

East Kent Housing Improvement Plan

Cabinet	15 January 2019
Report Author	Tim Willis, Deputy Chief Executive
Portfolio Holder	Cllr Lesley Game, Cabinet Member for Housing and Safer Neighbourhoods
Status	For Decision
Classification:	Unrestricted
Key Decision	Non-Key
<i>Previously Considered by</i>	Board of East Kent Housing

Executive Summary:

This report identifies improvements that are required in the services provided by East Kent Housing and presents a proposed Improvement Plan for consideration. The plan includes specific actions, outcomes and performance indicators that will be monitored during the period of the plan.

The report also sets out the additional funding requested by EKH to secure the successful delivery of the improvements required. Costs have been included within budget proposals for 2019/20 for approval by Cabinet and Council in due course.

Recommendation(s):

Cabinet are asked to:

1. Endorse the draft Improvement Plan at annex 1.
2. Note that the costs set out in this report are included within draft budget proposals for 2019/20.

CORPORATE IMPLICATIONS

Financial and Value for Money	The financial implications set out within this report have been included within the 2019-20 Budget being put to Cabinet on 15 January.
Legal	The contents of the Report are noted.
Corporate	The services provided by EKH contribute to the council's Corporate Plan objective of Supporting Neighbourhoods. The elements of the HRA capital programme delivered by EKH are essential to ensuring that the council's housing stock is maintained in good condition and continues to meet the national decent homes standard.
Equalities Act 2010 & Public Sector Equality Duty	Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation

	<p>and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.</p>								
	<table border="1"> <tr> <td colspan="2">Please indicate which aim is relevant to the report.</td> </tr> <tr> <td>Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> <td></td> </tr> <tr> <td>Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td> <td>X</td> </tr> <tr> <td>Foster good relations between people who share a protected characteristic and people who do not share it.</td> <td></td> </tr> </table>	Please indicate which aim is relevant to the report.		Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,		Advance equality of opportunity between people who share a protected characteristic and people who do not share it	X	Foster good relations between people who share a protected characteristic and people who do not share it.	
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	<p>The services provided by EKH impact directly on tenants of the council, including tenants with protected characteristics. This report has identified a number of areas of service deliver that require improvement and is considered to have a positive impact for all tenants, including those with protected characteristics.</p>								

CORPORATE PRIORITIES (tick those relevant)✓	
A clean and welcoming Environment	
Promoting inward investment and job creation	
Supporting neighbourhoods	✓

CORPORATE VALUES (tick those relevant)✓	
Delivering value for money	✓
Supporting the Workforce	
Promoting open communications	

1.0 Introduction and Background

- 1.1 East Kent Housing (EKH) was established in April 2011 to provide housing management services to the four councils of Canterbury City Council (CCC), Dover District Council (DDC), Folkestone and Hythe District Council (FHDC) and Thanet District Council (TDC). Officers that had been providing these services in each of the four councils were transferred to EKH and a management fee agreed by each of the four councils to cover these costs.
- 1.2 Since that time the core management fee has not been increased to take account of inflation, salary increments or pension liabilities, although one off specific project funding has been agreed, such as a new procurement officer and new welfare benefits advisors to assist with managing the implications of the rollout of universal credit. Over this time inflationary, incremental and pension fund pressures have been absorbed by EKH.
- 1.3 In a number of areas EKH have performed well, including overall service cost per dwelling, rent collection and arrears management and empty property (void) management. Benchmarking data from 2016/17 showed that EKH was performing in the upper quartile of similar organisations in these areas. Resident satisfaction with responsive repairs arrangements has also been consistently high.

- 1.4 There have however been a number of areas where EKH has not performed well and where urgent improvements are needed. The most significant area of consistently poor performance has been in procurement and contract management, which has resulted in delays to the delivery of the agreed capital programme of investment in council homes. The complexity for EKH of working with 4 separate client councils is recognised and EKH have struggled to cope with this. EKH have struggled to recruit suitably qualified and experienced staff and have overly relied on interim and agency staff. The proposed improvement plan sets out agreed actions and targets to improve performance in this area, and is linked to a proposal for this work to be supported with additional revenue and capital resources.
- 1.5 The four councils have all agreed to investment in new IT systems for EKH, enabling the streamlining of their business, greater flexible and remote working and improved online functionality for residents. Delays in the implementation of the new system have increased costs and impacted on service efficiency. The full implementation of the new system during 2019 is therefore an essential part of the improvement plan.
- 1.6 During 2018 all four council areas have seen increases in rent arrears levels as a result of the continued rollout of universal credit. EKH report that Universal Credit cases are more complex and time consuming to manage and that additional resources are required to manage this and support households moving onto Universal Credit to manage their rent payments.
- 1.7 The key areas covered by the proposed Improvement Plan are:
- Procurement of key contracts for the delivery of the council's planned maintenance and capital improvement programmes.
 - Contract management of a number of key contracts.
 - Rent collection, particularly in relation to tenants in receipt of Universal Credit.
 - Single System implementation.
 - Organisational health and sustainability
- 1.8 As a result of these issues, EKH were asked to put forward proposals to improve their performance in these key areas. EKH have responded to this and have agreed to the improvement plan attached at Annex 1. To support this EKH have identified the additional resources required to deliver and sustain the necessary improvements and to address growing demand and funding pressures in their services.

2.0 The Improvement Plan

- 2.1 The Improvement Plan, attached at Annex 1, sets out the specific improvements required and defines both required outcomes and key performance indicators in each area.
- 2.2 The Improvement Plan covers the period from 1 April 2019 to 30 September 2020, during which time the delivery of the actions, outcomes and indicators set out in the plan will be closely monitored. Work to deliver the specified actions will need to start immediately if the proposed timescales for the required actions are to be met. The additional resources proposed as part of the plan will be made available to EKH from 1 April 2019.
- 2.3 The Improvement Plan has been considered and agreed by the Board of EKH. The EKH board will lead on the monitoring of the Improvement Plan delivery and will report progress back to the four councils' nominated client officers. Key performance indicators relating to the delivery of the capital programme, rent collection, void management and resident satisfaction are routinely reported to both Finance, Budget and Performance Scrutiny Panel and Cabinet each quarter.

3.0 Financial Implications

- 3.1 The EKH management fee for Thanet services totalled £1.346m for 2018/19. This is funded from the council's Housing Revenue Account and supports the delivery of housing management and maintenance services across all council owned homes.
- 3.2 The proposed revenue cost of the Improvement Plan for 2019/20 is £182,250 per council, representing a 13.5% increase from the 2018/19 management fee for TDC. This includes:
- £111,000 for welfare reform, universal credit and rent collection work
 - £8,750 for additional procurement support
 - £20k for contract supervision
 - £42,500 for inflation, increments and actuarial strain

Whether these amounts are to be included in proposed budgets beyond 2019/20 will be dependent upon the successful delivery of the proposed improvement plan.

- 3.3 The Improvement Plan includes the successful implementation of EKH's new single IT system. This project has experienced delays and its successful implementation is considered to be critical to the efficient provision of services in the future. It has previously been agreed that an amount of £53,600 per annum, currently used to pay for the council's existing housing software will be transferred to EKH for maintenance of the new system following a successful go-live. Together these amounts will increase the total EKH management fee for 2019/20 for Thanet to up to £1.581m.
- 3.4 In addition to the management fee increases, EKH have requested that a proportion of the agreed capital programme be used to support the preparation of the required specifications and tender documents needed to deliver the programme in full. The 2019/20 capital programme will be set out in the proposed budget reports to Cabinet and Council, including both new expenditure for 2019/20 and slippage from 2018/19. Together the 2018/19 and 2019/20 HRA capital programmes total £8.346m of which £4.386m is still to be specified and procured. EKH have requested that up to 2% (£88,720) of the unprocured amount be made available to support document preparation together with a further £10k to increase consultancy support in relation to essential servicing contracts.
- 3.5 The total cost of the Improvement Plan for 2019/20 for Thanet is set out below.

Description	Revenue (£'s)	Capital (£'s)
Rent collection and welfare reform	111,000	0
Procurement support	8,750	(up to) 88,720
Contract management	20,000	10,000
Inflation, increment and pension pressures	42,500	0
Total	182,250	98,720

- 3.6 These amounts are included within the proposed HRA budgets for 2019/20.

4.0 Next Steps

- 4.1 The proposed Improvement Plan has been agreed by the EKH board, at its meeting on 10 December 2018, and is also being presented to the other East Kent client councils. To be effective, the plan needs to be agreed by all partners and similar reports will be presented to members at CCC, DDC and FHDC respectively.
- 4.2 EKH will be presenting the Improvement Plan to the Resident Panel 19 February 2019.
- 4.3 Once implemented progress will be monitored by the EKH board and reported to the four councils and resident area boards.

Contact Officer:	Bob Porter, Head of Housing and Planning
Reporting to:	Tim Willis, Deputy Chief Executive

Annex List

Annex 1	Proposed Improvement Plan
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Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation

Finance	Gary Whittaker, Interim Head of Financial and Procurement Services
Legal	Sophia Nartey, Interim Head of Legal Services