

DELIVERING EFFICIENCIES IN CORPORATE AND TRANSACTIONAL SERVICES (DECATS) AND BUSINESS TRANSFORMATION

Report of the Chief Executive

1. SUMMARY

This report sets recommendations from the Executive Team on how Derby Homes can achieve £2.2m of savings and efficiencies by April 2015, against the baseline Derby Homes fee in 2010-11.

2. RECOMMENDATION

To approve

- 2.1 the new mission, core values and strategic objectives in Appendix A
- 2.2 the broad principles of Delivering Efficiencies in Corporate and Transactional Services (DECATS) and Business Transformation outlined in this report in paragraph 3.7 and Appendix B
- 2.3 the delegation of all staffing changes, including the Senior Management Team and Principal Officer review, to the Chief Executive and Executive Team
- 2.4 setting up an Invest to Save fund of £500,000, using £250,000 from early payment of fee, repayable from future savings in fee, and a matching sum from Derby Homes' reserves
- 2.5 progress to be reviewed at Value for Money Working Parties
- 2.6 progress report to be brought for information to all future Board meetings
- 2.7 consultation on the detailed customer service proposals, such as changes to opening hours or shutting down of cash offices, local offices and community rooms to be with Local Housing Boards and Housing Focus Groups, local tenants, Councillors, and final decisions to be made by the Board.

3. MATTER FOR CONSIDERATION

- 3.1 Board Members will recall that the PriceWaterhouseCoopers report on DECATS found there was the opportunity to make ongoing savings of £1.2m a year and a reduction in 21 posts if processes were improved, duplication was eliminated and customer engagement with Derby Homes was to change. These proposals were approved by the then Resources and Remuneration Committee on 29 April, and noted by the Board at its meeting on 27 May 2010.

- 3.2 Subsequently the Resources, Remuneration and Regeneration Committee on 8 July 2010 agreed the Executive Team should hold an away day 'to look at how the organisation is restructured, based on its future business needs and resources,' that a report should be brought to the Board that sets out 'the broad principles and resources needed for the restructured organisation and that consideration should be given to other ways of retaining employment and reducing costs'.
- 3.3 The Executive away day was held in August and this report sets out the broad changes that were recommended.
- 3.4 Since the DECATS report, public expenditure cuts of 25-30% have been announced for Local Government over the next 4 years. I now anticipate that a far larger level of cuts will be required of Derby Homes, and the away day recommendations are based on a total savings and efficiencies of £2.2m per year from April 2015, based on the baseline Derby Homes fee of 2010-11.
- 3.5 The broad trends identified at the away day were
- Future public expenditure cuts will mean less funding for new build, and Derby Homes owned new build is now replaced by Council new build.
 - The Council is leading on regeneration work and we need to keep a strong supporting role, however public expenditure cuts probably mean the wholesale regeneration of Osmaston may be long delayed.
 - Derby Homes has only succeeded in gaining a marginal amount of new business, despite considerable commitment of resources. The competition for such new business is likely to be greater in the future.
 - DECATS is very reliant on IT systems, which we know can be very difficult to implement and require funding up front, and a lot of support for staff to work effectively. To succeed we will need a specialist project team to help make changes happen.
 - The transfer of the repairs direct work operatives has changed Derby Homes organisational centre, and this area of work is now a priority, and a new business opportunity.
 - If the HRA review does happen, then there will be more funds to spend on Estates Pride and capital repairs programmes.
 - The impact of public expenditure cuts, such as housing benefits, could affect council tenants and we need to protect services that help vulnerable tenants such as debt advice and low cost loans.
 - There is an opportunity for Derby Homes to engage in increased energy efficiency work.
 - There is a danger of customer service declining as these changes are introduced, so will need to monitor satisfaction and perceptions.
 - There is a danger of staff morale and productivity reducing as these changes are implemented. Staff skills, team working and strong leadership across all teams is needed to sustain our performance.
 - There is a need to manage the relationship with Councillors, Council Officers, trade unions.
 - Continued priority for equalities and diversity, given new communities and new legislation.

3.6 Mission, Core Values and Strategic Objectives

The Executive Team recommends the following changes:

1. Derby Homes Mission Statement is currently 'to provide the best housing service in the country'. It is recommended that this is changed to '**To secure the best future for Council housing tenants and services in Derby**'.
2. The Core Values are changed to incorporate the current strategic aims of Value for Money, Equalities and Diversity and a new core value of working safely is added.
3. The strategic aims be reduced to three
 - **Decent Homes and Successful Neighbourhoods**
 - **Excellent Customer Services**
 - **Energy Efficient Homes and Services.**

A full set of the Mission, Core Values and Strategic Aims is shown in Appendix A.

These amendments reflect the Executive's view that Derby Homes' future will be more focussed on services to Council tenants, and improving the repairs service, and less on new business and new build.

3.7 The detailed proposals for delivering these efficiencies are set out in Appendix B. The main proposals are

- reduction in numbers of Committee meetings from 35 to 23 (see Appendix C)
- centralising teams to streamline working
- offering Voluntary Redundancy (VR), Voluntary Early Retirement (VER), flexible working hours and tackling performance of staff
- continuing to improve the efficiency of the Repairs Team
- reducing efforts on new build and increasing time input into energy efficiency schemes
- introducing flexible and mobile working to all staff
- close cash offices at Sussex Circus and Allenton
- reduce the opening hours at housing offices and co-location bases in libraries and elsewhere
- review and close those local offices and co-location bases with low usage
- open new surgeries at popular locations
- promote the Housing Officer role in their patch
- develop the Enquiry Centre to answer more enquiries first time
- review and close any community rooms that have low usage
- increase the use of texting, emails, and web based self-services
- reduce energy use and costs of communal heating and lighting
- review all non-core activities in Derby Homes.

4. CONSULTATION IMPLICATIONS

4.1 Staff will be consulted on these proposals where they affect their post and service area. Trade unions will also be consulted.

- 4.2 Tenants and Councillors will be consulted where significant changes in customer services are proposed through Housing Focus Groups and the Derby Association of Community Partners.
- 4.3 The Council will also be consulted on proposals affecting services to customers.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

- 5.1 There is a need to set up an Invest to Save fund to pay for up front costs such as VER and VR, mobile working technology, project support. The Council's Director of Resources has agreed in principle to an early payment of fee of £250,000 match funded by a Derby Homes contribution from reserves to make a total Invest to Save fund of £500,000.
- 5.2 In summary these proposals are expected to achieve the following cashable efficiencies by April 2015 against the baseline of 2010-11 Derby Homes fee.

| | Cashable efficiencies | Total posts |
|-------------------------|------------------------------|--------------------|
| Governance | 50,000 | 1 |
| Support/Finance | 250,000 | 8 |
| Personnel policies | 300,000 | 10 |
| Investment/regeneration | 1,000,000 | 6 |
| Housing and customers | 500,000 | 13 |
| Non Core activities | 100,000 | 2 |
| Total | 2,200,000 | 40 |

6. PERSONNEL IMPLICATIONS

- 6.1 The net number of posts to be lost are expected to be five Principal Officers and 35 below Principal Officer level. The timing of these will depend on the business needs of the organisation, but will be achieved at roughly 10 per year.
- 6.2 Individual staff whose posts are deleted will be put on the 'At Risk' register and have first right of interview for other vacancies in Derby Homes. Their salary will be protected for 3 years.
- 6.3 The Principal Officer review of posts, and all other posts, is delegated to the Executive.
- 6.4 These proposals will require detailed negotiation with trade unions.

7. ENVIRONMENTAL IMPLICATIONS

The increased emphasis on energy efficiency will reduce the carbon footprint of our services and of tenants in Council housing.

8. EQUALITIES IMPACT ASSESSMENT

We will assess the impact of these changes through Equality Impact Assessments.

9. HEALTH & SAFETY IMPLICATIONS

New ways of working, such as mobile working, may create new health and safety risks for staff, which we will manage together with staff and trade unions.

10. RISK IMPLICATIONS

The most serious risk is that the projected savings are not achieved. To ensure this is managed it is proposed to make this a Strategic Risk on the risk register, managed by the Executive Team. The Performance Management Team will project manage the processes and give support to staff. Progress against the project plan will be reported back to the Value for Money working party, and a report will be submitted for information to each Board .

The areas listed below have no implications directly arising from this report

- Legal and Confidentiality
- Policy Review

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or the Chief Executive, phil.davies@derbyhomes.org - Tel 01332 711010

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Background Information:

Supporting Information: Item C3 R&RC Report 29 April 2010, Item A4 Board Report 27 May 2010 and Item A3 RR&RC Report 8 July 2010

Mission Statement:

To secure the best future for Council housing tenants and services in Derby

Core Values

- Integrity – we are open and honest and we keep our promises
- Excellence – we pride ourselves in being excellent
- Learning from people – we improve our services by listening to feedback
- Delivering Value for Money – we manage homes, estates and services efficiently effectively and economically
- Embrace equalities and diversity – we meet the needs of all communities we serve
- Innovation – we do not stand still. We inspire our employees and improve our business
- Work safely – we will prioritise health and safety for customers and staff.

Objectives

1. Decent Homes and Successful Neighbourhoods
2. Excellent Customer Service
3. Energy Efficient Homes and Services

Detailed Proposals for Efficiencies**1. Governance**

It is proposed to reduce the number of Committee meetings by

- Combining the two Local Housing Boards into one Citywide Housing Committee, meeting 6 times a year.
- Replace the Performance Management Committee by transferring the responsibility to manage overall performance to the Chair's Group which meets each fortnight and at least 20 times a year, with management of customer service performance reported quarterly to each Citywide Housing Committee, and management of the customer offers or local standards to the new Tenants Scrutiny Panel. The Chair's Group, the Citywide Housing Committee and the Tenants Scrutiny Panel will all be able to report any serious concerns of underperformance to the main Board.
- Replace the current Governance Services Committee meetings with two Governance Review meetings open to all Board members and held as half away days.

This will reduce the numbers of meetings from 35 to 23. A table showing these changes is in Appendix C.

2. Centralised Administration and Finance

It is proposed to

- Combine together the finance and administration staff of the organisation in order to drive out efficiencies and streamline working
- Recruit to the Director and Company Secretary vacancy on an interim or secondment basis, with a review of this post and the temporary Head of Finance post in 2012.

3. Personnel Policies

It is proposed to

- minimise overtime, use of agency and consultancy staff
- offer Voluntary Redundancy (VR) and Voluntary Early Retirement (VER)
- offer staff opportunity to reduce their working week in return for a commensurate reduction in pay
- termination of contracts where staff are on a temporary contract and their work is no longer funded or a priority
- place a stronger emphasis on staff performance, tackle underperformance and promote talented, motivated staff.

4. Investment and Regeneration

It is proposed to

- merge the roles of former Council and Derby Homes repairs supervisors and surveyors
- minimise the use of agency, sub contractor labour
- monitor and manage the use of vehicles and materials
- minimise the staffing involved in new build and new business
- introduce mobile working for all maintenance staff required to visit tenants or sites around bases of Cardinal Square and London Road depot
- increase the emphasis on health and safety
- argue for an extension and increase in the Estates Pride fund in the future
- put more staff time into energy efficiency schemes.

However, these and other savings proposed are likely to be redirected into additional repairs and capital spend. If we succeed in sustaining the Estates Pride scheme within Derby Homes' fee then this would be a substantial increase of £2m to Derby Homes' annual fee. Any such increases will result in an increase in staffing where Derby Homes carries out this work.

5. Housing and Customer Services

It is proposed to

- shut the remaining cash offices at Sussex Circus and Allenton (plus Pear Tree office cash office which is a service run on behalf of the Council)
- introduce mobile working for all housing officers, and other public visiting staff, such as arrears and neighbourhood safety staff
- five housing management areas and mobile workforce bases, with public counter opening hours reduced
- share the new Council city centre office (Next shop), and share the reception area in the new Council House post 2012
- reduce surgery hours at all Library and other co-locations, and consider additional co-location at Chellaston and Chaddesden Park
- all co-location offices to have free-phone service to Derby Homes Enquiry Centre available when not staffed
- open other surgeries across the City where demand justifies and reduce opening hours or close surgeries where demand is not there
- any offices closed to be converted into accommodation
- close down little used sheltered housing community rooms and consider converting into accommodation
- continue to support Neighbourhood Management in cooperation with the Council, and in particular neighbourhood safety
- increase profile and accessibility of housing officers and other key staff
- develop and promote use of Enquiry Centre, by extending its use to more services and external call outs to customers

- increase and promote the use of texting, emails and web based self services, and reduce the use of paper leaflets, newsletters and marketing
- develop schemes for reducing the cost of communal heating and lighting across all buildings managed by Derby Homes.

6. Non Core Activities

The Executive Team has identified a range of non core activities where staff or contractors are employed and services are provided that could be judged to be extra and value added, on top of the core housing management and maintenance services. However, many of these are very well valued by tenants. Many are self financed by service charges, fees or grants.

Most significant examples of these are

- managing other landlords' properties such as at Poets Corner in Old Sinfen
- tenants contents insurance, garden maintenance, internal decoration, and furniture pack schemes
- masterplanning and regeneration of estates
- community initiatives, such as support for community groups, Junior Wardens
- Tenant Rewards such as 'It Pays to Pay', Garden Competition and similar schemes that reward good tenants
- Tenant Resource Centre, St Peters House
- central support services could be outsourced and provided by another supplier such as the Council or another ALMO
- Community Watch evening patrols
- Concierge service at Rivermead House
- Home2Work employment for tenants scheme
- Family Intervention Project.

Executive Team recommend that individual reviews of these service should be undertaken over the next three years.

Governance Meetings

| Meetings | Number Now | Proposed |
|--|------------|----------|
| AGM | 1 | 1 |
| Board | 6 | 6 |
| Local Housing Boards | 10 | 0 |
| City Wide Housing Committee | 0 | 6 |
| Audit | 4 | 4 |
| Governance | 5 | 2 |
| Performance | 5 | 0 |
| Resources, Remuneration & Regeneration | 4 | 4 |
| Total | 35 | 23 |