

<b>Classification:</b> Open	<b>Decision Type:</b> Key
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<b>Report to:</b>	Cabinet	<b>Date:</b> 07 June 2023
<b>Subject:</b>	Strategic Housing Review	
<b>Report of</b>	Cabinet Member for Housing Services	

## 1.0 Summary

The Council has commissioned Campbell Tickell to undertake a strategic review of its housing management arrangements, and to consider future options for management of its housing stock and related activities. The stock is currently managed by its wholly owned Arm's Length Management Organisation (ALMO), Six Town Housing (STH), which was created by the Council in 2003, and had its management contract renewed in 2020.

In common with every Local Authority, Bury is faced with a stark operating reality, with ever increasing levels of demand and complexity of support need. Existing operating models are no longer sustainable and Bury must evolve to meet demand in different ways, with a sustainable level of service, targeting resources that (re)enable and support those most in need.

In response, Bury has embarked on an ambitious plan to integrate public services within five neighbourhoods, with housing services expected to play a critical 'anchor' role within this whole system approach.

The 'LET'S Do It!', Strategy for the Borough to 2030, signalled clear objectives about harnessing economic ambition whilst addressing entrenched inequalities. Refreshing the Housing Service and bringing the Council Landlord function into the Council's structure will enable resources and staffing to fully integrate and positively work towards creating integrated public services in each of 5 neighbourhoods. It will integrate front line staff in places so that they can deliver the shared approach to connecting residents to community assets and capacity.

Council housing in the Borough is in some of our most vulnerable neighbourhoods. Integration and a single approach provide a significant opportunity to fundamentally change delivery so that it not only aligns with borough-wide strategy but also partner-specific drivers for change such as the Early Help Strategy, the Family Hub Model and the health and care Locality plan

Housing is in a period of significant change from a legislative, policy and financial perspective. The major external influences include the legislative programme, rent capping and reductions, plus the fundamental shift in public sector resources and the indirect impact of funding cuts across the public sector and specifically on local government

Provision of the Council's Landlord function for its circa 7,700 homes is subject to regulation and inspection. It is critical to integrate the delivery of council housing services into the Council to enable the service to be an effective component of Bury Council and the conduit for tenants for all council services. The fundamental vision for the housing management service is to deliver a people orientated, customer focused, effective and consistent service, in the context of the 'tenant offer' which meets the tenants needs and aspirations based on the RSH standards. The Regulator of Social Housing (RSH) has extended its reach to implement its regulatory framework to stock owning local authorities and ALMO's. An inspection will be forthcoming in the next 12-18 months.

The aim is to develop a Housing Service which develops and enables tenure neutral customer pathways to access services and support to access housing options and address housing quality and support to enable people to live effectively in their own homes.

The new operating model aims to improve core service delivery through listening and learning, develop a new cohesive culture and maximise impact and resource utilisation in our most vulnerable neighbourhoods. To deliver ***Quality Homes and Services in Successful Communities*** within the current operating context, it is essential the Council retains its wider ambition to deliver social regeneration in Bury and tangible impacts on early intervention and prevention to drive economic resilience.

The review has delivered an independent and objective analysis on which to base an informed and considered decision regarding the future management of landlord services, to support and achieve long-term sustainability, deliver high-quality landlord services to tenants, and wider value-add that will help deliver the wider strategic objectives of the Bury 'Let's Do It' strategy.

It is therefore timely to consider whether the ALMO delivery model delivered through Six Town Housing is still fit for purpose and the best placed model to respond to the challenges faced by Bury.

## **2.0 Recommendation(s)**

1. An in-principle decision for the management and maintenance of Council Housing to be provided in-house through direct management
2. To provide a further report to Cabinet in December 2023 following due consideration of the outcome of the Tenants Test of Opinion.
3. Approve the outline Transition Plan and timetable set out in Paragraph 7.2

## **3.0 Reasons for recommendation(s)**

The recommendation is for the Council to directly manage its council housing. The strength of returning the service to the Council is that it gives back direct control at a time of considerable operating challenge and would enable the Council to realign services more broadly to achieve its corporate and service objectives. It would

enable faster and more responsive decision making through one integrated management structure and would remove an additional layer of management and associated costs.

The Strategic Housing Review has assessed the potential management options against six assessment criteria which are:

- 1. Contribute to the Let's do it Strategy, Housing Strategy, and regeneration priorities.**
- 2. Improve the quality of housing management and maintenance services experienced by tenants.**
- 3. Deliver best value in utilisation of resources, housing revenue account and contribution to the Council's medium term financial plan.**
- 4. Deliver the Regulator of Social Housing standards and ensure robust governance.**
- 5. Contribute to the Borough's neighbourhood model of public service delivery including the integration of all public services around individuals and families with the most complex needs.**
- 6. Contribute to the achievement of a carbon neutral Borough by 2038.**

Based on the evidence examined and stakeholder interviews, Campbell Tickell has recommended that the management and maintenance of Council housing should be provided through direct Council management. The rationale for recommending this option is that the service will form a key part of a dynamic Bury-wide public service model and should be viewed as a positive reinvention to meet the needs of the operating environment, rather than any of failure on the part of STH. As an 'anchor service' within a neighbourhood approach, housing can deliver significant outcomes through joined-up local presence and community enabling.

Direct savings will be made by removing the ALMO management overhead. Significant opportunities exist to create tenure neutral and joined-up services that will remove layers of duplication and siloed working across Bury, releasing resources to deliver frontline services and investment in the housing stock. Direct control will improve critical lines of sight for Members and reduce the risk of regulatory compliance failures.

An integrated housing service with a clear strategic approach, a focus on increasing supply, and enabling broader partnership delivery will maximise the availability and quality of housing solutions within Bury.

Delivering this option represents both a strategic opportunity and risk to Bury and therefore requires development of a clear vision of the new service model and a structured transition plan, which is agreed and resourced. Equally, the service transformations recommended must be implemented to enable the service to deliver anticipated outcomes.

#### **4.0 Alternative options considered and rejected**

The commissioned Strategic Housing Review considered four future management options and assessed them against the established criteria, these were:

**Do Nothing:** The review has confirmed the view that ‘doing nothing’ is not a viable option in the current operating environment and that a significant perception gap has opened between what the ALMO is set up to do, what it does now and what it could do.

**Retention of STH ALMO:** This option involves retaining the current delivery model and extending the STH Management Agreement. Whilst there are strengths, the review has highlighted the need for transformational change to respond to the regulatory environment and ensure that customer pathways and connectivity are achieved through creating seamless customer services.

**Hybrid Model:** A hybrid approach is an approach which would see the retention of the ALMO and a closer relationship with shared services; clarity for regulatory purposes would be required. In theory a Council appointed, and accountable Chief Operating Officer (COO) should make it easier to align objectives and delivery plans, however retaining a limited company would mean the COO would be ultimately accountable to the Board and there would continue to be duplication of resource and governance.

**Stock transfer:** Voluntary stock transfer is still formally part of the Government’s Housing Policy; however, the Government last financially supported this option in 2015/16. A dowry would be required to facilitate a transfer with estimated transaction costs of £1.5M and a statutory tenants ballot. Without Government funding this option is not financially viable.

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### **Report Author and Contact Details:**

*Name: Liz Cook*

*Position: Director of Housing*

*Department: Housing*

*E-mail: liz.cook@bury.gov.uk*

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## **5.0 Background**

In assessing the effectiveness of current management arrangement and in considering future options, it is important to fully consider the Council’s strategic priorities and operating environment. Equally, it is important to understand what is driving the investment needs in maintaining homes to a high standard, and the regulatory environment that governs the way services are delivered. This will ensure that future management arrangements can best respond to need and shape services in the most effective and sustainable way.

Bury faces a difficult operational environment which includes rising demand for affordable housing, challenges in maintaining and improving existing homes, pressures on the Housing Revenue Account and increasing regulatory requirements. Such difficulties follow on from the ongoing challenges of post-Covid recovery,

inflation, and the Cost-of-Living crisis, which continue to impact on the Council and its residents.

## **5.1 Options Appraisal Process & Engagement**

The appraisal has assessed the four options through a desktop review of key strategic and operational documents. CT has sought to establish the operating context of the service, the service objectives set for it, and its current level of performance, as reported to the Council. These documents include:

- a) BC and STH business plans and strategies.
- b) STH performance reports, tenant surveys and benchmarking comparisons.
- c) Governance, clienting and service level management reporting.
- d) Housing Revenue Account (HRA) and General Fund Business Plans, annual budgets and returns.

Views have been sought from a wide range of stakeholders regarding their assessment of the current service model and aspirations for the service moving forward, including Councillors, STH Board members, senior BC and STH officers and tenant representatives.

A service perception survey has been completed by 833 Bury Council tenants.

An analysis of the Housing Revenue Account (HRA) is being undertaken to validate the assumptions and model for BC housing stock, to create a baseline model and the investment required to deliver the commitment to maintain the Decent Homes Standard, decarbonising the housing stock, identify resources to deliver regeneration of existing homes and deliver new affordable homes in the Borough.

The review has delivered a baseline analysis of the current service model and alternative options, with a series of recommendations to support service improvement and oversight arrangements, and the steps needed to achieve them.

## **6.0 Summary - Main Findings**

The main findings are that STH deliver a good but basic level of service to Bury tenants and leaseholders. There is a broad level of satisfaction with the services with 63% of tenants satisfied, However, the survey reveals levels of dis-satisfaction across areas of service provision which must be addressed through a back-to-basics approach to both rebuild satisfaction and ensure compliance within the increasingly robust regulatory regime.

To address the issues raised by the Strategic Housing Review the Council aims to develop a robust model with clear standards and mutual expectations negotiated with tenants and leaseholders.

### **6.1 Understanding customers' needs**

The model aims to develop the necessary on-the-ground insight from which to plan and prioritise person-centric services and understand the barriers to access to mitigate tenancy sustainment risk. The customer model needs to enhance tenancy

support to deliver end-to-end processes for tackling homelessness through early intervention and prevention in collaboration with other public services. Tenancy sustainment processes must systematically identify tenants who are at risk of abandoning their tenancies

The review has identified that the digital first approach, must ensure choice and inclusion of service access that removes digital exclusion and improves the quality of access for all tenants and deliver seamless customer journeys focused on maximising self-service and first point of contact resolution and demonstrable learning from an accessible complaints and feedback processes.

A significant percentage of tenants are concerned about the quality and safety of the neighbourhoods in which they live with a perceived decline in estate management standards, and a lack of enforcement. An integrated approach to tackling Anti-Social Behaviour is required, by designing out crime, improving safety, providing greater presence, through a tenue neutral approach.

Whilst STH delivers several successful programmes that help tenants into training and employment, the overall scope of community outreach and investment is limited. STH staff participate effectively in many cross-service and partnership fora, but the overall perception gained is of a limited level of buy-in to the bigger picture.

## 6.2 Housing Conditions

There is limited evidence of a strategic approach being adopted to asset management. Stock condition data is incomplete, which undermines the reporting of full Decent Homes compliance and investment planning. A Housing Revenue Account Business Plan is in development to ensure Bury makes evidenced based asset management decisions and maximises the potential of the HRA to drive renewal and/or growth.

The robustness of data and systems supporting landlord health and safety compliance is under review to ensure the necessary level of assurance to accountable stakeholders and give confidence in performance reporting.

Whilst satisfaction with the repairs service is reasonably high, the lack of basic business metrics reported make it difficult to gauge its effectiveness and efficiency. The high level of reactive repairs undertaken, however, suggests that end-to-end process improvement and closer oversight is needed.

## 6.3 Best use of resources

There is significant scope for reviewing the whole operating model, to streamline services and organisational design and adopt a shared service model. The proposal to deliver in house will enable a reduction in duplication of processes and costs., which will be assessed during the transition period.

## 6.4 Governance

There is an opportunity to further strengthen the oversight arrangements for the delivery of housing services, it is important that arrangements to increase control

over critical processes and more effectively defined responsibilities and accountabilities are in place as we move towards the new regulatory regime which will commence in April 2024. The performance reporting framework will provide a clear real time view of critical indicators covering service quality, effectiveness, impact, and most importantly the level of compliance risk. Current Tenant satisfaction and complaints reporting methodologies have led to the reporting of inflated levels of service performance to stakeholders, potentially masking risk and opportunities for learning and improvement.

STH governance arrangements have been strengthened over the last few years and the Board has a meaningful level of tenant input. However, further work is required to identify and manage risk.

Revised governance arrangements will provide Members with a greater ability opportunity to scrutinise STH business plans, value-for-money, and performance. Currently there is no formal linkage to services at ward level, implementing arrangements making these linkages will enable Members to help communities determine priorities, co-produce plans and scrutinise service delivery, as required by the new consumer standards.

## **7.0 Next Steps**

In determining the best delivery vehicle for the management and maintenance of around 7,000 council homes in Bury, it is critical that the Council agrees a clear vision setting out what we are trying to achieve. The new operating model will aim to improve core service delivery through listening and learning to develop a new cohesive culture and maximise impact and resource utilisation in our most vulnerable neighbourhoods. To deliver ***Quality Homes and Services in Successful Communities*** within the current operating context, it is essential the Council retains its wider ambition to deliver social regeneration in Bury and tangible impacts on early intervention and prevention to build economic resilience.

## **7.1 Vision for the Council Housing Service**

The 'LET'S Do It!', Strategy for the Borough to 2030, has clear objectives about harnessing economic ambition whilst addressing entrenched inequalities. Bringing the Council Landlord function into the Council's structure will enable resources and staffing to fully integrate and positively work towards creating integrated public services.

It will integrate front line staff in places so that they can deliver the shared approach to connecting residents to community assets and capacity. Targeting support to council housing residents to achieve the vision to drive faster economic growth and tackle deprivation.

The recommendation to deliver the Council' Housing Landlord Service in-house aims to deliver the following outcomes:

- Bury Council Housing Service will be the social landlord of choice in Bury

- To prevent homelessness & meet housing need in the Borough
- To meet the needs of tenants and residents by being an outward facing anchor organisation in our communities
- To achieve compliant safe homes & deliver the Council's landlord responsibilities in managing and maintaining its circa 7,000 homes
- To consistently achieve Decent Homes Standard and warm, energy efficient affordable homes
- To invest in existing homes and environments to ensure an excellent quality housing and neighbourhood offer
- To invest in the development of new council housing & positively impact on the Council's Regeneration objectives

## 7.2 Transition Plan

An outline transition plan is in development critical activities and timelines include:

- A robust **Communications Plan** to ensure clear, consistent information is provided in a timely manner to all Stakeholders. June 2023.
- **Performance Improvement Plan** June – December 2023 includes:
  - Review customer access arrangements
  - Tenant Satisfaction Measures introduced April 2023
  - Income maximisation action plan
  - Review Housing Capital Programme establish 3–5-year investment plan.
  - Compliance review
  - Day to day Repairs - establish service targets and cost and performance data.
  - Finalise Housing Revenue Account – 30 Year Business Plan
- Preparation of detailed **Customer Offer**, service specification and transition plan, by July 2023. To include the priorities identified in the Strategic Housing Review
  - Access to services
  - Repairs
  - Environmental Management
  - Community Safety & ASB connectivity
- Completion of tenant and stakeholder **Test of Opinion** by November 2023. A test of opinion would take the form of correspondence to every tenant and leaseholder outlining the Council's proposals. It would include a reply form for tenants and leaseholders to express their view. It will be supplemented with information on the websites of the Council and STH with information and Frequently Asked Questions (FAQ's). The test of opinion will be conducted by an independent agency qualified in this type of consultation and will be required to take measures to ensure maximum possible opportunity for tenants to express their views.



Engagement will take place with the STH Customer Review Group and engaged tenants through the Tenant & Residents Associations.

- Preparation of detailed **staff offer** by July 2023. To include engagement and consultation arrangements, TUPE arrangements and professionalism and qualifications as outlined in the Social Housing Bill. Key considerations will include.
  - Recruitment, retention, and development of staff that reflect Bury communities.
  - An inclusive culture that promotes core Bury values.
  - Drive customer focus, quality, and performance expectations.
  - Embedded cross-working within multi-disciplinary teams and communities.
  - Staff health and safety, and wellbeing.
- Development of **Project and Programme Management arrangements** to direct and oversee the transition plan which ensures that the Customer voice is heard throughout, and robust scrutiny arrangements are in place.
- Final decision by Cabinet for Future Management and Maintenance Service Model for Council Housing -December 2023.
- Formal legal transition - April 2024
- Target service model embedded and optimised throughout 2024/25; to include new governance structures, new tenant engagement model and organisational design.
- Transformation activity target completion - March 2025.
- Full benefits and impacts of service outcomes and efficiencies to be realised by 2025/26.

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### **Links with the Corporate Priorities:**

A primary element of the Strategic Housing Review assessment is how the delivery model for the management and maintenance of council housing in the Borough contributes to the Council's Let's do it Strategy, Housing Strategy and regeneration priorities.

Successful delivery of these strategies relies upon new localised arrangements which draw upon the strengths of local communities and reflect the distinct identities of the six towns which make up the borough. Services will be delivered through a network of neighbourhood teams and community hubs, with close integration and co-location of public service professionals, building upon the recent creation of the Bury Integrated Care Partnership in 2022.

The assessment and recommendations will enable an integrated approach to the management of council housing for tenants, with a coordinated and comprehensive neighbourhood model becoming an integral element of Public Sector Reform. Connectivity with the regeneration of the borough's townships is critical to ensure council housing areas are comprehensively included within the plans.

### **Equality Impact and Considerations:**

Inclusion and equity must be at the heart of the Council's approach to the management and maintenance of its housing. An initial Equality Impact Assessment (EIA) has been completed to identify key areas of consideration and potential mitigations to ensure the proposed changes do not have a disproportionate negative impact on communities of identity wherever possible and take advantage of any and all opportunities to further inclusion.

The final EIA will be provided to Members as part of the November Cabinet report and will be informed by engagement with tenants through the test of opinion process. Due regard will be given to ensuring the accessibility of this process to all residents.

### **Environmental Impact and Considerations:**

The Strategic Housing Review has assessed the potential management options against six assessment criteria, one of which is how the recommended model for management and maintenance of council housing contributes to the achievement of a carbon neutral Borough by 2038. STH has made good progress in establishing approaches and pilot schemes. However, integration of investment through the Housing Capital Programme to modernise and refurbish council housing provides the opportunity to enhance delivery and be cost effective within a fully scaled Council-wide programme.

### **Assessment and Mitigation of Risk:**

<b>Risk / opportunity</b>	<b>Mitigation</b>
Agreement of shared vision and service models	Communications Plan, Stakeholder engagement
Strategic and Operational Delivery	Resource management – Project Management resource Project manager appointed
Financial sustainability of the Housing Revenue Account – PEST environment	Financial capacity Inflation, cost controls
Tenant & Customer engagement - Test of Opinion outcome	Appointment of independent advisor to undertake Test of Opinion. Engagement with TRA's and Customer Review Group

Regulation and legislative change	Effective regulatory preparation and preparation for Social Housing Regulation Bill
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### **Legal Implications:**

The Housing Revenue Account is a highly regulated entity and expenditure must be focussed on management and maintenance of council housing and activity which adds additionality and directly benefits tenants.

STH is a fully constituted legal entity the Board would need to support the mutually agreed termination of the management agreement. If the service transfers to direct provision staff in Six Town Housing will be affected by the Transfer of Undertakings (Protection of Employment) regulations 2006 ("TUPE").

The Transition Plan will include legal advice in relation to the closure of the STH entity and the Council, as the sole shareholder, will accept the transfer of all assets and liabilities. It is anticipated these will include the 103 homes owned and let out directly by STH under its auspices as a Registered Provider of Social Housing. The Council will liaise with the Regulator of Social Housing (RSH) in relation to these homes as part of the process of de-registering STH from RSH regulation prior to it being wound up.

The Council will also ensure the transfer of direct management of the Springs TMO from STH to the Council forms part of the Transition Plan along with any new arrangements required to replace any role identified that STH performs in supporting any other Council activity.

A robust due diligence exercise will be undertaken to encompass the above and will include the identifying and planning for termination or novation of contracts for services or supplies. Included in this process will be dialogue with Mosscaire St Vincent for whom STH currently manages 34 homes under a 5-year management agreement.

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### **Financial Implications:**

It can be seen from the £31m savings target identified within the 2023/24 budget that Bury Council is significantly financially challenged and all parts of the wider organisation including its subsidiaries must contribute to the wider savings programme.

Creating one integrated management structure would enable the removal of an additional layer of management and associated costs which will be determined during the transition period

The proposal to deliver housing management and maintenance services directly by the Council will enable a new operating model which will enable a focus on reducing duplication and enable best use of resources.

Six Town Housing have made a deficit in the financial years 2021/22 and the draft accounts for 2022/23.

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**Appendices:**

None

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**Background papers:**

*Please list any background documents to this report and include a hyperlink where possible.*

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

<b>Term</b>	<b>Meaning</b>
Six Town Housing	Bury Council's Arm's Length Management Organisation
Housing Revenue Account (HRA)	Ring fenced Account for the provision of housing management and maintenance of council housing