

Cheltenham Borough Council

Cabinet – 9 November 2021

Strategic Housing Review Progress Report: Stronger Working Partnership Programme

Accountable member	Cllr Mike Collins, Cabinet Member for Housing
Accountable officer	Gareth Edmundson, Chief Executive
Key Decision	No
Executive summary	<p>The purpose of this report is to update Cabinet on the progress made to date on the housing Stronger Working Partnership Programme.</p> <p>Covid-19 has had far reaching implications for the Council and Cheltenham borough including how residents, businesses and customers interact with and access services and its partner organisations including Cheltenham Borough Homes (CBH).</p> <p>Cheltenham Borough Council (CBC) has been recognised locally and nationally for the way it responded to the impact of the pandemic and now needs to ensure it is best placed to lead the post Covid-19 recovery, as set out in the Council's Recovery Strategy. In light of this, a strategic review was commissioned by CBC to assess the value and sustainability of delivering housing services under the Arms Length Management Organisation (ALMO) model to ensure it remains effective, resilient & value for money for the longer-term.</p> <p>As reported in January 2021, an independent strategic review by leading housing specialists Campbell Tickell (CT) recommended CBC retain CBH as the housing service delivery model but to undertake a review of many opportunities to further strengthen this partnership to reduce areas of duplication of effort, ensure value for money, reduce costs and enable strategic and operational alignment to CBC in the post Covid-19 environment.</p> <p>CBC has ambitious plans for housing in Cheltenham borough over the medium to long term for the benefit of customers, residents and their communities. These ambitions are set out in the Council's corporate strategies and summarised in the Housing Outcomes Framework and will take significant investment, resource, and focus over this period to deliver. These ambitions include:</p> <ul style="list-style-type: none">• Increasing the supply of new homes and affordable housing through a £180m housing investment programme in partnership with Cheltenham Borough Homes• Making the Council and Cheltenham borough 'Carbon Neutral by 2030'• Providing well run and efficient services to customers which will support them and their communities to thrive

<p>Recommendations</p>	<p>CBC and CBH have jointly developed an ambitious programme of work to implement the proposed opportunities and efficiencies within the strategic housing review report that will deliver greater collaboration and strengthened partnership working between CBC and CBH.</p> <p>1. Cabinet notes progress made on the recommendations from the Strategic Housing Review Cabinet Report January 2021;</p> <p>2. Cabinet receives a further progress report by March 2022.</p>
<p>Financial implications</p>	<p>As contained in the report and appendices.</p> <p>Contact officer: Gemma Bell E-mail: gemma.bell@cheltenham.gov.uk Tel no: 01242 264365</p>
<p>Legal implications</p>	<p>None directly arising from this report but Legal support will be provided throughout the transformation programme as appropriate.</p> <p>Contact: One Legal E-mail: legal.servies@onelegal.org.uk Tel no: 01684 272691</p>
<p>HR implications (including learning and organisational development)</p>	<p>There are no immediate direct HR implications arising for the content of this report. As the work streams progress HR advice and guidance will be sought. HR will ensure consultation with employees & Trade Unions occurs. In the case of the HR review external HR guidance may need to be sourced as the HR team may be conflicted.</p> <p>Contact officer: Julie McCarthy E-mail: julie.mccarthy@publicagroup.uk Tel no: 01242 264355</p>
<p>Key risks</p>	<p>As outlined in Appendix 1</p>
<p>Corporate and community plan Implications</p>	<p>The proposals within this report aim to strengthen and expedite the delivery of a range of priorities found within CBC's Place Vision, Corporate Plan and Covid-19 Recovery Strategy.</p>
<p>Environmental and climate change implications</p>	<p>The Campbell Tickell report includes a number of recommendations that will have a positive impact on reducing carbon emissions and tackling climate change. Consideration of climate change has been embedded within the governance proposed within the report.</p>

1. Introduction and Context

- 1.1** Cheltenham Borough Council (CBC) have agreed a Covid-19 recovery budget to respond to the financial challenges created by the pandemic which saw demand and costs increase while critical income streams, directly used to fund core services, reduce. Beyond safeguarding the Council's financial position, Covid-19 has had far reaching implications for how residents, businesses and customers interact with and access services from the Council and its partner organisations including Cheltenham Borough Homes (CBH). In light of this, a strategic review was commissioned by the Council to assess the value and sustainability of delivering housing services under the Arms' Length Management Organisation (ALMO) model to ensure it remains effective, resilient & value for money for the longer-term. This independent review of housing services would also assess whether this partnership model would ensure the Council is best placed to achieve its corporate priorities going forward and meet the current and future needs of Cheltenham borough.
- 1.2** This strategic review conclusively recommended that CBC retain CBH and the ALMO as the housing service delivery model. The Campbell Tickell (CT) review highlighted that CBH are a high-performing organisation and the strengths of this option are that it maintains continuity, avoids any loss of focus, whilst building on the service strengths and community connections promoted by CBH. There are however opportunities to ensure improved strategic, operational alignment and for savings to be achieved resulting in a move towards median cost for housing management, premises and HR costs, as is already the case for repairs & maintenance, finance and IT whilst retaining high performance, as evidenced through Housemark Cost Per Property benchmarking.
- 1.3** Whilst there is a strong partnership between the Council & CBH, during the strategic review, a range of stakeholders questioned whether a degree of 'uncoupling' had taken place between the Council as the 'owner' and CBH as its 'agent'. The review recommended ways in which the two organisations could move to the preferred position of improved strategic and operational alignment. Recommendations included alignment through collaboration, co-location and shared service partnering, a jointly agreed Community, Development and Investment framework to maximise resources and make a deeper impact in our communities, increase the supply of affordable homes and working more closely to support the Council's ambitious plans to make the Council and Cheltenham borough Carbon Neutral by 2030.
- 1.4** The recommendations of this review were adopted by CBC's Cabinet in January 2021, and has resulted in a jointly developed CBC & CBH Closer Working Partnership Programme.

2. Stronger Partnership Programme

- 2.1** CBC and CBH have jointly agreed the high-level Housing Outcomes Framework goals and measures of success which articulate our shared aspirations for housing in Cheltenham and for the HRA which will be delivered through CBC's Housing and Homelessness Strategy and CBH's 11 delivery plan priorities. Delivery of these housing goals and measures will be underpinned by a revised HRA Business Plan & CBH Management Agreement. (The Housing Outcomes Framework is outlined in Appendix 2)
- 2.2** The Programme has been planned, developed, and agreed collaboratively between both organisations and sets out a management framework to execute and deliver on the workstreams, efficiencies and savings for the Council's General Fund and Housing Revenue Account without risking the ability to deliver on CBC's corporate priorities for Cheltenham. The agreed approach reflects best practice tools, techniques and research and the working ethos behind it is based around open and honest dialogue, an objective mind-set for change and looking at the art of the possible.
- 2.3** Colleagues from both CBC and CBH have come together to collaborate on the planning and initial delivery of this programme of work. The bringing together of the new programme team

has engaged colleagues in productive negotiations relating to objectives, timetable and information sharing to establish an open and positive position where progress is being delivered whilst balancing other organisational priorities. CBH have welcomed the opportunity to build on their existing understanding and knowledge of the Council's priorities, pressures and opportunities.

- 2.4** This programme of work focuses on the delivery of 11 outcomes as shown in the attached programme documentation in Appendix 3. Five of these outcomes are owned and being delivered by CBH, five are owned and delivered jointly by CBH and CBC and one owned and delivered by CBC.

3. CBC/CBH Jointly Owned Outcomes

3.1 The five agreed joint outcomes are:

- Deliver £200k of annual savings for the General Fund by the end of 2023/24
- Strengthen collaboration and communication between CBC and CBH
- Identify scope of opportunity for greater collaboration, shared working and efficiency through specific workstream reviews focusing on areas that will deliver most value for both organisations
- Review the HRA Business Plan and CBH Management Agreement to ensure they are strategically aligned to support CBC's vision & ambitions
- Work collaboratively to support CBC's ambition for carbon neutrality by 2030

3.1.1 The delivery of these outcomes is enabled through the joint workstream reviews. This report will now detail progress against each of the outcomes to give Cabinet an indication of progress and deliverability.

3.2 Deliver £200k of savings for the General Fund

3.2.1 The purpose of this workstream is to ensure long-term sustainability for the HRA and the General Fund. The £200k of savings will include both efficiencies identified through closer working between CBC and CBH as well as part of the reinvestment of the £487k savings delivered by CBH in the HRA.

3.2.2 To date approximately £50k of the £200k has been identified. This is mainly in relation to the proposed hot desking and meeting space that CBH will take within the municipal building to maintain a town centre presence for CBH and provide collaboration space as required for co-location and closer working of CBC and CBH colleagues. This may be impacted in the future depending on any future Council plans agreed for the municipal building.

3.2.3 Further work will be completed on this outcome via the budget process for 2022/23 and in liaison between CBC and CBH officers.

3.3 Strengthening Collaboration and Communication – Strategic Alignment

3.3.1 The purpose of this workstream is to refresh and re-set CBC and CBH relationship to ensure greater strategic and operational alignment and stronger collaborative working.

3.3.2 Overall strategic alignment is demonstrated within the Housing Outcomes Framework and how the CBH delivery plan priorities map to these CBC housing goals and measures of success (Appendix 4). Regular meetings and conversations are now being held at the Leadership and CEO level to build on this framework and strengthen collaboration.

3.3.3 In addition a number of operational meetings are being held regularly to support this outcome as set out in Appendix 5. Progress with this outcome is also reflected in the workstream

reviews below.

3.2 HRA Business Plan and CBH Management Agreement

- 3.2.1** A review and update of the HRA Business Plan is scheduled to be completed in 2022 in time for this to inform the budget process for 2023/24. This process will include consultation with tenants and be a collaboration between CBC and CBH overseen by the Cabinet members for Finance and Housing. It is expected that this Business Plan will cover the key investment decisions and objectives for the following 5 years with the financial impact of these plans modelled within the HRA financial model to understand the impact of these plans over 30 years. This 30 year financial model is crucial to ensure that the investment decisions taken retain a strong and financially viable HRA over the long term.
- 3.2.2** This 5 year business plan will then set the context for annual plans and budgets which will be approved by Cabinet and Council each year through the normal budget process. These annual plans will include both financial, performance and satisfaction measures.
- 3.2.3** Discussions regarding changes to the CBH Management Agreement are currently ongoing and will be agreed by the Cabinet Member for Housing in due course.

4. Specific Workstream Reviews

- 4.1** In order to successfully work together on the joint CBC/CBH owned outcomes, a number of workstreams have been developed to enable this delivery. These are intended to be collaborative between the relevant CBC and CBH officers and identify opportunities for greater partnership working which may result in no change, some change or significant change to deliver those opportunities that will create the most value for both organisations.
- 4.2** Where significant change is agreed, a business case will be prepared for review and approval by the Joint Programme Board and shared in summary for information with CBC Cabinet.
- 4.3** The agreed, specific workstream reviews are:
- Communications and Marketing
 - Accommodation
 - HR
 - ICT
 - Procurement
 - Community Investment and Development Alignment
 - Climate change
 - Housing Supply

4. Shared Services & People

4.1 Communications & Marketing

The main purpose of this workstream is to review the service so that there is one point of contact for marketing, public relations & communications between CBC, CBH and for stakeholders. This will ensure that there is capacity, capability and resilience for both organisations, that strategic and operational aims are supported and that respective priorities and ambitions are understood and promoted.

One of the key areas of focus between CBC and CBH during the initial stages of the programme has been to recognise respective corporate objectives, cultures and priorities and to build an improved level of mutual understanding between the respective organisations. While this created some delay in the timeline within this workstream, these discussions form

an essential and valuable element of the work to strengthen the partnership. The workstream team have had, constructive and objective engagement and as a result the progress is on track to provide a business case with a proposed structure for review in November.

4.2 Accommodation

The proposal is for CBH to invest in circa 1000 sq ft of office space at the Municipal offices to provide a space for CBH colleagues to hot desk and for meetings to support collaboration with CBC colleagues at all levels of both organisations. This will be funded by the HRA through a change in the ALMO management fee and will equate to approximately £30-40k. This will form part of the reinvestment of the £487k of savings identified by CBH for the HRA.

This is a priority workstream and on progress.

4.3 HR

The purpose of this workstream is to explore the potential opportunity for a shared service provision, ensuring excellent HR & Organisational Development service is maintained or improved upon for both organisations. This is on progress with an initiation meeting having taken place in October to discuss the initial purpose, scope, timeline and initial ideas for proposed structures.

4.4 ICT

It is expected that this will begin in November with a joint initiation meeting between CBC, CBH and Publica officers.

4.5 Procurement

Conversations surrounding the scope and outcomes of the procurement workstream have been initiated. CBH have fed into CBC the outcomes that they would like to see achieved from this workstream and a summary document is being drawn up with consideration of pressure points and tolerances to enable efficiencies between both organisations.

4.6 Publica

CBC receives services such as HR, ICT and procurement from Publica - a company that is jointly owned by CBC and three other councils (Cotswold District Council, Forest of Dean District Council and West Oxfordshire District Council). Publica will continue to be fully engaged and involved in relevant workstreams. As a key partner, this will allow colleagues from Publica to contribute and work in partnership with CBC and CBH as workstreams progress.

4.7 Community Investment and Development Alignment

The purpose of this workstream is to adopt a collaborative approach to community development & investment, engaging with a broader partnership base to maximise resources, reduce duplication, and to make a deeper impact across communities. This will achieve wider outcomes through community-based partnerships & encourage communities to play an active role.

After a meeting with Campbell Tickell to gain further understanding and clarity of the report recommendations of this area, the workstream team will meet in November to develop a

timeline towards delivery of a new strategy and action plan by April 2022. This workstream is on progress.

5 Climate Change

- 5.1 The aim of this workstream is to collaboratively work on CBC's Carbon Neutral goal by 2030 and fund programmes which support this goal for all residents of Cheltenham.

The workstream team have met in October to reiterate and clarify CBC's vision and ambition for this priority corporate objective. A clear strategy and aligned action plan will be a major outcome of this workstream.

6 Housing Supply

- 6.1 CBC's Asset Management Plan is now under review and will be presented for consideration in the winter of 2021/22. This overarching plan will set the framework within which all Council assets are managed in line with corporate objectives. Housing delivery will form an important component of the Council's approach to asset management. A housing delivery strategy will be presented alongside the Asset Management Plan.

- 6.1.2 The workstream's main priority within the programme is to ensure delivery of housing. Part of that will be to identify the scope for closer working between CBC and CBH focused around a clear shared vision to enable more efficient use of collective resources.

- 6.1.3 An initial workstream meeting will be set up in early December 2021 to agree the scope, purpose and timeline.

7 CBH Owned Outcomes:

- 7.1 The five agreed CBH owned programme outcomes are:

1. Deliver £487k of annual savings for the HRA by the end of 2023/24
2. Target 'high quality' services at 'median cost' monitored through Cost per Property (CPP) indicators
3. Refresh the service offer to customers through a revised customer service and engagement strategy and implementation of the requirements of the Social Housing White Paper
4. Deliver the CBH Business Plan 2020-2023
5. Identify opportunities for additional income provision beyond the council's ALMO management fee

- 7.2 The majority of these outcomes are covered by the current CBH delivery plan, delivery of the Social Housing White Paper, continuous focus and annual reporting on Value for Money and future plans and budgets. The additional outcome relating to the level of savings that are to be achieved for the HRA and the use of Cost Per Property indicators to direct these savings have been added to CBH's plans for delivery over the three years from 2021/22 to 2023/24.

7.3 Deliver £487k of HRA Savings

- 7.3.1 An indicative savings profile for the £487k of HRA savings was included in the Cabinet report in January 2021. This is shown below along with the current forecast position.

	2021/22 £000	2022/23 £000	2023/24 £000	Total Annual Savings £000
Indicative annual savings to be identified and delivered by CBH for the HRA	70	200	217	487

Current forecast based on progress to date	109	200	178	487
Savings delivered or in progress	✓	✓	tbc	309

7.3.2 Significant progress has already been made in the last 12 months following the Campbell Tickell review on laying the groundwork for these savings. The 2021/22 ALMO management fee budget was set at the same level as the 2020/21 ALMO management fee with inflationary changes in staff and non-staff costs being absorbed through efficiencies and agreed changes to service delivery. Based on current pay rise expectations of 1.75% this will deliver the £109k of savings noted above in 2021/22. These savings have been identified through savings and efficiencies in customer services, HR, IT and other overhead costs without the need to use any transformation budget identified by Campbell Tickell (£175k over the 3 year transformation period).

7.3.3 In relation to the year 2 savings CBH has finalised the lease surrender of Cheltenham House during the current year which will deliver the £200k of savings required for 2022/23 above. This lease surrender was negotiated 5 years in advance of the lease termination date and without incurring any penalties or dilapidations charges for CBH and therefore the full lease savings are available for the HRA in year 2 without using any transformation budget.

7.3.4 Work will continue over the coming 24 months to identify and deliver the remaining £178k of savings for 2023/24.

7.4 High quality services

High quality service delivery can be evidenced through the use of third party benchmarking data covering performance and satisfaction from Housemark for the core housing services provided by CBH. The 2020/21 performance and satisfaction benchmarks and cost per property benchmarks are noted in Appendix 6. CBH will continue to set annual targets in order to maintain and where possible improve on these high levels of performance and satisfaction.

7.4.1 The £487k of savings are being considered alongside these benchmarks to help direct savings where CPP (cost per property) is in quartile 3. This is balanced against the high level of performance and satisfaction desired and perceived value of services by customers.

7.4.2 Savings already delivered or identified, as noted above, will move the premises and HR CPP to quartile 2. The further savings in year 3 are expected to reduce the housing management CPP and move this towards the median point. CPP for finance, IT and repairs and maintenance are already within quartile 2 (cheaper than the median).

7.4.3 Targets will continue to be set annually alongside the budget process and CBH will ensure that both cabinet members for Housing and Finance are able to input early in this process for the HRA and the new HRA business plan will cover financials, performance, and satisfaction of housing services at a high level.

7.4.4 Reporting and monitoring against these targets is undertaken by the CBH Board on a quarterly and annual basis as appropriate.

7.5 Customer service and engagement strategy

7.5.1 Following the publication of the Social Housing White Paper (SHWP), CBH have completed an initial gap analysis of where focus and resource is required to ensure

that the response to the paper fully meets the needs of our customers whilst recognising the responsibility and accountability of the Council as landlord.

7.5.2 The current CBH delivery plan strongly aligns to the SHWP through the goals to provide:

- Great homes: ensuring all statutory compliance requirements are met to provide safe and secure homes, communal areas and outside spaces.
- Stronger Communities: ensuring our customer service culture is person centred and inspires trust. Enabling neighbourhoods that are actively supported, engaged and thriving.

7.5.3 CBH have self-assessed their plans, services and processes against the seven commitments using the ARK Consultancy White Paper Action Planning toolkit, designed to assist the sector to identify gaps in requirements at this early stage. Overall, the assessment reflects the proactive and positive work already well underway both internally with CBH and with the Tenant Scrutiny Improvement Panel (TSIP). In addition, the National Federation of ALMOs (NFA) and the Councils with ALMOs Group (CWAG) have been collaborating on a toolkit to guide councils and ALMOs in how best to work together to deliver the requirements of the Social Housing White Paper. CBC and CBH will be using this toolkit to support its overall delivery within Cheltenham.

7.5.4 CBH is managing the ongoing response to SHWP through a risk-based approach, understanding the controls, and mitigations already in place, such as existing Performance Indicators, and ensuring we capture and fully scope the planned changes that require implementation. These actions will be delivered alongside CBC recognising the Council's role as landlord of the HRA.

7.5.5 An annual update on the Social Housing White Paper will be prepared for CBH Board and shared with the Lead Commissioner for Housing Services with specific reports being brought to CBC where approvals are required.

7.6 CBH Delivery Plan 2020-23

7.6.1 Within the 3 aims of the CBH delivery plan 11 priorities are identified which will support the delivery of the goals within CBC's Housing Outcomes Framework.

- New Homes
- Cheltenham Quality Standard
- Carbon Neutral
- Customer Service and Engagement
- Helping Customers and Neighbourhoods Thrive
- Partnership Working
- Homelessness Prevention and Rough Sleepers
- People Plan
- Service Improvement Programme
- Sense of Purpose
- Accommodation

7.6.2 Year 1 delivery (2020/21) was within the context of a challenging operating environment due to Covid-19. Notwithstanding this, there was significant progress against objectives and achievements made within each of the 11 business plan priorities. Not all targets or projects were completed due to these challenges however high-quality, value for money housing services were maintained. A high level summary of delivery is available in Appendix 7.

7.6.3 Year 2 delivery is also being affected by the ongoing impacts of the Covid-19 pandemic and

Brexit however progress continues to be made, which aligns with the Social Housing White Paper, the Housing, Homelessness and Rough Sleeping strategy as well as the Housing Outcome Framework goals.

7.7 Additional income

7.7.1 CBH will continue to identify opportunities for additional income through a number of routes, including;

- Private Rented Sector provision
- Partnership working and grant funding
- Identifying and planning future service provision beyond the current delivery plan period

7.7.2 The HRA budget paper will reference and detail additional income, for example grants that CBH are looking to obtain.

8 Monitoring and reporting

8.1 It has been agreed within the programme of work that monitoring of delivery and progress against the 5 CBH owned outcomes sits primarily with CBH Board and within existing governance processes. CBC scrutiny is undertaken by the Lead Commissioner for Housing Services and via the annual budget/reporting cycle to Cabinet/Full Council.

8.2 The monitoring of delivery against the 5 jointly owned CBC/CBH outcomes is the responsibility of the Joint Programme Board (JPB), as set out in the governance section of the programme documentation and agreed by Cabinet in January 2021. Highlight reports, recommendations for workstreams and business case decisions will be presented to JPB for approval. The Cabinet Member for Housing is a member of this board.

8.3 The Joint Project Group (JPG) is the delivery mechanism for the programme and will develop and agree overall objectives, scope and options that give shape and focus to the transformation required to deliver the programme outcomes.

8.4 The Cabinet to receive a further progress report by March 2022.

Report authors	Corry Ravenscroft, , Darren Knight, Gareth Edmundson – CBC, Louisa Foster, Stafford Cruse - CBH 01242 264100, Corry.ravenscroft@cheltenham.gov.uk
Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Delivery of shared housing outcomes 3. Stronger Partnership Programme outcomes 4. CBH delivery plan measures of success 5. Strategic and Operational Liaison Meetings and Groups 6. Performance and satisfaction benchmarks and cost per property benchmarks 7. CBH Business Plan Year 1 delivery – measures of success
Background Information	N/A