to aid the development of new policy, process and future proof services.

Housing Revenue Account

- KLE1 Commissioning: Investigate outsourcing of the landlord service – potential models, opportunities and the business case for doing it.
- KLE2 Repairs and maintenance delivery model and options for alternatives and efficiency savings (implications and cross over with Operational Services review).
- KLE3 Consider including Council Housing Aids and Adaptations service with DFGs for Private Housing in potential shared service
- KLE4 Service Delivery: Restructure and deconstruction of Customer First model to create a delivery structure that is fit for purpose and meets the needs of customers and stakeholders.
- KLE5 Review of Orchard housing management system – Health check to be commissioned and actions/recommendations from that and implications/opportunities to be understood, and efficiencies identified.
- KLE6 Comprehensive review of process and procedures to identify more efficient ways of working, improving resident satisfaction and co designing processes to meet the current and future needs of residents.
- KLE7 Financial: Consider opportunities to increase income to HRA
- KLE8 Review of salary and other cost apportionment to HRA
- KLE9 Housing Development: Review new build plan and whether this can be accelerated to increase homes built to increase supply and support reduction in homelessness
- KLE10 In conjunction with the Assets workstream, lead discussions around the Community Surveyor team and service

3. Service Review Analysis

Statutory Housing Services

Four of the seven key lines of enquiry have been completed, these are KLE1, KLE3, KLE5 and KLE6.

KLE1 – Each year the Council receives approximately £300k in grant funds from central Government for the prevention of homelessness within the district. This is in accordance with the Homelessness Reduction Act 2017. This is a ringfenced grant, which can only be used for Homelessness prevention in accordance with the determination letter and

guidelines issued by the Government. This grant is predominantly used to fund prevention initiatives such as Next Step Housing, the shared outreach service and cover costs associated with bed and breakfast use. Salary costs are also deemed as legitimate spend in accordance with the grant guidelines. Any unspent grant money is likely needed to be returned to government.

Homelessness and use of bed and breakfast is low when compared to neighbouring authorities. This is due to a high emphasis being placed on prevention, connections with private landlords, use of temporary accommodation including the Hostel and the ability to utilise the Councils own housing stock.

Officers have forecast a saving of £150k to the Housing General Fund by offsetting salaries to this value for the financial year 2023/24. This relates to applicable costs of officers working on homelessness and prevention and is a legitimate use of the grant. Remaining money from the grant is committed to support the service meet the increasing demands of homelessness.

KLE3 – Disabled Facilities Grants (DFG) are designed to help people with disabilities to have the maximum amount of independence in their homes. They are available to owner-occupiers, tenants and landlords. They are mandatory up to a defined value for the following adaptations:

- Providing access to and from the home - for example, ramps, shallow steps, hardstanding's
- Making the home safe for the disabled person and others living in the house - such as guard rails and safety glass
- Providing access to the principal family room such as widening doorways
- Providing access to a bedroom such as a stairlift or extension
- Providing access to the lavatory - e.g. by altering bathroom layouts or providing specialist WCs
- Providing access to a bath or shower - e.g. by replacing a bath with a level access shower
- Providing access to a wash basin
- Enabling the disabled occupier to prepare and cook food - e.g. by providing low level kitchen units
- Improving or providing space heating or heating controls
- Enabling the disabled occupier to use and control power, light and heat - e.g. by altering the position of light switches and power sockets
- Enabling the disabled occupier to move around the home to care for another person - e.g. to enable a parent to care for a child.

Consideration was given to outsourcing this work activity to the Environmental Health shared service with Mole Valley District Council. During discussion, it became evident that this is not an area of work the shared service is able to facilitate and alternative options were then explored.

Salary costs for providing this service are currently £60k. Grant funding is provided to the Council in the form of Better Care Funding with strict guidance on how the grant can be spent. Guidelines advise that grant funds cannot cover salary costs for administration and approval of grants being made. However, grant funding can be used to offset salary costs for advice. This forms approximately 70% of Officers time and includes liaising with occupational therapists and other health and social care providers, working with the Home Improvement Agency to spec, cost and design the adaptations and liaising with the applicant about progress, timeframes and future needs. Grant funding is not currently used to offset these costs but has been calculated that a £42k saving to the Housing General Fund can be made by doing so. This recommendation has been approved by the Tandridge Operating Model Delivery Group.

In addition to this, the Councils Housing Landlord Service (Housing Revenue Account) has a duty to carry out aids and adaptations work within its own housing stock. An annual budget of £250k is set aside to complete these works which will range from minor adaptations such as installation of level access showers through to major projects involving extension of living space by way of property extension. These adaptations are carried out in accordance with the Councils Aids and Adaptations for Council Homes Policy.

This activity is currently managed by Community Surveyors who oversee the end to end process. This being from Occupational Therapist referral and specification of the work through to procurement and tender of the work and project management while the work is being undertaken. This approach provides very little in the way of value for money and is very resource intensive on the Community Surveying team, who would be best utilised ensuring compliance across the Councils housing stock and General Fund assets. Discussions have now commenced with the DFG Home Improvement Agency with a view to them providing services for both the private sector DFG and Council house aids and adaptations work. Benefits of this will ensure value for money due to economy of scale, better end to end process and customer service, management of a single contract for all aids and adaptations work and reduced need to tender individual schemes. Both the DFG and Council housing aids and adaptations work can be administered within the current £60k salary envelope. This will generate a further £18k saving to the Housing General Fund as costs will be covered by the Housing Revenue Account. This approach brings about a £60k saving to the Housing General Fund by way of £42k saving from Better Care Funding and £18k from Housing Revenue Account. Administration support will be provided within existing resource to support this activity. This recommendation has been approved by the Tandridge Operating Model Delivery Group.

Consideration is also being given to the Home Improvement Agency carrying out the service currently provided by the Councils Handyperson service. It supports residents with limited funds and access to trades with day to day routine repairs plus minor aids and adaptations work such as grabrails, ramps and key safes.

This service is currently funded three ways, customers not in receipt of means tested benefits paying for the work they receive, Better Care Funding and Housing Revenue Account contribution. Discussions are at an early stage and further information will be provided at November's Housing Committee.

KLE5 – Team structures have recently been reviewed following the senior management restructure and as part of the statutory housing service review. A new structure has been designed for the Housing Needs team. This team conduct services in relation to homelessness prevention and the administration of the Councils housing register in accordance with the Councils Housing Allocation Scheme. This team play a vital role in

supporting those at risk of homelessness find alternative accommodation before becoming homelessness. This is a proactive approach which limits the Councils use of bed and breakfast accommodation.

Administration of the Council's housing register also plays a key role in preventing homelessness within the district. Advertising vacant properties for both registered providers and the Council's own stock means empty properties are occupied by those most in need at the earliest opportunity.

The revised structure for this service area ensures Officers are assigned tasks and work in accordance with their skills, knowledge and experience. It also ensures that responsibilities are distributed in accordance with the salary grade at which they are paid. This will ensure clear lines of responsibility and accountability, ability to ensure effective performance management, better understanding for residents, Members and partners when escalating their concerns and ensures the team is structured in a way to meet the current and future needs of residents by assigning resource according to need.

In addition to creating a revised structure, data gathering, and monitoring will continue to be improved to ensure accurate benchmarking with other Local Authorities. This recommendation has been approved by the Tandridge Operating Model Delivery Group.

KLE6 – Shared services have formed an important part of service delivery for Housing in general over recent years. Several shared working arrangements are in place across the service including the private sector housing activity provided by Mole Valley District Council's Environmental Health team. Shared service arrangements are in place with Reigate and Banstead Borough Council and Mole Valley District Council to support the Syrian refugee and Afghan resettlement schemes as well as support for the Homes for Ukraine Scheme.

Shared services with neighbouring authorities have in the past been explored, for Housing Allocations via a sub-regional allocations scheme. This scheme was trialled for approximately three years and was decommissioned due to the low level of flexibility with partners being unable to meet local demand and need via a sub-regional scheme. Opportunities for shared services will continue to be considered and reviewed as the Council moves to become a commissioning authority.

Housing Revenue Account

One of the 10 key lines of enquiry have been completed, this is KLE8. There are currently five key lines of enquiry nearing completion, these are KLE1, KLE3, KLE4, KLE5 and KLE7.

KLE8 – The Housing Revenue Account (HRA) is a ring-fenced account held separately to the Council's General Fund that contains the income and expenditure relating to the management and maintenance of the Council's housing stock. Legislative features of a HRA state that credits and debits are prescribed by statute, there is no general discretion to breach the ring-fence and it cannot budget for a deficit.

An internal review into salary and corporate recharge apportionments has been undertaken by Officers to ensure accurate charges, based on work activity, are being made to the HRA in accordance with relevant legislation.

The review has identified approximately £400k of staffing costs for 2023/24 that need to be reallocated from the Council's HRA account to its General Fund as part of the budget process. This is likely to be partially offset by a review of recharges into the HRA to ensure that it is bearing its fair share of corporate costs. To meet this re-balancing, £150k has

been set aside as an indicative pressure within the emerging General Fund budget for 2023/24.

KLE1 – Work has recently been undertaken to consider the future delivery model and potential for outsourcing the management of the Councils Housing Stock. An options paper has been completed, as detailed in Appendix B. This paper considers several possible delivery options and highlights the challenges needing to be overcome to make a final decision.

This options paper was presented to the Tandridge Operating Model Delivery Group on Wednesday 24 August 2022. This group concluded that they were in favour of the recommendation within the paper which was:

Option 1b: Retain in house for now - allowing time for the implementation of a service improvement plan, including better data collection to measure our service delivery level, with a review after 12 months

Given this decision, a service improvement plan will be developed, performance indicators reviewed, and relevant data collected to enable meaningful benchmarking. Appendix C outlines what a sector leading service looks like.

KLE3 – As detailed within statutory housing KLE3, alternative delivery models have been considered for the management and administration of aids and adaptations work to the Council's housing stock.

Discussions are currently ongoing with the Home Improvement Agency for them to deliver this service in addition to the Private Sector DFG work. This will increase resource within the Community Surveying team to focus on compliance across the Council's housing stock and wider Council assets. At present a surveyor manages each request for adaptation, procures each contract and liaises with each applicant and their occupational therapist. Amalgamating the two services will ensure a single point contract to manage, value for money through economy of scale, reduced wait times for customers and a streamlined process managed in line with that of the private sector DFG works.

KLE4 – A revised structure for HRA services is currently being designed and socialised amongst the teams affected. This will include estates management, income management and sheltered housing.

KLE5 – Orchard Housing is the software package currently used by the Council to manage its housing and corporate asset stock. Orchard was introduced in 2017 and enables management of tenancies, rent accounts, repairs and assets.

As part of this service review a health check has recently been undertaken by MRI/ Orchard to check the status of our software, check parameters and functionality and make recommendations for systems improvements. Receipt of a costed final report is expected September 2022.

As part of the Council's wider digital and IT strategy exploration of other housing management platforms is underway. This work will form part of the wider Council digital transformation with Officers considering all options to ensure quality services are delivered to both tenants and leaseholders.

KLE7 – In November 2021 a full income review was undertaken by Officers and consideration given to ways of maximising income to the HRA. This included a review of collection processes, billing processes and cross cutting work between teams and external stakeholders. A series of improvements have been identified which will form part of the service improvement plan for the Housing area.

5. Risks

Statutory Housing Service (Housing General Fund)

- Government grant is significantly reduced on previous and current years, reducing the amount of grant that can be reasonably offset.
- Greater need for service area to utilise higher levels of grant funding to fund service area initiatives, reducing the amount of grant that can be reasonably offset.
- Increased use of Bed and Breakfast accommodation to meet increasing homelessness provision demands.
- Home Improvement Agency unable to accommodate the work required to support both the private sector DFG and Council homes aids and adaptations work.

Housing Landlord Service (Housing Revenue Account)

- Greater apportionment of salary cost needing to be funded by the General Fund.
- Non-compliance with financial regulations for HRA management if we do not address the apportionment.
- Inability to deliver statutory services in accordance with legislation if resource is reduced to much.

6. Recommendations

Members are asked to note the progress of both the Housing Statutory and Housing Landlord service reviews.

As detailed in Appendix B, a new structure and service improvement plan for the Housing Landlord Service is to be developed over the coming weeks. Emphasis will be given to setting a clear direction of travel for the service area, highlighting the need to collect meaningful, comparable data to ensure an accurate options appraisal in 12 months' time and a focus on resident engagement in accordance with the new Housing Reform Bill.

Appendix C sets out the comparable data we aim to collect during this time and provides performance indicators for a sector leading service.

In addition to these, work will continue in relation to maximising income, co designing processes with residents and stakeholder input and supporting the role out of the corporate Digital and IT strategy actions across all areas of housing.

Progress reports will be provided to this Committee throughout the year.

Appendix B – FTP Service reviews – Housing Options paper update

1. Executive Summary

This initial high-level options appraisal has been undertaken to help us further understand the possibilities for delivering our housing management services in a different way, in order to realise efficiencies and deliver an improved customer experience.

The options considered in this paper are:

- Option 1a: Do Nothing - Retain the housing management service in-house
- Option 1b: Retain in house for now - allowing time for the implementation of a service improvement plan, including better data collection to measure our service delivery level, with a review after 12 months
- Option 2: Outsource to a local housing provider
- Option 3: Outsource to a national/large regional provider
- Option 4: Shared service with other LA housing provider(s)

The recommendations being made are:

- To retain the housing management service in-house for the next 12 months, whilst implementing a service improvement plan, including data collection to measure service delivery levels.
- To revisit the service in 12 months' time (August 2023) and undertake a full review of the impact that the changes have had and compare the enhanced performance data to enable a clearer picture of: how we are performing; the costs of the service following the changes; and compare ourselves to other providers from a new foundation of confidence in our own data.
- The review findings be reported back to Housing Committee along with a refreshed Options Appraisal paper in September 2023, to allow for further consideration of the appropriate option to take forward at that point.

2. Background and Context

As part of the services review being carried out authority wide, one of the Key Lines of Enquiry for the HRA was to investigate the outsourcing of our landlord service including potential models, opportunities, and the business case for doing it.

This initial high level investigation has been undertaken to better understand the costs and benefits to the service and customers and whether efficiencies and service improvements can be delivered through partnering with another provider, to deliver housing management services on our behalf.

This appraisal is looking only at outsourcing of the housing management service. The HRA and housing stock would remain with Tandridge District Council (TDC) in all options considered. The Housing Revenue Account (HRA) is a ringfenced self-financing account used for the management of the Council's owned housing

stock. The costs of managing and maintaining properties, collecting rents, and meeting the cost of monies borrowed to pay for investment in the stock and the development or acquisition of new stock are all charged to the HRA. The rent and service charge income collected from tenants is used to meet these costs.

Services falling within the Housing Revenue Account (HRA)/landlord function include tenancy and estates management, rent accounting and collection, sheltered and older persons housing and property services/community surveyors.

The Council House Building Programme is funded through the HRA and delivered through the Asset Management Team.

HRA assets currently include 2580 tenanted properties of which: 2247 are general needs; 333 are Sheltered/older persons accommodation; there are an additional 654 leasehold properties; 675 garages; and a hostel with 15 rooms.

Housing services considered under this review include tenancy management and enforcement; rent collection; and estate and neighbourhood management.

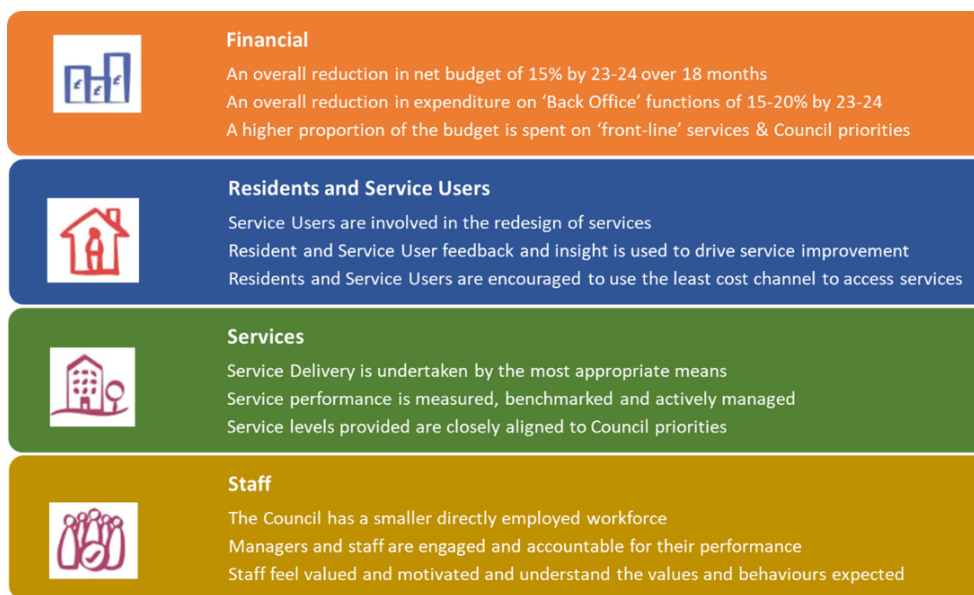
Considerations for this options appraisal:

- Key local issues: Budget constraints and the need to find savings for TDC and increase efficiency and effectiveness of the service
- TDC's track record of housing service delivery: We has a reasonable level of service delivery in relation to housing management and management of Council owned housing stock. A lack of data collection has resulted in us being unable to measure this. Very few complaints have been received in relation to these services. Satisfaction surveys have not been utilised by the department in the past and need to be completed to obtain a starting point for comparison.
- TDC's experience of working with third parties: Tandridge has examples of delivering shared services with other local authorities including housing services. We have quite a lot of experience across the council of outsourcing. This has been a mixed result, with some arrangements working more successfully than others. Where there have been issues, these have often resulted from poor contracting, poor specification or inadequate management of the contract
- Future considerations of service delivery: The Social Housing (Regulation) Bill is currently in the early stages of reading in Parliament. The Bill is intended to improve the regulation of social housing, strengthen social tenants' rights and ensure better quality, safer homes. This links to the Housing White paper: The charter for social housing residents: social housing white paper. The white paper is intended to deliver "transformational change" for social housing residents. It sets out measures to:
 - Ensure social housing is safe.
 - Make it easier to know how social landlords are performing, to increase transparency and accountability.
 - Ensure swift and effective complaint resolution.
 - Strengthen the consumer standards social landlords must meet and create a strong, proactive regime to enforce them.

- Empower residents to support them in engaging with and holding their landlords to account.
- Ensure good quality, decent homes, and neighbourhoods.
- Support tenants to buy a home of their own.

We do not currently have a robust track record either on resident engagement or gathering and sharing performance data. If this comes into law, then it will require a new approach and potentially a greater resource and focus. New anticipated regulations are likely to enforce the recording of statutory performance indicators across the sector allowing for more accurate benchmarking against others in the industry.

FTP - Critical Success Factors



Objectives for this option appraisal, in line with the above critical success factors, have been taken as:

- Resident and Service User feedback and insight is used to drive service improvement
- Service delivery is undertaken by the most appropriate means
- The council has a smaller directly employed workforce
- Service performance is measured, benchmarked, and actively managed
- Ensuring value for money for tenants and leaseholders
- Ensuring services are delivered in the most effective and efficient way
- Utilising staff in line with their skills and knowledge, to motivate them to provide high levels of service delivery
- Engaging and involving residents to co-design services, to best meet their current and future needs

The current staffing budget for the entire HRA is £2,539,600 (currently under review as part of the Future Tandridge Programme)

- Case Services HRA salary budget Apportionment is £1,068,985.
- Specialist Services HRA salary budget Apportionment £418,965.
- Other HRA salary budget apportionment £1,051,630

Current budget breakdown for the housing management services being considered in this paper:

Income	£17,206,400
Employee Costs	£2,539,600
Non-Pay Costs (Systems, legal expenses, training etc)	£4,650,500
Interest	£1,639,600
Support Service & Customer Service Recharge	£1,313,800
Transfer to reserves	£7,062,900

Housing Management current baseline

We have looked to provide a baseline from which our current services can be measured to:

enable an understanding of our current performance;

to allow for measuring performance against this baseline over time; and

to enable benchmarking with other housing management service providers, in order to inform this options appraisal. However, in the development of this options appraisal, we have confirmed our concerns that: Our own data is lacking in detail and therefore does not currently allow for meaningful measurement or benchmarking; and there is a lack of available data from Local Authority providers who are of similar size, to enable like for like comparisons across the board.

Bearing this in mind, the table below provides a snapshot of performance compared to a local registered provider, Raven Housing Trust, and a median performance for national Registered Providers based on current information available. (It's worth noting, that as the full details for how each provider/source calculates 'Total Cost Per Property' is unclear this can only be taken as an indicative figure at this time, as we may not be fully comparing like with like).

Housing Provider Measure	TDC	Raven HT	Registered Providers (National)
Housing Management - Total Cost Per Property of Housing Management	£3,901	£5,500	£3,891*
Rent collection	99.47%	-	95%

Current tenant arrears	2.23%	3.19%	-
Average void re-let time	31.8 days	-	13 days
Repairs completed on first visit	87%	-	95%
Initial complaints responded to within target	100%	-	95%

*(Based on first 3 Quarter figures only - 2021 median of Registered Providers)

It is evident from the above snapshot, that we do not currently have access to comparable data across the sector, which limits us being able to accurately measure our performance.

3. Assumptions

The below outlines the high-level assumptions that we have made in developing this options appraisal paper.

3.1. Assumption 1: The HRA and housing stock will remain with TDC

All options are based on the understanding that the Housing Revenue Account and housing stock will remain within the control of TDC and consideration is only being given to a change in how our housing management services are delivered. Retaining the HRA and housing stock provides the authority with a valuable resource and the ability to develop new housing in the district.

3.2. Assumption 2: Retaining the service in-house (with no changes)

Costs would remain similar to as is for the service other than annual increases related to wage and materials.

3.3. Assumption 3: The potential outsourcing of our Repairs and Maintenance service is being considered separately

This options appraisal focuses solely on the Housing Management service and does not include consideration of the Repairs and Maintenance service in tandem, as this is being developed as part of the wider services review elsewhere.

4. Options

The following sets out the options that we have considered at a high level for the delivery of our housing management services.

The appraisal criteria we have used in assessing these options are:

- *Key corporate outcomes requirements:* Service delivery is undertaken by the most appropriate means; the Council has a smaller directly employed workforce; and consideration be given to all commissioning options.
- *Key service outcomes:* Improved customer service and involvement; better deployment of staff; a more streamlined service; and easily accessible information for residents via online channels.

- *Quality issues:* Improved engagement with residents; full statutory compliance; high quality data collection, analysis, and the ability to act on information gathered
- *Financial:* Efficiencies through improved service delivery model; value for money; and maximisation of income collection.
- *Sustainability of service:* Financially viable/cost effective; sustained service delivery levels and continued performance monitoring; ability to continue to support the Council's statutory housing obligations in relation to homelessness prevention and housing register administration; and access to services improved through digital enhancements.
- *Efficiency and effectiveness of the service for tenants:* High quality IT systems and enhanced ability for tenants to self-serve; a 'right first time' approach; opportunities for enhanced customer satisfaction levels, an increase in rent collection, an increase in resident engagement and for better performance monitoring
- *Costs and savings potential:* Opportunities for cost savings whilst quality is sustained or improved
- *Governance:* Opportunities for Members, residents, and staff to be involved in some aspects of governance and/or oversight
- *Compliance with legislative changes:* That any delivery method would enable and support full compliance with forthcoming changes in housing legislation, including The Social Housing (Regulation) Bill

4.1. **Option 1a: Do Nothing - Retain the housing management service in-house.**

What this would mean: Continuing to provide the service in-house as current, aside from some restructuring within the housing management team (this restructure is currently being undertaken as a wider part of the Future Tandridge programme).

Benefits:

- Strong existing local knowledge of housing stock and tenants
- Housing management IT system links to other housing information
- Residents are familiar with TDC as their housing management provider
- Staff are familiar with the housing management systems and processes currently in place

Risks:

- Missed opportunity to improve and update/upgrade the service
- Increasing costs as investment needed in systems, processes, staff training and to meet statutory requirements
- Current performance data collection is poor
- Self-serve opportunities for residents are limited

- Missed opportunities for improving customer engagement and involvement
- Could lack ability to add more value to the service through staying as is

Anticipated Costs: No additional costs beyond current projections.

4.2. **Option 1b: Retain the housing management service in-house and implement service improvement plan, including data collection to measure service delivery level**

What this would mean: Continuing to provide the service in-house through a restructured housing management team (as above in option 1b) and developing and implementing a service improvement plan. Over a 12-month period this would involve: Putting in place good quality performance data collection processes; analysing and benchmarking this data, working with other Local Authority providers, to allow for meaningful measurements and comparisons to be made; establishing improved resident engagement, involvement processes and feedback mechanisms; and implementing improvement to our IT system, including how we can increase self-serve opportunities.

Processes are also currently being reviewed to ensure maximum income generation for the Housing Revenue Account, which will be recycled by way of maintenance of existing stock, building new affordable Council Housing and investment in digital infrastructure to better support customers experience. It is anticipated that this work will generate both increased customer service and financial savings.

Benefits:

- Potential improvements to service delivery for customers
- Time to obtain inhouse performance data, which is currently lacking, and allow for meaningful, direct like for like comparison with other similar organisations, enabling informed decisions around future delivery models to be made
- Provide an opportunity to implement and evaluate the anticipated changes in legislation introduced by the Social Housing (Regulation) Bill and the White Paper: The charter for social housing residents
- Enable time for the review of budget apportionments as part of the Future Tandridge Programme which will provide a clearer picture of the costs of the housing management services
- Continued support to other in-house statutory housing functions such as homelessness prevention and private sector housing
- Strong existing local knowledge of housing stock and tenants
- Housing management system links to other housing information that we hold inhouse

Risks:

- Missed opportunity to improve and update/upgrade service via external management arrangements
- Increasing costs due to level of investment needed in systems, processes, staff training and to meet new statutory requirements
- Could lack ability to add more value to the service by staying in-house for a further 12 months

Anticipated Costs: There will be additional costs related to service and system improvements. The revised structure and working practices could generate savings, although this is currently untested or quantified.

4.3. Option 2: Outsource to a local housing provider

What this would mean: Partnering with Raven Housing Trust to take on the delivery of our housing management service.

Benefits:

- Existing provider with systems in place to support effective housing management
- Local knowledge and already operating within Tandridge district area
- Existing relationship with Raven Housing Trust who have delivered some repairs and maintenance work on our behalf before
- Provide added value through their recent £4.5M investment in their online systems that will provide end to end housing management service including a high level of customer self-service capabilities
- Small housing trust who already provides housing management services for other independent housing providers and is not looking to take on further stock
- TUPE transfer of staff to protect jobs – Raven has previous experience of TUPE transfer
- Could result in improved service provision and higher satisfaction levels of housing tenants
- Raven has a positive reputation locally, high levels of customer satisfaction and good customer engagement channels operating

Risks:

- Potential for Tenant opposition to any significant changes to management arrangements or those that they see as detrimental to their service provision
- Lack of a current robust tenant engagement structure may cause delay in seeking their views and engaging them in planning changes
- Would require a move from our existing housing management system to Raven's system involving data transfer and a housing management system that would operate independently of Orchard
- TUPE transfer of staff may result in not all staff being required longer term
- Transferring housing management out, without stock transfer, would require the need to be on top of stock condition and capital investment

needs and meeting requirements such as carbon reduction and health and safety standards

- Potential for less Member and TDC staff involvement in decision making
- Could result in an increase in Housing Register wait times due to having less influence over void properties within housing stock, although this could form part of any service agreement with Raven

Anticipated Costs: The costs of outsourcing, including potential management fee to provider for delivering the service on our behalf. Could result in cost savings from economy of scale and move to greater online service, with the increase in capacity for tenant self-service.

4.4. [Option 3: Outsource to a national/large regional provider](#)

What this would mean: Identifying a national/larger regional housing provider who wants to partner with us to provide housing management services on our behalf.

Benefits:

- Potential of larger economies of scale of a bigger provider that could keep costs lower
- Providing added value and access to wider benefits and services for tenants, through it being a larger organisation
- Existing provider with systems in place to support effective housing management
- Potential TUPE transfer of staff to protect jobs
- Could result in improved service provision and higher satisfaction levels of housing tenants

Risks:

- Tenant opposition to any significant changes to management arrangements or those that they see as detrimental to their service provision
- Some partners may not be interested in taking on the housing management function unless there is an opportunity to take stock in a transfer at a later date
- Small number of homes in comparison to a big national provider could make tenants and staff feel less significant and that there is less local connection or interest
- Costs of local set-up if the provider is not currently operating locally could be a factor
- Potentially requires a move from existing housing management system to providers system if different, involving data transfer and a housing management system that would operate independently of Orchard
- TUPE transfer of staff may result in not all staff being required longer term
- Potential for less Member and TDC staff involvement in decision making

- Could potentially result in an increase in Housing Register wait times due to having less influence over void properties within housing stock, although this could form part of any service agreement with the new provider
- Transferring housing management out with of stock, would require the need for TDC to remain on top of stock condition and capital investment needs and meeting requirements such as carbon reduction and health and safety standards

Anticipated Costs: Costs of outsourcing, including potential management fee to provider for delivering the service on our behalf. Could result in cost savings from economy of scale and move to greater online service with increase in capacity for tenant self-service.

4.5. **Option 4: Shared service with another LA housing provider**

What this would mean: Working with another local LA housing provider to deliver our housing management services.

Benefits:

- Retain control of our housing management services
- Potential for cutting costs through joint delivery or income from delivering on behalf of others
- Local connection and knowledge
- Retain ownership of own assets whilst benefitting from economies of scale

Risks:

- Other local providers already have delivery partners so interest could be low
- Delivery from outside of TDC locality could result in less responsive service to tenants
- Loss of staff as all current roles may no longer be needed

Anticipated Costs: Potential for cost savings from joining up of services. Potential for outlay required to join up different housing management systems and processes.

5. *Recommendation*

Based on the high-level work undertaken to date and the information currently available, it is being recommended that at this stage we further explore:

- Option 1b: Retaining the housing management service in-house and implementing the service improvement plan, including data collection to measure service delivery levels.

This option is being recommended to allow the time for meaningful in-house data to be collated and reviewed, so we can accurately measure and benchmark our performance of, and customer satisfaction levels with, our current delivery model.

It is further recommended that:

- In 12 months' time (August 2023) we undertake a review of the impact that the changes have had and compare the performance data that we will have collected, to enable a clearer picture of: how we are performing; the costs of the service following the changes; and compare ourselves to other providers from a foundation of confidence in our own data. This will be reported back to Housing Committee in September 2023 along with a refreshed Options Appraisal paper, to allow for consideration of the appropriate option to take forward at that point, informed by improved data to support decision making.

6. Appendices

Appendix 1 - SWOT Analysis for Tandridge DC Housing Management Services

STRENGTHS (internal issues)	WEAKNESSES (internal issues)
<ul style="list-style-type: none"> • Local knowledge and understanding • We have quite a lot of experience across the council of outsourcing • We are experienced in delivering shared services with other local authorities including housing services • Wide knowledge of best practice, process and legislation • Good relationships with our tenants • Good relationships with partner agencies including police, Adult and Children's Services and voluntary sector 	<ul style="list-style-type: none"> • Cost of improvements to the Orchard system may require high level of investment with a slow rate of return in efficiencies and benefits • Lack of engagement of staff at an early stage in the review could lead to loss of experience, missed opportunities for efficiencies and low morale • Not having access to full detailed financials will result in decisions being made on the basis of incomplete information and a limited understanding of impact • Outsourcing has seen mixed results, with some arrangements working more successfully than others. Where there have been issues these have often resulted from poor contracting, poor specification, or inadequate management of the contract • Poor data collection, measuring of own performance and external benchmarking means that there is a lack of understanding as to how we are operating and what areas require improvement
OPPORTUNITIES (external issues)	THREATS (external issues)
<ul style="list-style-type: none"> • Restructure of current resources to provide higher quality services to our tenants and leaseholders • Partner with another housing provider who has good reputation and can provide high quality local service to our tenants and residents • Improving resident involvement and engagement through existing channels and experience of partner provider • Housing White Paper – introduction of statutory performance indicators enabling accurate benchmarking across the sector 	<ul style="list-style-type: none"> • Housing provider partners may not be interested in taking on the housing management function unless there is an opportunity to take stock in a transfer at a later date • Tenant opposition to any significant changes to management arrangements or those that they see as detrimental to their service provision • Lack of a current robust tenant engagement structure may cause delay in seeking their views and engaging them in planning changes • Housing White Paper – expectations within that to engage and consult more fully with tenants will require a new approach and potentially a greater resource

Appendix 2 - Available performance data

Ref	Indicator	2019/20	2020/21	2021/22
Voids, Allocations and Tenancy Management				
1	% of tenancies reviewed within target time	100%	100%	100%
2	% of rent collected	99.05%	100.44%	100.53%
3	Average Void re-let time: General Needs Housing	22.3	23.6	31.8
4	Average Void re-let time: Sheltered Housing	30	37.7	68.2
5	Average % of stock vacant and available for let	0.99%	0.99%	0.83%
6	% of rent due lost through properties being empty during the year	1.18%	1.18%	1.15%
8	Percentage of appointments that are arranged by a Housing Officer four weeks after the tenant has moved into the property to provide any additional information or advice that might be needed	N/A	95%	95%
9	% of flexible secure tenancies reviewed 6 months before the end of the fixed term	100%	100%	100%
10	Percentage of succession and assignment requests processed within 20 working days of receipt of the completed application.	100%	100%	100%
11	Percentage of succession or assignment requests where outcomes have been confirmed within 5 working days of the decision being made	100%	100%	100%
12	Percentage of mutual exchange applications processed within 42 working days of receipt of the application	100%	99.8%	100%
Correspondence and complaints				
15	Percentage of general correspondence responded to within 15 working days	100%	100%	100%
Anti-Social Behaviour and Enforcement				
<i>ASB Cases Category High</i>				
24	Percentage of victims who were responded to within 1 working day of the ASB case being reported	99%	99%	99%

25	Percentage of complainants who received a monthly update on open cases	100%	100%	100%
ASB Cases Category Medium				
29	Percentage of victims who were responded to within 2 to 5 working days of ASB case being reported	80%	80%	80%
30	Percentage of complainants who received a monthly update on open cases	100%	100%	100%
ASB cases Category Low				
34	Percentage of victims responded to within 5 to 10 working days of ASB case being reported	100%	100%	100%
35	Percentage of complainants who received a monthly update on open cases	80%	80%	80%
Involvement and Empowerment				
42	Number of tenant and resident forums attended per year	4	0	0
Costs				
46	Housing Management - Total Cost Per Property of Housing Management	5350.92	5230.36	5419.39
47	Estate Services - Total Cost Per Property of Estate Services	190.67	227.16	236.72
48	Overheads - Overhead costs as % turnover	TBC	TBC	TBC

Appendix C – Key Performance indicators – National standards

National Standards	Performance Benchmarks
Repairs:	
Satisfaction with quality of response repairs	90%
Repairs appointments kept	98%
Repairs completed on first visit	96%
Emergency repairs completed on target	100%
% of routine repairs completed in target time	99%
Tenants gas appliances serviced	100%
Neighbourhood:	
Residents satisfied with their neighbourhood	88%
Residents satisfied with ASB case handling	89%
Tenancy:	
Tenants satisfied with services provided	88%
New tenant satisfaction	95%
Tenant checks carried out to identify illegal occupants	100%
Customer Service:	
Repair calls answered within target	75%
Satisfaction with complaints handling	81%
Initial complaints responded to within target	96%
Other Standards	
Rent collection	95%
% of residents with arrears of more than 7 weeks	3%
Rent Arrears as a % of the Rent Book	<0.2%
% of properties to Decent Homes standards	100%
Cost of a response repair	£84.90
Response repairs completed per month	904
Repairs completed on first visit	93%
Re-let times	20 days
Average Void Costs	£2,300
Tenancy Audits (visited per annum)	20%
Automated Rent Payments	80%