

Classification: Open	Decision Type: Key
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Report to:	Cabinet	Date: 07 November 2023
Subject:	Strategic Housing Review – Future Management and Maintenance of Council Housing	
Report of	Cabinet Member for Housing Services	

Summary

To update Members on the in-principle decision to return the management of housing stock to the Council’s direct control following a Strategy Housing Review and Tenants Test of Opinion.

Recommendation(s)

1. Note the work undertaken since the last update to Cabinet in October 2023.
2. Approve the return of Six Town Housing to direct Council control through a mutually agreed termination of the Management Agreement.
3. Agree that, subject to the support of the recognised Trade Unions through the Local Government Services Consultation Meeting:
 - Consultation with affected Council staff on changes to structures and responsibilities should begin on 13th November for a period of 30 days.
 - The Director of People & Inclusion should ask Six Town Housing to commence formal TUPE consultation with Six Town Housing staff following the same timeline
4. Note the transfer of housing management functions will take effect from 15th January 2024.
5. Instruct the Director of Law & Governance to enter into legal arrangements to support the termination and the return of stock to Council ownership.
6. Approve the restructure of Council Chief Officer responsibilities to support new responsibilities, subject to the outcome of consultation as described.

Reasons for recommendation(s)

To approve the return of housing management to the Council.

Alternative options considered and rejected.

The Council may continue with the existing management arrangements and continue to have the Housing Stock managed by Six Town Housing. This option has been rejected by the Council as tenants’ views which were reported to the October Cabinet were in favour of a return to the Council directly managing the stock. Six Town Housing agree to the mutual termination of the management arrangements.

The Council could consider a hybrid arrangement where the management function could sit across a range of third-party providers, this option was discounted as the Council needs to ensure compliance with new social housing regulator standards by 1 April 2024. The contracting and procurement work required to appoint a third party would take time and resources best spent ensuring compliance with the housing regulator standards.

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1.0 Background

A Strategic Housing Review was undertaken in 2023 and the outcomes reported to Cabinet on 7th June 2023. An in-principle decision was taken at this meeting to return Six Town Housing to direct Council control and, in the meantime, a programme of immediate improvement was directed.

A Tenant Test of Opinion on the in-principle decision was undertaken over the summer and the findings reported to Cabinet in October 2023. A 9.89% response rate was achieved, with 771 returns from our 7,700 tenants, of which 90.5% support the proposal for the Council to deliver the housing management and maintenance service directly.

Subsequently, a compliance audit led by the interim Chief Executive of Six Town Housing highlighted some immediate issues with property standards which are inconsistent with the current management agreement between Six Town Housing and the Council. This report updates Members on work to tackle identified issues and proposes a swift, mutually agreed, return of services to Council control.

1.1 Service Improvement progress to date

Improvement activity by Six Town Housing Services began over the summer. In October 2023 Cabinet was updated on the following improvements:

- A joint reception point for housing enquiries opened in August 2023 in the Town Hall, to offer face to face support. The new arrangements have been welcomed by tenants and received positive feedback.
- Tenant Satisfaction Measures which are compliant with The Regulator of Social Housing requirements were introduced in April 2023 and are now monitored monthly with improvement plans in place for areas not on target.
- Complaints processes have been reviewed and new processes implemented which are compliant with the expectations of the Regulator of Social Housing.
- Housing management services have been reviewed and a process is underway to align activity to the five neighbourhoods of the borough, the caretaking team

are now aligned with Housing Management to improve responsiveness in relation to environmental issues.

- A programme of Estate walkabouts with Ward Members has commenced.
- A review of Six Town Housing governance has been undertaken to streamline decision-making and focus activity on improvement and preparation for Regulation.
- A review of the Equality, Diversity and Inclusion Framework has been completed and was considered by the STH Board 20 September 2023.

All of the above have been completed apart from alignment of neighbourhood staffing with this change due to be implemented by 1st December 2023.

The October Cabinet report also highlighted a series of other improvement activities, all of which are now well underway:

- A Housing Capital Programme in place for 2023/24 and an outline programme developed for 2024/25. After the transfer has been completed a 3-5 year investment plan will be developed.
- The development of a balanced robust 30-year HRA Business Plan, which sets investment plans to management and maintain council housing stock in the context of capital funding levels, treasury management and borrowing capacity is complete and shows that with the current profiles and economic assumptions, the HRA can:
 - Deliver the programme of major works as profiled;
 - Repay existing loans as they fall due; and
 - Borrow when required to fund the profile of the major works but can afford the interest payments.
- Business plan assumptions will be revisited in January 2024 as part of annual budget and rent setting process.
- An income maximisation action plan to improve rent collection rates and support to tenants is completed. There is a month on month increase in collection figures which is encouraging. Collaborative working between Six Town Housing, the Council, Citizens Advice Bureau and the Department for Work and Pensions is strengthening this and linking firmly to the Anti-Poverty Strategy.
- A service review of day-to-day repairs and maintenance is in progress to establish service targets and cost and performance data is underway and progress is now reported weekly.
- Work on the assets and liabilities register has been completed to ensure a comprehensive understanding.

1.2 Contracting and Compliance

Over the summer the Council was notified of some serious breaches of the Management Agreement by the interim Chief Executive of Six Town Housing, who commissioned a contracting and compliance review. Over 4,000 outstanding actions were highlighted against a number of tenancy management standards and fire risk assessments. The serious and sustained breaches of agreed Key Performance Indicators was not acceptable and therefore, in accordance with the Management Agreement, an urgent improvement plan was requested.

The Improvement Plan submitted to the Council provides assurance that all severe actions are responded to as soon as they are identified by the surveying team and that all outstanding serious actions, rated as Category 1 and Category 2 will be resolved by the end of this financial year. No tenants have sustained, or are at risk of sustaining, “serious harm”. Following receipt of the Improvement Plan, agreed weekly reporting in relation to compliance issues is now in place.

Day to day management of these actions is now being supported by the Council’s Executive Director of Operations in readiness for transfer. A full stock condition survey will also be completed by March 2024.

1.3 Return of Six Town Housing Services to direct Council control

It is recommended that a Transfer of Engagement process is approved to transfer Six Town Housing, in whole, into Council Control from 15th January 2024. From this date the Council will assume full responsibility for its functions. The management agreement between the Council and Six Town Housing does not provide for a mutually agreed termination, however the Council and Six Town Housing can agree to a variation to the agreement and jointly agree termination. This document will be prepared and will require the agreement of Six Town Housing’s Board. The Board will be dissolved following transfer and accountabilities will be transferred to the Council, led by the Cabinet Member for Housing.

Ahead of the transfer date a programme of change activity will be completed, with external support, including:

- Review of contracts and liabilities currently held by Six Town Housing.
- Option for retention of the Six Town Housing company.
- Review of external SLA arrangements held by Six Town Housing.
- Review of arrangements for stock held outside the HRA.
- Implication for existing funding arrangements.
- Internal and external communications, including tenants and TMO engagement.
- Staff transfer and engagement (including TUPE).
- Notification to the Council Housing Regulator and application of Registered Provider status by the Council.
- Review of financial records/HRA strategy.
- A deed of variation to the Management agreement will need to be agreed by the Council and Six Town Housing Board to terminate the existing management agreement.

1.4 Structure and management arrangements

Transferring responsibility for the management and maintenance of Council Housing to the direct management of Bury Council constitutes a ‘service transfer’ and, as such, current Six Town Housing staff will need to be supported in accordance with the Transfer of Undertakings (Protection of Employment) (TUPE) regulations.

Subject to agreement of this report, and with the support of Trade Union colleagues (via the Local Government Services Consultation Meeting) Officers will seek to inform and consult staff on the details of the transfer. – The responsibility for consultation rests with the current substantive employer, therefore:

- The Council will consult with affected Council employees on changes to structures and responsibilities. The intention is that this process begin on 13th November 2023 for a period of 30 days.
- The Director of People & Inclusion will confirm the decision made by the Council and will confirm that formal TUPE consultation with Six Town Housing staff is required. Six Town Housing will commence TUPE consultation following the same timeline and the purpose of this will be to inform staff about the proposed transfer.

The consultation with Six Town Housing staff does not relate to the fact that the transfer is happening, but rather is an opportunity to share and seek feedback on any planned changes affecting staff as a result of the transfer.

During the consultation period necessary information will be shared with the Council by Six Town Housing to enable the staff transfer process.

Throughout the consultation process, officers will review the feedback provided to inform the detail of the transfer process with the intention that the transfer takes place on 15th January 2024. An ongoing FAQ document will be maintained by each employer and this will be updated and shared throughout the consultation period by each respective employer.

The intention is that, on the whole, staff will transfer without substantive changes to current organisational structures. However, to ensure alignment with the Council's own organisational design principles and vest leadership responsibility with the relevant Executive Director, functions will move under the relevant Council Department for strategic leadership purposes. In tandem with this, consideration has also been given to leadership of the Council's existing strategic housing functions in the context of the recent departure of the Council's Director of Housing.

In headline terms, this operating model would see housing responsibility distributed across five functional areas.

- **Housing & Neighbourhood Management** activity will be overseen by the Executive Director (Strategy & Transformation) in the Corporate Core Department.
- **Corporate Functions** will also be delivered via the Corporate Core and Finance Departments.
- **Housing Property**, including repairs and maintenance ('Repairs Direct') will form part of the Operations Department in keeping with the position of this department as the Council's delivery vehicle for all non-social care services. (Matrix oversight of the performance of these services as an integral part of Council Housing services will, however, be provided by the new leadership role described below and included in reports to the Cabinet Member).

- Responsibility for **Housing Investment and Asset Management** will remain within the BGI Department and proposals to ensure sufficient capacity here will be brought forward separately.
- The Council's current **Strategic & Statutory Housing** functions (those which were previously overseen by the Director of Housing) will be managed across a number of Council Departments in the first instance, as set out below.

The intention is that a new role will be created to act as the Council's lead officer for its social housing function and act as a single point of contact for the regulator. This role will sit within the Corporate Core, reporting to the Executive Director (Strategy & Transformation). A job description for this role is currently in development and its establishment will be subject to relevant approvals over the coming two months. The former (vacant) Director of Housing post will be disestablished.

The distributed model is designed to ensure sufficient management capacity to drive the scale of improvement required whilst maintaining a discrete identity for the whole of housing services when required. For the vast majority of Six Town Housing staff this will mean no change at all at the point of transfer. However, on day one, line management of the four roles currently reporting to the Six Town Housing Interim Chief Executive will move to the following:

- The Director of Customer Services will report to the Executive Director (Strategy & Transformation). This post is currently vacant and so the two Business Managers who previously reported to this post will be managed directly by the Executive Director pending establishment of the leadership role noted above.
- The Director of Assets will report to the Executive Director (Operations) in the first instance.
- The Director of Finance and Business Assurance will report to the Executive Director (Strategy & Transformation) in the first instance.
- The Business Manager (People & Culture) will report to the Director of People & Inclusion

For Council staff, line management accountabilities for the Director of Housing's former direct reports will be undertaken by appropriate senior leaders in alignment with the above Housing Operating Model described above as an initial measure pending a review of roles and accountabilities.

The transfer approach and alignment of Council functions noted above is proposed in order to ensure a continued focus on the ongoing improvement journey and allow time for Council leaders to better understand the detail of service prior to any further change. Dedicated HR resources will be retained to progress a full programme of service reviews across both new and existing housing functions across 2024 and to identify and action areas for improvement and efficiency.

It should be recognised that the Council's budget savings include a total of £1.5m in savings linked to this area across the 23/24, 24/25 and 25/26 financial years. The first tranche of these savings has been progressed through a review of current Service Level Agreements and the changes to the Support at Home Service previously agreed by Cabinet. Further efficiencies will be supported through this

review process whilst recognising the critical importance of ensuring effective delivery capacity to support Council tenants.

In accordance with TUPE regulations staff terms and conditions of employment will be protected and cannot be changed simply because of the transfer. Former Six Town Housing staff will be managed in accordance with these terms following their move to Council employment. Where there is an 'Economic, Technical or Organisational' (ETO) requirement for change this can be proposed as a potential 'measure' through the consultation process. - The Council is not seeking any such 'measure' through this process.

Whilst not contractual terms and hence not TUPE Measures it is worth noting three areas which the Council will be seeking to confirm during the consultation process:

1. In-line with Council employees, Six Town staff would be 'opted in' to an additional 3 days of unpaid leave per year, with the option to opt-out if they wish to do so
2. Six Town staff will be given access to the Council's town-centre discounted car parking scheme. Paid-for-parking will only be provided when demonstrated as essential for business delivery
3. Six Town Housing introduced 'lifestyle contracts' for a number of their staff as part of the organisation's post-covid arrangements. Lifestyle contracts set out a range of flexible and agile working arrangements but are not part of the employment contract. However, in some cases the 'agile working' component of these documents has been reflected as a contractual change. The detail of this approach broadly aligns with the model already in place for Council staff and includes an emphasis on work location being driven by service need (i.e. staff are not 'home workers'). The Six Town definition of an agile worker is set out below.

"...This may include from home/any other suitable location, provided always that you comply with your line managers requests to return to the office, having been provided with reasonable notice. You may be requested to return to the office for specific meetings or events, or for a specific period of time by reason of operational and business need."

During the consultation period and throughout and beyond the transfer process there will be a strong focus on workforce engagement and support. A detailed 'employee offer' document has been created which describes the benefits of Council employment to Six Town Housing staff and a range of engagement interventions are in development across the different components of the Six Town Workforce. This will be crucial in ensuring current Six Town Staff feel supported and enabled to continue to deliver for the people of Bury.

1.5 Continuous Improvement

The urgent nature of the transfer means that all staffing, systems, assets and liabilities will transfer on 15 January 2024 "as is", including the Six Town Housing brand.

Pending transfer, weekly updates on property compliance activity and the Stock condition survey work will be provided to the Council.

A more fundamental programme of transformation activity will be progressed post transfer, allied to the new Regulator of Social Housing standards. A self-assessment of Six Town Housing services against new regulator requirements is being produced to inform service development plans. The project management requirements for undertaking this review and the implementation of any new ways of working are currently being scoped and proposals to ensure sufficient capacity to undertake this work will be brought forward separately.

1.6 Monitoring and Review

Post transfer performance management of Six Town Housing services will be the responsibility of the Executive Directors proposed and their associated Cabinet portfolios, under the overall direction of the Cabinet Member for Housing Services.

It is proposed that housing services are incorporated within the Scrutiny work plan from the new municipal year and that this will overtake the current Partnership Board which will cease meeting from the point of transfer. In order to ensure that the Tenants voice is centre to the management of the housing stock a Tenants advisory Board will be established this will be constituted under s.102(4) of the Local Government Act 1972 to advise the Executive on relevant matters relating to the former ALMO services and issues relevant to the housing service. The Members appointed to the Board could all be selected from across Bury and it would also include Cabinet Member for housing.

2.0 Recommendations

Recommendations are listed on the front of this report.

Links with the Corporate Priorities:

An integrated approach to the management of council housing for tenants will help realise the Let's do it Strategy of public service reform and the Housing Strategy objectives of safe, high quality and mixed tenure housing offer.

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.

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 EIA was provided to support the recommendation to return the housing stock to direct Council control.

Environmental Impact and Considerations:

The model for management and maintenance of council housing contributes to the achievement of a carbon neutral Borough by 2038. STH has made progress in establishing approaches and pilot schemes. 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:

Risk / opportunity	Mitigation
Implementation of the agreed vision and service models	Communications Plan, Stakeholder engagement
Financial sustainability of the Housing Revenue Account – PEST environment – within the context of the Council’s Financial pressures	Financial capacity Inflation, cost controls Development of a robust HRA Business Plan
Operating within the Regulatory environment	Effective regulatory preparation. Performance management & continuation of the improvement journey

Legal Implications:

The Management agreement between the Council and Six Town Housing does not allow for mutual termination of the agreement. An agreed deed of variation will be required.

Significant work is required to ensure that legal liabilities are reviewed prior to transfer to the Council. All staffing matters will be dealt with in line with TUPE legislation. Legal advice and support will be provided throughout.

Financial Implications:

The Council’s budget savings include a total of £1.5m in savings linked to this area across the 23/24, 24/25 and 25/26 financial years. The first tranche of these savings has been progressed through a review of current Service Level Agreements and the changes to the Support at Home Service previously agreed by Cabinet.

The return of Six Town Housing to the direct control of the Council and all of its assets, liabilities and stock is a significant piece of work for the finance team. However, the development of the HRA business plan that has been undertaken this financial year is a significant improvement on the previous information that was available.

Appendix:
EIA – To follow

Background papers:

Cabinet report – Strategic Housing Review June 2023

<https://councildecisions.bury.gov.uk/documents/s35772/Strategic%20Housing%20Review.pdf>

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

Term	Meaning
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