

# Cheltenham Borough Council

Cabinet – 15 April 2014

## Commissioning review of public protection and private sector housing

<b>Accountable member</b>	<b>Councillor Peter Jefferies, cabinet member housing and safety</b>
<b>Accountable officer</b>	<b>Jane Griffiths, director commissioning</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Executive summary</b>	<p>The review of public protection and private sector housing is one of a range of commissioning reviews which have been undertaken by the council. It covered the full range of services undertaken by the public protection team and the built environment enforcement team including environmental health, community safety, licensing, private sector housing, enforcement, lifelines and disabled facilities grants.</p> <p>A member steering group was set up to assist with the review and to provide a sounding board to the cabinet lead. The project team involved the cabinet lead and officers from the commissioning division, HR, finance, ICT and legal, and the managers from the services in scope.</p> <p>A range of outcomes were identified building on outcomes from previous reviews as well as new outcomes based on specific needs and these are set out in appendix 2. The review then assessed two delivery models; a shared service with our GO Shared Service partners and an in-house proposal.</p> <p>Having completed the assessment of the two proposals, the cabinet member and project team concluded that neither the shared service nor the in-house proposal would best meet our outcomes at this current time.</p> <p>Instead, the review team has concluded that a much wider in-house proposal be developed that would bring into scope all the services under the Environmental and Regulatory Services Division – as originally agreed by Council in July 2013. The council report at the time set out the scope of the division focused on taking an active role in the place-shaping agenda and administering public facing services directly provided by the council.</p> <p>It is recognised that this will require some additional support to help with such structural change and at the outturn we will be putting forward a proposal for additional capacity on an invest to save basis.</p> <p>The review has not ruled out the potential to share services in the future but at this time the above approach is best placed to meet the council's needs.</p>
<b>Recommendations</b>	<p><b>To approve the outcomes as set out in appendix 2</b></p> <p><b>To endorse the strategic approach to aligning services within the new environment and regulatory division as set out in section 7 of the</b></p>

	<p><b>report.</b></p> <p><b>To note savings of £114k in 2015/16 with a further £35k in 2016/17 to meet the already identified savings targets built into the MTFS</b></p> <p><b>To bring back a report to cabinet in September on the delivery plan for the service redesign and associated structural changes on an invest to save basis.</b></p>
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<b>Financial implications</b>	<p>An initial assessment of the proposed savings has been undertaken but further analysis of the savings identified by the in-house model will be needed to ensure they can be accurately built into base budget and contribute towards the council's funding gap.</p> <p>The funding of additional resource will be dependent on the council's financial outturn position. Dependent on the outcome of this position, alternative funding sources may need to be identified.</p> <p><b>Contact officer: Nina Philippidis, Accountant nina.philippidis@cheltenham.gov.uk, 01242 264121</b></p>
<b>Legal implications</b>	<p>When determining the strategic direction of the new division and, in particular, if the service is reconfigured to deliver the identified outcomes, employment responsibilities and practices must be adhered to and due process followed.</p> <p>With regard to the work proposed on exploring opportunities to use external support for enforcement it will be necessary to comply with the Authority's contract rules and be mindful of statutory responsibilities which must be retained in-house.</p> <p><b>Contact officer: Shirin Wotherspoon, Principal Solicitor shirin.wotherspoon@teWKesbury.gov.uk, 01684 272017</b></p>
<b>HR implications (including learning and organisational development)</b>	<p><b>Clearly, initiating a review of a newly created division will cause concern and uncertainty for the staff involved. It is vital that all the staff have the opportunity to feed into the review from the start, and take part in the creation of the new structures. While doing this there are resource implications and individual and team workloads will need to be carefully managed so that both individuals have the time to participate effectively and that outcomes are still delivered.</b></p> <p><b>Regular and clear communications will be pivotal to ensure that staff remain engaged, motivated and involved throughout this project, and that the best solution is identified and delivered.</b></p> <p><b>Navigating through change and other focussed training and development activities may be useful in supporting staff through this period of uncertainty and change.</b></p> <p><b>Contact officer: Richard Hall, HR business partner Richard.hall @cheltenham.gov.uk, 07801 23 276</b></p>
<b>Key risks</b>	<b>As set out in the risk assessment</b>

<b>Corporate and community plan Implications</b>	In the 2013-14 corporate strategy we identified two commissioning reviews; COM 4 – public protection and COM 6 – private sector housing. These two projects were subsequently merged to form the current commissioning review. The 2014-15 corporate strategy includes the following commitment; COM 1 We will undertake a commissioning review of our Public Protection and Private sector housing services and implement this by March 2015.
<b>Environmental and climate change implications</b>	
<b>Property/Asset Implications</b>	This review currently does not have any impact on the accommodation strategy. <b>Contact officer: David Roberts@cheltenham.gov.uk</b>

## **1. Details of the services in scope**

- 1.1** The review of public protection and private sector housing covered the full range of services undertaken by the public protection team and the built environment enforcement team including environmental health, community safety, licensing, private sector housing, enforcement, lifelines and disabled facilities grants

## **2. Why we carried out the commissioning review**

- 2.1** The council as a commissioning council has undertaken a range of commissioning reviews. The review of private sector housing and public protection had been planned for 2014-15 but was brought forward when a proposal came forward from our GOSS partner councils; Cotswold District Council (CDC), Forest of Dean District Council (FODDC) and West Oxfordshire District Council (WODC) with regards to the feasibility of a shared public protection service. They were working to a timescale which required us to make a decision by April 2014 as to whether we wished to be part of the development of a detailed business case.

## **3. How we carried out the review**

- 3.1** A project team and member working group were established to support the review and given the timescales the commissioning approach was undertaken but with a light touch approach.
- 3.2** A needs analysis was completed (a copy of which is available in the members room) and from this an outcomes framework was developed. The outcomes as set out in appendix 2, were aligned to other outcomes already developed for the built environment division and for the housing and homelessness strategy.

## **4. Member input and the development of needs and outcomes**

- 4.1** The cabinet member chaired a member working group which comprised Councillors Anne Regan, Diggory Seacome, Helena McCloskey and Suzanne Williams. Councillor Bernard Fisher was also on the group but due to other commitments had been unable to attend meetings but was sent all the papers. Their views are reflected within the text of the report.
- 4.2** It was clear from working with the member steering group, that members value the range of services within scope of the review, and the valuable role they play in supporting the quality of life which makes Cheltenham such a special place to live, to work and to visit.
- 4.3** From the discussions with the member working group and from a member seminar on enforcement that members wished to see a more proactive approach to enforcement across a range of activities. There is a perception that the council may only have a limited resource to put into enforcement activity, and it was evident that there was an expectation that the review would identify the opportunity to put more focused attention to enforcement across the range of services. The new environment and regulatory services division will have all enforcement activity and this will provide an opportunity to deliver a more focused approach using resources more effectively across the division.

## **5. Details of the two proposals**

### **In-house proposal details**

- 5.1** The in-house team developed their proposal which they presented to the cabinet member working group. The proposition was based on closer working between the

built environment enforcement team and the public protection team. It identified opportunities for improvements to the customer interface with the services in scope, and use of systems thinking to improve service delivery. Building on the already close working relationships with members it proposed workshops to consider service improvements. The inhouse team identified savings of £120k per annum as well as identifying other potential saving opportunities which would require more work to establish their feasibility.

- 5.2** During the review process, there was some discussion as to whether Gloucester City Council and Tewkesbury Borough Council would make more appropriate partners for a shared front line service. A meeting was held with officers from these councils and they contributed information to the review, as it provided useful baseline data. The in-house team were keen to progress a shared service along these lines as they felt that there was a more appropriate synergy with Cheltenham and this was included within their proposal. However given the timing of the review there was not an opportunity to explore this in more detail, although in evaluating options consideration was given to the risks of linking with councils where partnership working and shared services is not so embedded

### **Shared service proposal details**

- 5.3** A lead officer from West Oxfordshire District Council developed a proposal in consultation with directors in the four councils. Again there was a presentation at the members working group on key aspects of the proposal. The proposition was for a shared service with a central hub undertaking the administrative functions/back office support with teams based out in the locality.
- 5.4** The proposition is that the range of regulatory services is fairly prescriptive and by sharing there is an opportunity to streamline processes. Such a shared arrangement would include a local presence and also local decision making through each council keeping its own decision making process and committees. The proposal for a shared service identified potential savings to CBC of between £241K and £391k per annum depending on a range of assumptions.
- 5.5** The shared service would have had formal JMLG meetings and members would have interfaced with the service at a local level through the local presence of a manager.
- 5.6** The proposition for a shared service indicated however that the service delivery in local areas would be driven by need, and therefore should have picked up on the local issues arising from our night time economy, housing stock and business profile. The proposal also looked at the opportunities to streamline the regulatory burden for businesses. There was a clear understanding that the shared service would need robust performance measures so that the shared service could demonstrate to members and the public what was being delivered.

## **6. Feedback about the two proposals**

### **In-house assessment**

- 6.1** The assessment team felt that the in-house option offers resourcing flexibility, for example it is easier to draft in-house staff in to assist with other priorities or activities and specifically with emergencies such as flooding, or major accidents (gas explosion), or to re-allocate staff short term when one team comes under a lot of pressure. Furthermore this option offers increased flexibility to change the service in the future without the need to consult partner organisations, if for example the Council needs to downsize or upsize in response to changing demand, budgetary pressure,

or legislative change.

- 6.2** The team noted that the in-house team has a track record of delivery against savings targets which gives confidence that any savings offered up will be delivered. The team also noted the strong record of service performance, and the skilled, committed and experienced nature of the staff. The team also felt that the staff's strong local knowledge, experience of urban issues, and their understanding of community needs and member expectations was advantageous.
- 6.3** The in-house option responded to members' request for more enforcement action by offering to trial a private sector partnership approach. The team felt that the inhouse model would enable the division to continue to benefit from the synergies that exist between private sector housing and development management.
- 6.4** On the other hand, the team was disappointed by a lack of service restructure, which would have better enabled the team to focus on the new outcomes. This gave rise to a concern that the proposal may not lead to the delivery of outcomes as required. The lack of restructure may also necessitate future redundancies as budgets continue to be squeezed. The team also noted that the Director of Environmental and Regulatory Services will have such a broad portfolio and large number of direct reports (8 from 1st April 2014), that it may be difficult to maintain focus on public protection and private sector housing outcomes, unless there was a fundamental restructure within the division.
- 6.5** Of the £114k savings offered up in 2015/16 the team felt that £52,800 were readily achievable whilst £61,200 required further work. There are also savings of £35k identified 2016/17. In addition there were other savings possibilities with regards to CCTV and ICT systems which would already be picked up in other programmes although may not yet be included within the MTFs. Those savings that are new are more 'Bridging the Gap' than transformational in nature, adding to concern about the financial sustainability of the model.
- 6.6** The team noted that there was no request for implementation support, and was therefore concerned as to whether the service would have the capacity, skills and culture to deliver transformational change and cope with business as usual.
- 6.7** Finally, the assessment team noted the lack of costing for a future potential shared service with GCC and TBC, and expressed concern about the deliverability of this given the lack of ICT infrastructure, and lack of a broader framework between these organisations for sharing, in contrast to the GO partnership. The team also felt that the longer pathway to sharing with GCC and TBC increased the risk of the business environment changing, challenging the business case for sharing before implementation is achieved.

#### **Shared service assessment**

- 6.8** The proposal for a shared service was attractive in that it would enable capacity to be shared to meet peaks in demand and also provide resilience and access to a wider skills base in service areas where there is currently limited capacity. It would also give the employees more development opportunities, and access to share knowledge and share ideas for service improvement.
- 6.9** A review of the services provided did show some similarity to scale ie similar levels of licenses or inspections but the review group were concerned that the type of issues which arise in an urban area with a strong night time economy, deprived wards and high levels of houses in the private rented sector may be very different from those in more rural areas.

- 6.10** The level of savings proposed at the upper level was driven by the reduction in management, back office administrative support and service efficiencies. The review group were not convinced that this level of savings could be delivered without impacting on the front line service delivery or quality of service delivery.
- 6.11** The large geographical area covered by the shared service would lead to additional transport costs and also productivity issues through travelling between sites. These were not factored into any savings projections and assumed to be offset by savings in supplies and services although it was unclear that this would be the case.
- 6.12** The scope of services for the shared arrangement meant that some services would need to be retained in house or delivered through different mechanisms. Although this was not costed into the proposition it is likely that the council would have incurred additional costs where staff undertaking a range of functions TUPE to the shared service but some of their function is retained by the organisation. There would also be a need to have a client side officer to interface with the shared service, although this function could be shared with other councils. This was not costed into the proposal at this time.
- 6.13** The proposal for a shared service also identified the need for upfront investment costs. These were in the region of £1 to £1.5m to be shared across the partners and would provide a payback period based on the savings projections which is acceptable to the council. Implementation costs would have included redundancy costs as well as ICT infrastructure costs. It was recognised that there would be significant data transfer issues in developing a shared system infrastructure and issues with regards to growth in data storage which may have not been fully identified within the implementation costs.
- 6.14** It was noted also that unless Cheltenham were the host of any shared arrangement it would have potential negative impacts and costs on the council's pensions arrangements. The council is currently working with its partners to explore how the long term pensions issues can be addressed and is commissioning some joint work on this to ascertain what options are available. Although hosting would be attractive it would also impact on the council's accommodation strategy and would be an increase in work at a time when the council is looking to reduce capacity at a senior level.

## **7. Reasons for the recommendation and the way forward**

- 7.1** The Council, in July 2013 endorsed the Chief Executive's (head of paid services) report which set out his vision for the way in which the council would be structured in the future. It was concluded that the council should retain a division entitled Environmental and Regulatory Services, with the creation of a director to provide a strategic leadership role focused on public facing services directly provided by the council. This post would be accountable for the effective and efficient delivery of directly provided services including planning, building control, enforcement and public protection (including licensing), green environment, bereavement services, housing strategy, private sector housing, housing enabling services and parking services including shop mobility.
- 7.2** This division came into effect on 1 April and it was felt by the review team that the opportunities and service delivery benefits which could be attained by the focused division have yet to be realised and that savings which could accrue from the changes have yet to be delivered.
- 7.3** The director now also has the strategic lead for economic development and strategic tourism, and therefore all place making services are under his control. There is an opportunity therefore to undertake some wider strategic thinking as to how our regulatory services can better underpin and support the economy and businesses in

Cheltenham whilst safeguarding and protecting our community. Reviewing just an element of the division meant that synergies could be lost and the opportunity to create a transformed service would be missed. The inhouse team also identified that bringing the services together into one division will enable the creation of a more defined business support hub which would enable a more streamlined approach to dealing with customer enquiries. Such an approach provides an opportunity to signpost applicants through the various regulatory processes from planning, building control to licensing and inspection regimes as appropriate.

- 7.4** It is recognised however that the new division has a number of high profile issues such as the Joint Core Strategy, the cremator project, car parking strategy and delivery of car parking services post transfer of on street car parking to the county council and support for the strategic economic plan. In addition the changes to welfare reform and recent legislative announcements from government with regards to private sector housing and tenants' rights will put additional resource requirements onto the division. It is proposed therefore that the council procures some specialist resource to assist in working with the cabinet lead, members, executive board and the director to set the strategic direction of the division to deliver the outcomes identified through commissioning reviews and to then shape the way in which the service can be reconfigured to deliver these outcomes and to potentially make efficiency and additional cashable savings. Such support would be on an invest to save basis, and would identify a clearly defined delivery plan which can then be monitored by the Chief Executive and the members.
- 7.5** Work will also progress on exploring opportunities to use external support for enforcement which has been employed successfully elsewhere. Councils have brought in specialist companies on a short term basis who undertake focused and visible enforcement action on things such as littering using fines to pay their fees. The member working group were keen that this should be explored in more detail although it is recognised that each council may be different and the council would need to develop a business case for procuring such services.
- 7.6** Cheltenham Borough Homes (CBH), as the council's arms length housing provider, are currently developing a transformation project looking at the provision of services for the elderly and vulnerable and there are synergies in their work and some aspects of the current private sector housing team. It is proposed that further work would be undertaken on developing more partnership working between the teams and develop a business case as to how these services could grow in the future to meet the needs of an ageing population. This service development work will also link with the council's housing enabling role and what types of properties we need to see being built in Cheltenham to meet the future needs of an ageing population.
- 7.7** As part of this programme of transformation work the council will continue to work with our partner councils, to explore best practice, innovation in delivery methods and alignment of ICT should the council wish to join a shared arrangement at a future date. Such collaborative work will help in benchmarking future performance and ensure that service transformation delivers the outcomes members require.
- 7.8** Cotswold, Forest of Dean and West Oxfordshire District Councils are continuing to explore the feasibility of a shared service, and we will continue to work collaboratively with them to ensure that we share best practice and build on our existing strong working relationships. We will also work closely with colleagues from Gloucester City and Tewkesbury Councils given our close working relationships with planning, to ensure that services are aligned as appropriate.

## **8. Financial considerations**

- 8.1** As part of the commissioning review the managers of the services in scope have



identified a number of potential savings which could be delivered without any changes to service delivery. These savings mainly arise from additional income and some staff savings. It is considered that £52,800 is readily achievable in 2015/16 and this will be built into the MTFs and taken forward via the bridging the gap programme. There were also a further £97k savings by 2016/17 but further work is required to fully understand the feasibility and suitability of the proposals and these will be built into the programme of work for the new division.

## **9. Consultation and feedback**

- 9.1** Along with the involvement of members detailed above, the managers of the teams under review were regularly briefed and helped to shape the outcomes and two briefing sessions were held with the employees in the in-scope services. The unions were also advised of the review.
- 9.2** There was also an officer project team for the shared service with representatives from the partner councils. They have been sent a copy of the draft report.
- 9.3** The cabinet member and director of commissioning attended the O&S committee on 3 April to verbally brief them on the work of the member working group and the process to date. The relevant extract from the minutes of this meeting will be circulated to cabinet once available.

## **10. Performance management –monitoring and review**

- 10.1** It is proposed that a project team, with the CEX as sponsor and comprising the executive board and the cabinet member will chair a member steering group to oversee this transformation work.
- 10.2** As part of the development of the environmental and regulatory services division, officers from the division, working with colleagues from the Commissioning division will develop a set of performance indicators which will measure service delivery against the outcomes. The exercise to date has been useful in that it has already set out the outcomes to be delivered and through the collaborative work we have a range of benchmark data which can be used to monitor progress. The shared service proposal was strong on its performance aspects and resource allocation driven by needs and demand, and we should draw on this good practice and ensure it is incorporated into our work.
- 10.3** It is proposed that the director will present performance reports on delivery at SLT and onto O&S committee as part of their performance monitoring. It is also proposed that these performance measures will form part of the performance appraisal process for the managers and their teams.
- 10.4** The work to progress a delivery plan for service transformation will be presented to cabinet and progress will be monitored by the CEX through regular one to ones with the director and through appraisal meetings.

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<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk Assessment</li><li>2. Outcomes framework</li></ol>
<b>Background information</b>	<ol style="list-style-type: none"><li>1. Public protection and private sector housing business model proposal</li><li>2. A strategic vision for shared public protection services</li></ol>



## Risk Assessment

## Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk					
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register	
	If the in house service fails to deliver significant change by service realignment and budget savings then there is a credibility and reputation risk.	Mike Redman	March 2014	3	3	9	R	Additional capacity to be brought in on an invest to save basis to produce the delivery plan.  Delivery plan to be monitored by CEX  Performance measures to be built into appraisal process	July 2014  March 2016  Sept 2014	Jane Griffiths  Andrew North  Mike Redman		
	If the in house service fails to deliver significant budget savings then this will impact on the MTFS and savings may have to be found from elsewhere	Mike Redman	March 2014	3	3	9	R	Delivery plan to be tested by executive board and commissioning division to ensure that it is robust and will deliver outcomes required  (see also mitigating actions above)	Date to be agreed	Mark Sheldon		
	If the council does not join a shared service it could damage our	Andrew North	March 2014	3	3	9	R	Brief partner councils and share report with them so that they	April 2014	Jane Griffiths		



# Agreed outcomes

## Primary outcomes

Protect and enhance Cheltenham's environmental quality and heritage.

People are able to live healthier lives by preventing ill health and harm

Balance economic activity with health and safety agendas

People feel safe in their homes and neighbourhoods

Additional housing and health-related support is available for vulnerable people

## Secondary outcomes

Protect the environment for future generations by tackling the threats and impacts related to poor air quality and pollution

Reduce harms to the public by responding to public health incidents and risks

Contribute to the development of the local economy by providing licensing and health and safety advice to new and existing businesses

People feel that Cheltenham is a safe place to live by working in partnership to respond to community safety harms

Elderly and disabled people are able to live in their homes independently for longer through offering grants & adaptations

Educate and raise awareness about the importance of increasing recycling and reducing littering and dog fouling

People can purchase food knowing that it is safe to consume

People benefit from working and enjoying healthy and safe places

Inspire more people to get actively involved in their communities to create safer and more resilient communities

Home owners and tenants benefit from living in more energy efficient homes through support offered via Severn Wye Energy Agency and enforcement action by the Council

Vacant sites and empty houses are secured, tidied and brought back into use

People have improved wellbeing by accessing support and information to deal with public health and nuisance issues

Protect public health, safety and the environment by improving compliance of businesses

Ensure there is an effective process in place for dealing with ASB that the public are confident in

Vulnerable people are able to reduce housing related fuel costs

The quality of Cheltenham's environment and heritage is protected through a rigorous approach to enforcement\*

People live in healthy homes through inspections, licensing and enforcement activity

Cheltenham has a balanced night-time economy, through licensing, late night levy and through working in partnership to reduce alcohol related harms

People live in safe homes through inspections, licensing and enforcement activity

Additional support is available for vulnerable people who are living in private-rented accommodation

\* Enforcement includes planning, housing standards, environmental health, waste and recycling, litter, dog fouling