

EXECUTIVE

YOU ARE REQUESTED TO ATTEND A MEETING OF THE EXECUTIVE TO BE HELD IN THE PRINCIPAL COMMITTEE ROOM, THE DEANE HOUSE, BELVEDERE ROAD, TAUNTON ON WEDNESDAY 12TH JANUARY 2005 AT 18:15.

AGENDA

1. Apologies
2. Minutes
3. Public Question Time
4. Somerset Waste Partnership - Contract Integration
Report of Strategic Director - Operations (enclosed)
5. Housing Stock Options
Report of Head of Housing (enclosed)
6. Housing Restructure
Report of Head of Housing (enclosed)
7. Review of Sheltered Housing
Report of Housing Elderly Services Manager (enclosed)
8. Treasury Management Update
Report of Financial Services Manager (enclosed)

The following item is likely to be considered after the exclusion of the press and public because of the likelihood that exempt information would otherwise be disclosed relating to the Clause set out below of Schedule 12A of the Local Government Act 1972.

9. Proposed sale of Bedford House, Park Street, Taunton
Report of Chief Valuer (enclosed)

G P DYKE
Member Services Manager

The Deane House
Belvedere Road
TAUNTON
Somerset

TA1 1HE

05 January 2005

Executive Members:-

Councillor Bishop

Councillor Mrs Bradley

Councillor Cavill

Councillor Edwards

Councillor Garner

Councillor Hall

Councillor Leighton

Councillor Mrs Lewin-Harris - Deputy Leader

Councillor Williams - Leader of the Council



Members of the public are welcome to attend the meeting and listen to the discussion. Lift access to the main committee room on the first floor of the building is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is a time set aside at the beginning of the meeting to allow the public to ask questions



An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact Greg Dyke on:



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Website: www.tauntondeane.gov.uk (Council, Executive, Review Board & Review Panel Agenda, Reports and Minutes are available on the Website)

Executive – 8 December 2004

Present: Councillor Williams (Chairman)
Councillors Bishop, Mrs Bradley, Cavill, Edwards, Garner, Hall, Leighton and Mrs Lewin-Harris

Officers: Mrs P James (Chief Executive), Ms J Wishlade (Strategic Director - Operations), Ms S Adam (Head of Resources), Mr C Brazier (Head of Housing), Mr N T Noall (Head of Development), Mr M Green (Economic Development Manager), Mr P Weaver (Head of Environment and Leisure), Mr J Hunter (Licensing Manager) and Mr G P Dyke (Member Services Manager)

Also Present: Councillors Bowrah, House, Henley, Phillips, Slattery, Stuart-Thorn, Wedderkopp and Mrs Whitmarsh

(The meeting commenced at 6.15 pm.)

70. Minutes

The minutes of the meeting of the Executive held on 17 November 2004 were taken as read and were signed.

71. Public Question Time

- (i) Liz Fothergill of Taunton CAB referred to the overall reduction in funding that the Council would have to make in 2005/06. She drew attention to the valuable work undertaken by the CAB and its volunteers. Any cut in funding for the CAB would be detrimental. The contribution made by the Council to the CAB was a good investment. The outcome would be bleak if the grant was cut. She asked that very careful consideration be given to continued funding of the CAB.

Councillor Williams confirmed that careful consideration would be given to any grant application from the CAB. The Council would be looking particularly at any funds that could be levered in as a result of the Council's contribution.

Councillor Mrs Lewin-Harris stated that she recognised the valuable work undertaken by the CAB and its volunteers. It was her hope that the funding would not be reduced and that the CAB would be an organisation whose grant would be protected. It was unlikely that the one off top up payment of £10,000 would be protected. Notwithstanding this, the Council still had to work through the details of its grants budget and therefore no absolute reassurance could be given.

- (ii) Mr Harris stated that a reply to a letter from Daniella Robins had not adequately dealt with the situation. Daniella Robins did not feel the need to apologise to Councillor Williams or withdraw her words. She did however need an opportunity to prove her case.

Councillor Williams replied that his position remained unchanged. When called a liar in a public forum he required an apology.

72. Housing Stock Options

Submitted report previously circulated which provided Members with an update on the work that had or was being undertaken regarding Housing Stock Options. An overview was also submitted of the progress being made on choosing a prospective new landlord which had involved DOME, the independent tenant advisor.

Received a presentation from DOME, the independent tenant advisor, on their findings on the landlord choice made by tenants.

In addition to the report and presentation, an Options Appraisal Communications Log, details of activities in relation to selection of landlord type and the results of the Tenants' Opinion Questionnaire were submitted. Whilst the report, presentation and appendices gave a good overview of the current position, it was noted that a final report would be presented to the next meeting of the Executive where Members would be asked to select the type of landlord they would wish to manage the Housing Stock if tenants ultimately voted in favour of a transfer.

RESOLVED that the report be noted.

73. Waste Contract Integration

Received a presentation from Joe Papineschi of Eunomia Research and Consulting who had been carrying out work on behalf of the Somerset Waste Partnership.

74. Superannuation Added Years

Submitted report previously circulated which reviewed the Council's normal position in respect of Superannuation Added Years when considering early retirement through redundancy or "interest of efficiency" retirements.

The Council's contribution to the Local Government's Superannuation Scheme was regularly reviewed. Recent reviews had seen a trend of significantly increasing costs falling on the Council. The Council had limited control over these costs other than deciding whether or not to retire an employee early or deciding whether to give "added years" to the employee's pension.

All of the Authorities in Somerset currently operated a sliding scale of awards but all were different. One common point was that none awarded any added years to employees with less than five years' pensionable service. It was felt that the Council could create a sliding scale which would reduce the added years available to employees with limited pensionable service as follows:-

Pensionable Service (complete years)	Added Years Awarded
0-4 years	0
5-12 years	1
13-18 years	2
19-24 years	3
25 +	6 $\frac{2}{3}$

RESOLVED that the following new policy on "added years" be adopted from 1 April 2005: "The Council will consider the awarding of added years to pensionable service

as compensation for premature retirement for staff with over five years pensionable service with TDBC provided this was affordable and reasonable in terms of foreseeable costs. The sliding scale set out above will be used as a guide where added years are to be awarded though each case will be considered on its own merits.”

75. Taunton Urban Design Framework and Design Code

Consideration was given to the Taunton Urban Design Framework and associated Design Code following the receipt of the final reports from consultants Terence O'Rourke. Consideration was also given to a Memorandum of Understanding as a basis for formal partnership working over the next three years in delivering the Vision for Taunton.

The objectives for the Vision for Taunton had steered the proposals of the UDF and the Design Code. Together these reports provided a key step in the process of implementing the Vision. Ongoing work had identified the need for a number of further studies, Taunton Town Centre Action Area Plan and the establishment of a delivery team to implement the Vision.

It was felt that a dedicated Steering Group of Councillors and officers should be formed to oversee and co-ordinate the implementation of the Vision from the Council's perspective. A full presentation on this matter had been made at a recent meeting of the Strategic Planning Transportation and Economic Development Review Panel.

RESOLVED that:-

- (1) the content of the Taunton Urban Design Framework and Taunton Design Code be supported;
- (2) the Taunton Vision Delivery Structure, as set out in the report, be agreed and a Steering Group of Councillors and officers be set up to oversee and co-ordinate the implementation of the Vision from the Council's perspective;
- (3) the Memorandum of Understanding, as set out in the report, be agreed as a basis for partnership working over the initial three-year period.

76. Taunton Urban Extension Study

Consideration was given to the Taunton Urban Extension Study following the receipt of the final report from the consultants Terence O'Rourke.

The two options for an Urban Extension were at Monkton Heathfield and at Comeytrowe. The consultants had assessed the options against the environmental sustainability and delivery criteria. They concluded that the preferred location for a Sustainable Urban Extension to Taunton was at Monkton Heathfield. This area had potential for 3,000 dwellings and 15 ha employment, in addition to the 1,000 dwellings and 16 ha employment allocated in the Local Plan. It supported the economic objectives of the PUA and had transport, sustainability and community benefits that outweighed the loss of higher grade agricultural land.

A full presentation on this matter had been submitted to a recent meeting of the Strategic Planning Transportation and Economic Development Review Panel.

RESOLVED that public consultation on the Taunton Urban Extension Study be deferred pending the outcome of the Taunton Sub Area Study.

(Councillor Cavill declared a prejudicial interest in this matter as a landowner and left the meeting during the consideration).

77. Licensing Policy

The Licensing Act 2003 created a unified system for regulating the sale and supply of alcohol, the provision of regulated entertainment and the provision of late night refreshment. The Licensing Act was to become effective by way of a first appointed day of 7 February 2005 and all existing licences must be issued by the second appointed day, which was likely to be November 2005.

The Act placed a duty on the Licensing Authority to produce a Licensing Policy. Each Licensing Authority was required to publish a policy framework document every three years. In producing this document the Licensing Authority was required to take account of the views of those representing the holders of existing licences and certificates, local residents and businesses, the Police and Fire Authority. The consultation for this Authority's draft Licensing Policy began in September 2004 and the closing date for responses in relation to the Policy was 26 November 2004. All responses had now been considered. Details were submitted of the consultation process for the Licensing Policy together with the responses that had been received.

The Council was also required to appoint a Licensing Committee to deal with matters arising under the Act.

A draft Licensing Policy, which had been prepared after taking into consideration the responses received as a result of consultation, was submitted.

RESOLVED that Council be recommended that the Licensing Policy as submitted be adopted, subject to any further expert legal advice that is to be provided.

78. Fees and Charges 2005/06

Consideration was given to the proposed fees and charges for 2005/05 for Land Charges, Licensing, Cemeteries and Crematorium. In previous years the proposed fees and charges for the forthcoming financial year had been considered by the Executive as part of the budget-setting process. This year in order to allow a greater degree of debate, the fees and charges for 2005/05 were considered separately.

Details were submitted of the proposed charges for each of the above services. For the Land Charges service no increase was proposed. For the Licensing service the proposed changes would result in no substantial increase in income. It was noted that the licensing fees did not include fees, which the Council would collect under the requirements of the Licensing Act 2003 as these were currently the subject of consultation. In addition if the second appointed day in accordance with the Licensing Act was delayed from November 2005, it was likely that the Public Entertainment Theatre Licence fees would revert to the 2004/05 charges.

For the Cemeteries and Crematorium service an estimated additional £72,600 would be generated by the proposed charges. Details of those charges were submitted. The Review Board at its meeting on 25 November had considered the proposed fees and charges and its views were submitted.

RESOLVED that Council be recommended that the fees and charges for 2005/06, in respect of Land Charges, Licensing and Cemeteries and Crematorium, be agreed.

79. Council Tax Base 2005/06

Reported that the Council Tax Base, which was calculated annually, had to be set between 1 December and 31 January each year. Recent changes to legislation meant that there was now no requirement for Council to approve the Tax Base.

The Council Tax Base was the Band D equivalent of the properties included in the Valuation Officers Banding List as at 11 October 2004, as adjusted for voids, appeals, new properties, etc and the provision for non-collection.

The Band D equivalent was arrived at by taking the laid down proportion of each Band as compared to Band D and aggregating the total. The approved Base had to be notified to the County Council, the Police Authority and to each of the parishes.

Adjustments had also been included for new dwellings and for initial void exemptions for empty properties. The Council Tax Base for 2004/05 was 38,675.69 and the recommended Base for 2005/06 of 39,010.22 represented an increase of 334.53 or 0.86%.

RESOLVED that:-

- (1) the report of the Financial Services Manager for the calculation of the Council Tax Base for the whole and parts of the area for 2005/06 be agreed;
- (2) pursuant to the Financial Services Manager's report, and in accordance with the Local Authority (Calculation of Tax Base) Regulations 1992, the amount calculated by Taunton Deane Borough Council as its Tax Base for the whole area for the year 2005/06 shall be 39,010.22 and for the parts of the area listed below shall, for 2005/06 be:-

Ash Priors	65.63
Ashbrittle	89.95
Bathealton	80.69
Bishops Hull	1,068.26
Bishops Lydeard/Cothelstone	1,892.53
Bradford on Tone	277.41
Burrowbridge	200.90
Cheddon Fitzpaine	629.82
Chipstable	115.32
Churchstanton	310.49
Combe Florey	111.69
Comeytrowe	2,058.96
Corfe	130.01
Creech St Michael	922.30
Durston	56.60
Fitzhead	120.37
Halse	143.65
Hatch Beauchamp	243.63
Kingston St Mary	434.64
Langford Budville	213.60
Lydeard St Lawrence Tolland	193.83
Milverton	574.78

Neroche	238.16
North Curry	693.17
Norton Fitzwarren	722.27
Nynehead	149.33
Oake	322.79
Otterford	163.37
Pitminster	436.97
Ruishton/Thornfalcon	611.24
Sampford Arundel	128.32
Staplegrove	711.03
Stawley	113.37
Stoke St Gregory	372.42
Stoke St Mary	197.37
Taunton	15,563.51
Trull	982.09
Wellington	4,536.05
Wellington (Without)	287.37
West Bagborough	152.37
West Buckland	403.34
West Hatch	137.62
West Monkton	1,070.90
Wiveliscombe	1,082.21
Total	39,010.22

80. Performance Monitoring of Contracts supervised by Deane Building Design Group

Reported that the Council's Standing Orders required details to be published to the Executive of the progress of all works, contracts in excess of £50,000 on a quarterly basis for all those contracts supervised by Deane Building Design Group.

The appropriate Performance Reports were submitted.

RESOLVED that the report be noted.

81. Exclusion of Press and Public

RESOLVED that the press and public be excluded from the meeting for the items numbered 13 and 14 on the Agenda because of the likelihood that exempt information would otherwise be disclosed relating to Clause 1 of Schedule 12(a) of the Local Government Act 1972.

82. Taunton Vision, Establishment of Delivery Team, Overall Viability and a Possible Joint Venture with the South West Regional Development Agency

Consideration was given to the establishment of a team dedicated to delivering the Taunton Vision and the financial consequences of establishing that team. Consideration was also given to the overall financial viability of the detailed proposals as contained in the Urban Design Framework together with the potential joint venture with the South West Regional Development Agency in respect of the existing Cattle Market site.

RESOLVED that:-

- (1) the establishment of a dedicated team to deliver the Vision for Taunton, comprising five staff in total and as set out in the report, be agreed;
- (2) the Delivery Team be established for a period of three years in the first instance;
- (3) the Delivery Team be funded for the first year (2005/06) in accordance with the details set out in the report (subject to the final confirmation of likely costs);
- (4) a contribution of £55,000 be made towards the Taunton Flooding Study to be funded as indicated in the report;
- (5) it be agreed in principle that the Council act as employer of the Delivery Team (subject to a fuller understanding of the pensions and other financial/contractual liabilities involved);
- (6) the report be noted insofar as it related to the overall viability of the Taunton Vision;
- (7) it be agreed in principle that receipts from the sale of Council-owned land, involved in the various key Vision proposals, be reinvested so as to ensure the comprehensive delivery of the Vision;
- (8) the discussions held to date with the Regional Development Agency in respect of a possible joint venture for the Cattle Market site be noted and further detailed discussions take place with a view to producing Heads of Terms for further detailed consideration in due course.

83. Restructures

Submitted report, previously circulated, regarding proposals for staff restructure of the Forward Planning section and the Environmental Health section and the consequent staff redundancies.

RESOLVED that the proposed restructures in Forward Planning and Environmental Health be agreed and the following posts be deleted from the establishment and the postholders made redundant:-

- (a) the hours of the Planning Technician post (job share) be reduced (from 1 FTE to 0.6 FTE) and that it be agreed that Listed Building Grants be terminated and the contribution to the Local Plan Inquiry Reserve be reduced;
- (b) Principal Officer (Food/Health and Safety) Environmental Health Unit;
- (c) Clerical post (part-time) Environmental Health Unit.

(The meeting ended at 9.15 pm).

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE MEETING: 12th JANUARY 2005

REPORT OF THE STRATEGIC DIRECTOR – OPERATIONS

SOMERSET WASTE PARTNERSHIP - CONTRACT INTEGRATION (This matter is the responsibility of Executive Councillor Edwards)

1. PURPOSE OF REPORT

- 1.1 To consider the proposal to integrate Taunton Deane's Waste Collection Contract with other Somerset Waste Collection Authorities and to delegate political responsibility for waste management services to a "Waste Board" made up of political representatives from all the Authorities involved.

2. SUMMARY

- 2.1 Eunomia Research & Consulting has recently undertaken work on behalf of the Somerset Waste Partnership investigating the business case for the integration of waste collection contracts across Somerset. This has been seen as the logical "next steps" following on from previous collaborations. Such developments would take the Partnership into a more formalised joint working arrangement and as such necessitates the commitment of participating authorities. This report summarises the key potential advantages that may accrue to Somerset waste authorities through further collaboration, together with the potential disadvantages and the key risks as identified in the Eunomia report. The key driver for the current consideration of this subject is the procurement cycle for waste collection services as both Taunton Deane and Mendip have contracts that have been extended to the Spring of 2006.

3. BACKGROUND

- 3.1 The development of further integration of services was a key outcome of the Joint Waste Best Value Review Continuous Improvement Plan (CIP) that was adopted by the Council in Spring 2002.
- 3.2 The proposal to integrate contracts was seen as a means of reducing the financial burden of meeting increasingly challenging statutory targets for recycling and waste minimisation.
- 3.3 Since the adoption of the Waste CIP a number of achievements have been made within the Partnership:
 - Joint commissioning of kerbside recycling contracts across 4 district councils in 2003 (for 2003 recycling targets)

- Joint appointment of the Somerset Waste Action Programme (providing awareness raising and education to schools and community groups)
- Introduction of new recycling and waste services in 2004 (for 2005 recycling targets)
- New arrangements at the County Council's Household Waste Recycling Centres (for 2005 recycling targets)
- Improved arrangements for the identification and disposal of abandoned vehicles

3.4 Contract Integration was always seen as the most significant aspect of the CIP. It meant the SWP could move from a relatively loose partnership with no executive authority to a fully functioning Executive Board. It has therefore taken time to develop the approach and discuss the implications for each individual Council.

3.5 In June 2004 the SWP agreed to develop the business case for Contract Integration. A project team was set up as follows:

Sponsor	– SWP Directors Group
Direction and Overview	– Bet Perrins, SSDC
Project Manager	– Gary Russ, SSDC
Service Input	– Bruce Carpenter, TDBC
Analysis and Advice	– Eunomia Research and Consulting (funded by DEFRA)

3.6 The business case was reported to the SWP on 10 December 2004 when all partners agreed that contract integration offers potential benefits to the partner authorities and it was agreed in principle that it should be progressed.

3.7 Each Council now has to give formal agreement to pursue the formation of the Somerset Waste Board and contract integration, subject to detailed work on the constitutional and management arrangements and the procurement strategy.

4. BUSINESS CASE FOR CONTRACT INTEGRATION

Eunomia Research and Consulting (a company specialising in waste matters) was commissioned to investigate the potential business case for contract integration. Joe Papineschi, a Director of the company, undertook the research and presented his report to the SWP on 10 December 2004.

4.1 Contract Integration – A Definition

4.1.1 In the context of this report contract integration means:

- (a) The formation of a single Somerset Waste Board that has executive responsibility for all waste collection, disposal and recycling services provided by all of the Somerset Councils;
- (b) The establishment of a single client function of officers, responsible to the Board for delivery of the services;
- (c) The tendering and management of contracts to provide the waste services - the packages of work to be agreed by the Board.

4.1.2 As with any change of this magnitude the devil will be in the detail. Work now needs to be undertaken on possible constitutional arrangements, the high level procurement strategy and further research to inform the assessment of risks, costs and benefits.

4.2 **Market condition and other drivers**

4.2.1 The Municipal Waste Management Market

The private waste management industry in England now controls around 60% of the municipal waste market. This in turn is dominated by seven companies each turning over £100m plus, three of which have little or no interest in waste collection. The turnover curve drops rapidly once outside this “first division”. There is a relatively low profitability for most of the major players and a high degree of indebtedness. The likely impact of this as it relates to waste collection in Somerset is that the industry is becoming increasingly selective in its tendering activity. However, there is potential to conclude contracts at favourable prices in these market conditions and local authorities that can offer an attractive combination of service packaging, contract length, a partnering approach and clear tender documents should be well positioned to “stand out” from the crowd of municipal waste management procurements.

4.2.2 Government Policy

Government policy is largely driven by the goal of compliance with the Landfill Directive Article 5. In summary this means that Government policy will require significantly higher environmental performance from municipal waste management whilst being supported by a diminishing level of financial support from the Treasury.

4.3 **The Potential for Efficiency Savings**

The aim of the Eunomia research was to quantify, where possible, or at least describe the potential advantages that might accrue to the Somerset waste authorities through contract integration. The benefits were identified across five themes:

4.3.1 Contractor Efficiency

The extent of efficiency gain on the contractor side that would be realised depends largely on the contract strategy and quality of the procurement process. Some potential does exist to benefit from efficiency gain in terms of logistics, but this is both marginal (worth a maximum of perhaps 1-2% of contract value) and uncertain. Essentially, the current operations are likely to have already benefited from the driving

out of most inefficiencies. Most refuse and recycling operations are already area based or ‘zoned’ and it is difficult to imagine the circumstances where the number of rounds in either service area could be significantly reduced (ie. most vehicles and crews are already highly utilised). However, significant overall potential does exist for efficiency savings. The following table summarises the results of discussions with potential suppliers. It should be noted that Eunomia’s professional judgement has been the ultimate interpreter and arbiter of the information provided by the waste management companies. All potential efficiencies are shown in terms of revenue savings, in effect through reductions in contract payments.

Item	Potential Efficiency Savings	
	Low	High
Logistics flexibility	£0	£150,000
Depot optimisation	£100,000	£200,000
Supervision optimisation	£105,000	£210,000
Bidding costs	£0	£0
Management	£40,000	£90,000
Internal labour cover	£52,500	£105,000
Internal vehicle cover	£30,000	£40,000
Capital financing / purchasing	£10,000	£20,000
Others	£55,988	£111,976
Total savings value (revenue)	£449,476	£1,094,941
Total as a proportion of current contract cost	4.0%	9.8%

Clear potential to deliver cashable efficiency gains does appear to exist on the contractor side. These are based on estimated contract costs of current services following full roll-out of currently planned recycling and composting schemes. These savings are significant and are not considered to be over optimistic.

However, the delivery of these savings are predicated on two issues that carry significant risks:

- The need to achieve optimisation of depots and reducing depot numbers from the current seven major sites.
- The integration of work forces and implementation of parity in terms and conditions.

4.3.2 Client Efficiency

The substantial centralisation of client operations and the political process as it relates to waste offers significant opportunities to reduce duplication of activity that inevitably exists between the separate District clients. Further synergies exist when the implications of the County waste operation are considered. The table below illustrates the scale of the current client operations, based on Eunomia’s survey of the Somerset authorities.

Item	Districts		County		Both Tiers	
	FTE	Spend (£'000)	FTE	Spend (£'000)	FTE	Spend (£'000)
Monitoring/inspection	4.31	105	3.05	81	7.36	186
Contract management	3.31	109	2.28	90	5.59	199
Performance management	2.38	66	1.71	66	4.09	132
Admin/finance management	4.75	107	5.19	143	9.94	251
Promotion of recycling	3.19	81	1.74	54	4.93	135
Policy/strategy/democratic process	2.21	105	1.53	68	3.74	174
Total	20.15	574	15.50	502	35.65	1,076

As can be seen the current client side costs of waste management in Somerset are not insignificant. Including the impacts of waste management on partially central functions such as financial management and engagement with the democratic process, the survey suggests that over 20 full time equivalents (FTE) are engaged in delivering waste management services in the Districts, at an approximate cost of £547,000. If the County is included, the headcount increases to almost 36 FTE at a cost of some £1.08 million

4.3.3 Procurement Advantages

The efficiencies that might result from collaboration on the procurement process itself fall into three categories. Firstly, direct savings that might accrue from the minimisation of duplication of effort (ie. one or two projects, rather than five to ten). Secondly, the improvement in process and contract documents that might result from pooling knowledge and resources and consequent benefits in terms of ongoing contract management. And thirdly the impact of collaboration, in terms of quality of process, differentiation of the 'Somerset offer' and the sheer scale of the project on interest from potential bidders and therefore on completion and, ultimately, price.

Eunomia have estimated that the savings relating to reduced direct spend on procurement would be worth between £240,000 and £360,000. These savings would be one-off and generally only happen every seven (or so) years. These therefore equate to savings of between £34,300 and £51,400 per year.

The impact of a high quality process and contract documents, combined with the scale of an integrated contract is likely to have a positive impact on competition (and therefore price). The effect of competition on price is obviously difficult to estimate, but the assumption made in the cost modelling has been that optimal competition (i.e. at least two very keen bidders) would have the impact of reducing tender prices (based on the full roll out specification) by between £54,000 and £154,000 or 0.5% to 1.5% of the estimated tender price.

4.3.4 Vertical (Collection/Disposal) Integration

The split between the administration of waste collection and disposal in two-tier areas is obviously something of an artificial one. The current situation, where the two functions are largely funded separately (perhaps apart from recycling credits, which are in any case under review by DEFRA) creates a situation where it is possible for the interests of the upper and lower tiers to diverge.

A good example of this might be on the provision of waste transfer stations. Whilst the upper tier is responsible for paying for transportation from transfer stations to disposal sites, it is clearly in its interests for the number of these to be optimised in terms of location relative to disposal sites, as opposed to collection rounds. Indeed, the ideal solution for the upper tier might be to provide no transfer stations at all, requiring collection authorities to drive collection vehicles straight to disposal facilities, potentially incurring the additional cost impact of shortened vehicle life from driving onto landfill tip faces. Clearly, the optimal solution from a collection authority's point of view might be to have transfer stations dotted around their district, allowing full vehicles to drive a short distance to tip and allowing much higher collection productivity and return on capital investment.

The current situation relies on fairly open legislation and the commitment of local authorities generally to work together. However, the result even in terms of this example is rarely optimal. The lack of a clearly shared financial arrangement for services that interface to the extent they are clearly 'one system' becomes more problematic during periods of change to that system. In particular, the need to dramatically increase diversion from landfill has obvious implications for the relationship, since the responsibility (and capacity) to fund sorting, composting and treatment facilities resides primarily at the upper tier but such investments must be made in line with the plans for collection arrangements by collection authorities. The advent of the Landfill Allowance Trading Scheme, which has the potential to expose the County Council to millions of pounds of additional costs between the later years of this decade and 2020 and the 'offsetting' of that risk by the granting of a power of direction to the County over the Districts has brought the need for collaboration between the tiers into sharp focus.

The existing SWP is one of the best examples of collaboration between waste collection and disposal authorities in England and already provides a forum for addressing these issues. However, its powers are limited and the requirement for all major decisions of the partnership to be ratified by each member authority obviously has implications for the speed of decision making.

Eunomia did not attempt to quantify the advantages that common sense implies should result from the integration of the strategy, policy development and client functions of both tiers, along with a large part of the political and administrative activities associated with waste management across Somerset. However, it is likely that some tangible as well as intangible improvements should result, including:

- the optimisation of waste management infrastructure in relation to both collection and treatment and disposal;
- an improvement in the delivery of the Somerset Municipal Waste Management Strategy, through better leadership and decision making;
- joint responsibility of all authorities for decisions and services that will effect all Somerset county tax payers; and

- the right incentives to foster collaboration generally between the tiers, maximising the potential for delivery of best value across both functions.

4.3.5 Added Value

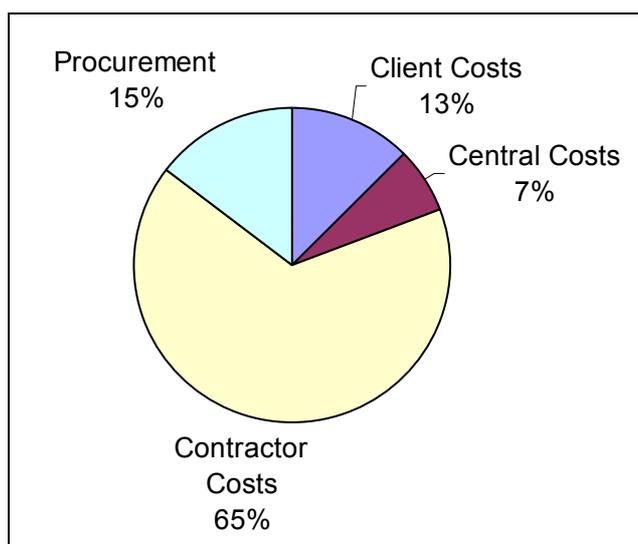
The client side efficiency savings outlined above would be largely non-cashable. In other words, they would release resources that could be used elsewhere within the beneficiary authorities. In doing so, they ought to have the potential to add value over and above the value of the costs of employment associated with them. Additionally, the nature of the collaborative approach to waste management service delivery may have further potential to add value by improving service levels without incurring additional cost. As these added value aspects of contract integration are difficult to quantify, especially prior to agreement of, for example, the precise nature of the ‘pooled’ client, they have not been considered in the cost modelling. However, they should be taken into consideration where possible, and may include:

- Increased specialisation; waste management is becoming increasingly technical and the technical risks are, as a result, becoming more difficult for non-specialists to manage. Whilst the level of expertise within the Somerset authorities is certainly high by national standards, it may be possible to gain from the development of a dedicated waste management team, resourced centrally and charged with managing the collective risks of all Somerset authorities as legislative, regulatory and technical change continues to impact on the ways services are delivered;
- Focus on other corporate priorities; whilst the SWB would not absolve member authorities from their statutory duties for waste management, it should be capable of providing some ‘insulation’ for authorities from the day to day challenges of waste management without compromising local accountability or service quality. In this way, authorities would be able to redeploy resources at all levels in the direction of other corporate priorities;
- Funding and best practice; the contract integration project is well aligned with the policies and objectives of central Government and the stated views of the Audit Commission. DEFRA and ODPM are currently funding research into approaches to creating ‘virtual’ single tier waste authorities in two-tier areas and it is difficult to imagine, given the general thrust of policy, that the Somerset authorities would not be able to continue to access central Government funding as a direct or indirect result of the project. There is little doubt that the issues relating to two-tier areas in waste management will continue to demand resolution and the development of best practice in Somerset is likely to bring many advantages, not least in terms of CPA.

4.3.6 Conclusions on Efficiency Savings

The table below summarises the results of the cost modelling of potential efficiency savings. The figures (taken from Eunomia’s report) only take account of three of the five themes and, within the three, the policy has been to provide conservatively low estimates and not overly ambitious high estimates.

	District Councils		County Council		Both Tiers	
	Low (£'000)	High (£'000)	Low (£'000)	High (£'000)	Low (£'000)	High (£'000)
1 Client Costs						
Monitoring and inspection	26	53	12	20	39	73
Contract management	27	54	13	22	41	77
Performance management	17	33	10	16	26	49
Promotion of recycling	20	20	8	13	28	34
2 Central Costs						
Admin/financial management	27	27	22	36	48	63
Policy/strategy and political process	26	53	10	17	37	70
3 Contractor Costs						
Logistics flexibility	0	150			0	150
Depot optimisation	100	200			100	200
Supervision optimisation	105	210			105	210
Management	40	90			40	90
Internal labour cover	53	105			53	105
Internal vehicle cover	30	40			30	40
Capital financing/purchasing	10	20			10	20
Profit margin	54	154			54	154
Others	56	112			56	112
4 Procurement	34	51			34	51
Total Client Efficiency Savings	90	160	43	72	134	233
Total Central Efficiency Savings	53	79	32	53	85	132
Total Contractor Efficiency Savings	448	1,081	0	0	448	1,081
Total Efficiency Savings	625	1,372	75	125	701	1,498



The review compared the savings identified relative to current Somerset district council's spending as follows:

District Council Budgets only	Low	High
Estimated Total Efficiency Savings	£625,324	£1,372,373
Estimated Cashable Efficiency Savings	£447,509	£1,081,036
Total Savings as Proportion of Budget (Base)	7.4%	16.3%
Total Savings as Proportion of Budget (Roll-out)	5.3%	11.6%
Total Cashable Saving as Proportion of Budget (Roll-out)	3.8%	9.2%

All SWP Budgets (districts and county)	Low	High
Estimated Total Efficiency Savings	£700,577	£1,497,796
Total Savings as Proportion of Budget (Base)	7.8%	16.7%
Total Savings as Proportion of Budget (Roll-out)	5.7%	12.1%

Savings per Capita/Household	Low	High
Estimated Total Efficiency Savings	£625,324	£1,372,373
Savings Per Capita	£1.25	£2.75
Savings Per Household	£2.97	£6.52

Notional allocation of savings by District	Low	High
Mendip	£130,406	£286,198
Sedgemoor	£132,914	£291,702
South Somerset	£189,465	£415,812
Taunton Deane	£128,651	£282,345
West Somerset	£44,012	£96,592

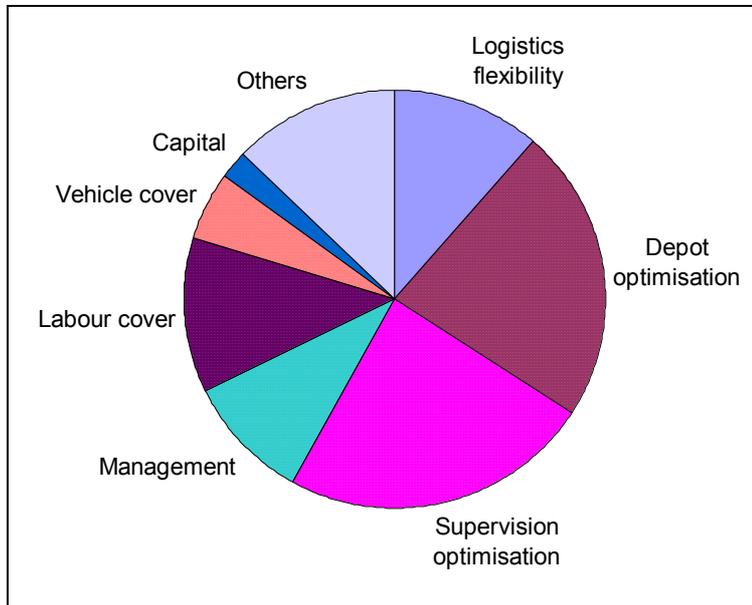
(NB – these figures are estimated purely on a pro rata to population basis)

4.3.7 Risks

The elaboration of the advantages offered by contract integration has been the dominant feature of this report so far. However, it is essential that contract integration is not seen as a panacea for all that is a problem or will be a problem in the future with waste management in Somerset. It can evidently help to drive the efficiency of service delivery and has the potential to rationalise the relationship between the tiers to the general benefit of cost effective delivery of the sustainable resource management agenda through the Somerset Municipal Waste Management Strategy. These are clear advantages that must be considered seriously; but alongside these potential advantages, two other factors must be considered. Firstly, the risks that might place the advantages in jeopardy and secondly the disadvantages that may also result from integration. These factors are not considered in detail in this report for two reasons; firstly, because the accurate assessment of risk will require further research; and secondly, because the advantages and disadvantages relate more to *how* contract integration is delivered, rather than *whether* it is, and as such cannot be commented upon in detail until work has progressed further on, for example, the possible constitutional arrangements.

There are two major (and related) risks, which have been discussed already that have the potential to impact on the significant bulk of the efficiency savings identified. The

potential contractor side efficiency savings suggested equate to 65% of all savings identified (as an average of the ‘high’ and ‘low’ scenarios). The chart below illustrates the extent of those savings, again based on the average of the two scenarios that are predicated partially or fully on depot optimisation (the dotted segments, which represent in total 64% of contractor side efficiency savings).



So, in essence, an average of 42% of total District level efficiency savings, equivalent to an average of £416,000 is exposed to the risk associated with dependency on the delivery of depot optimisation. It should be noted that not all of that £416,000 would be ‘at risk’ if depot optimisation failed to materialise, as a majority of the dotted segments are only partially predicated on it; but also that the impact of those partially dependant items would probably be very significantly reduced in such circumstances.

The key risk factors to the delivery of depot optimisation relate to the obvious development problems so well known to the waste management industry. The risks associated with finding and securing appropriate sites, acquiring planning permission and site licences, financing and developing them are numerous. The obvious next step is to conduct an initial feasibility study against which a full risk assessment can be carried out, taking account of the locations of current depots, other potentially usable land holdings, the status of sites in development plans and their locations in relation to areas of population, the road network and likely tipping points. This work, if progressed rapidly, should allow the assessment of depot optimisation related risks to be assessed early in the New Year.

The second key risk to the contractor side efficiency savings suggested relates to both TUPE and depot optimisation. The clear thrust of Government policy is for public sector service providers and their contractors to move towards a situation where multi-tiered workforces (in terms of varying terms and conditions, and increasingly pension arrangements) are minimised. Where work forces employed by more than one contractor or authority are integrated, the tendency is, of course, for harmonised terms and conditions to gravitate towards those of the best rewarded. Whilst there is currently no statutory duty to achieve single-tier working by a particular date (and indeed it is difficult to envisage full parity between many merged municipal

workforces being achieved for a considerable time to come), Government has provided a code of practice that implies to many that single-tier workforces will be enforced at some point in the future. The potential therefore exists for efficiency gains achieved on the contractor side to be substantially offset by increased unit labour costs across the formerly lower-paid elements of the workforce. This risk may be exacerbated by the merger of the South Somerset DLO workforce (which one might assume is paid more than the average of the outsourced workforces) and depot optimisation, which is likely to result in workforces employed on several different contracts being located together. Again, this risk can only begin to be quantified following analysis of current levels of variation in terms and conditions of the different workforces, which should be progressed early in any potential next stage of the project.

A number of other risks may be associated with contract integration, some related to this project in particular and others to procurement and reorganisation of administration more generally. A full risk assessment, identifying these risks and evaluating their potential magnitude, likelihood, and mitigation measures should be prepared to inform the next stage of the project, if the partners wish to proceed further.

4.3.8 Disadvantages

As discussed above, most of the potential disadvantages of contract integration relate to how such integration might be executed. For example, loss of local accountability for service quality may be a disadvantage, but only if the development of constitutional arrangements results in a structure that diminishes local accountability. Indeed, most of the strictly practical disadvantages are surmountable. Ultimately, it will only be through the evaluation by each authority of the potential risks and rewards of the approach that emerges from any future development of constitutional and procurement arrangements that the decision as to whether to adopt that approach can be made. Clearly, a key issue wherever the roles and responsibilities of authorities are being considered for change relates to potential loss of control or sovereignty. In this case, it should be possible for each authority to have increased influence over a wider range of services that affect their residents, ideally without excessive compromise of accountability or control of what happens locally. However, it is obviously the case that some of these considerations have political dimensions that cannot really be addressed through this type of research.

It will be important in the next stage of this project that a more detailed assessment of costs versus benefits is made. However, this work can only be undertaken following some further development of how contract integration would work in practice.

4.3.9 Conclusions

There are evidently significant opportunities for efficiency savings as a result of contract integration, both in terms of reducing contractor costs and improving the efficiency of the administration of waste management services.

These opportunities are of a magnitude and apparent level of deliverability that should be taken seriously. The savings outlined in the review assume that all five districts and the County Council participate fully. The potential savings arising from contract

integration will reduce if one or more of the districts do not participate or if the County Council did not.

The following table attempts to quantify the effect of less than full participation – but these figures are very crude estimates and should be treated with caution. The scenario illustrated assumes that only Mendip, Taunton Deane and South Somerset participate in contract integration and takes no account of synergies relating to the County.

Efficiency Savings vs. DC Budgets	Low	High
Estimated Total Efficiency Savings	£320,626	£826,255
Estimated Cashable Efficiency Savings	£218,973	£650,883
Total Savings as Proportion of Budget (Base)	5.5%	14.1%
Total Savings as Proportion of Budget (Roll-out)	3.5%	8.9%
Total Cashable Saving as Proportion of Budget (Roll-out)	2.4%	7.0%

This scenario has been modelled by Eunomia as it represents a realistic option including the three districts that have historically shown greatest enthusiasm for the project. Other configurations of districts would produce different results, but this option serves to illustrate the relative loss of efficiency resulting from a smaller partnership. In this scenario, savings per household reduce from between £2.97 and £6.52 per annum to between £2.13 and £5.49.

4.3.10 Next Steps

If the recommendations are agreed there is clearly a huge amount of work to be undertaken, falling into 3 broad categories:

- Constitutional arrangements (scope of responsibility, size of the Board, delegated authority, voting rights, etc)
- Management arrangements (establishment of organisation structure, location of Client side base, HR procedures to appoint to the Team, redeployment, etc)
- Procurement Strategy (decisions on work packages, tendering arrangements etc)

There are 2 councils (Taunton Deane and Mendip) within the current SWP who have waste collection contracts that expire in March 2006, one that expires in September 2006 (West Somerset) and one that expires in February 2007 (Sedgemoor). SSDC is the only in-house operation that could, in theory, join the partnership at any time (provided that the normal employee consultation procedures are followed).

If all councils agree to participate, Taunton Deane and Mendip are willing (subject to discussion with their contractors) to extend their current contracts by six months to provide time for the partnership work to be completed. That would mean a start date from any new contracts of 1 October 2006. Even then the programme of work will be challenging.

Some work on the constitutional arrangements is already being undertaken by Eunomia and will be considered by SWP Directors Group in December and January. A meeting of the SWP has been arranged for 21 January 2005 to review the decisions of each Council and start the work on developing the new Somerset Waste Board.

If TDBC agrees to participate there will be some costs associated with the work. A project team will need to be established and a shadow Board appointed to monitor progress. It is possible that further DEFRA funding could be awarded to enable Eunomia to continue to support the work. Government considers the creation of such a Board to be an effective alternative to local government reorganisation and would enable Somerset Councils to meet the savings targets defined in the Gershon Efficiency Review. No joint waste boards have been established to date – although a couple are making some progress towards it – and DEFRA are likely to support this type of development.

4.3.11 Financial Implications

Participating in this development is estimated to save TDBC between £125,000 and £280,000 on an on-going revenue basis. The figures are only estimates, and until the new management structure is established (and posts filled) and tenders for work are received the actual costs cannot be known.

At this stage the budgets included in the Medium Term Financial Plan will remain unchanged and adjustments would only be proposed once figures are more firmly established.

Initial expenditure arising from the project will be funded from existing budgets

5. IMPACT ON CORPORATE PRIORITIES

5.1 The impact relates to the Environment and Delivery corporate priorities.

6. CONCLUSION

6.1 There are evidently significant opportunities for efficiency savings as a result of contract integration, both in terms of reducing contractor costs, improving the efficiency of the administration of waste management services and in the procurement process. These are most significant if all five districts and the County Council participate fully but are still apparent if a smaller number of Districts agree to participate. There are also risks to be considered but taking into consideration current Government policy and current market conditions, the potential advantages outweigh the risks, as they are understood at the moment.

7. RECOMMENDATION

7.1 It is **RECOMMENDED** that, subject to the consideration and approval of detailed constitutional and management arrangements by the Executive at a future meeting, The Executive now approve in principle the following:

- 1) TDBC participation in cross county contracts for the collection of waste for recycling and disposal
- 2) Delegation of decisions on specific waste collection matters to the Somerset Waste Board (SWB)
- 3) Agreement to the establishment of a single “client” management structure reporting to the SWB
- 4) Agreement to the pooling of waste disposal, collection and recycling budgets across the 6 partner councils of the SWB
- 5) Authorisation for the Portfolio Holder for Environmental Services to represent TDBC in the detailed discussions and negotiations

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TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE – 12th JANUARY 2005

Report of Head of Housing

(This matter is the responsibility of Councillor Garner)

HOUSING STOCK OPTIONS

Executive Summary

The purpose of this report is to provide Members with an update on the work that has or is still being undertaken. Attached to this report are a number of appendices:

- i) Appendix 1 – Housing Stock Options Report to the Executive on the 8th December 2004
- ii) Appendix 2 – Communication Log
- iii) Appendix 3 – PricewaterhouseCoopers (PWC) Report on Financial Guidance – Stand Alone versus Group Structure Stock Transfer
- iv) Appendix 4 – PWC Report on Prudential Borrowing
- v) Appendix 5 – DOME – the Independent Tenants Advisor (ITA) Report
- vi) Appendix 6 – Questionnaire Returns from Partners, Members and Staff

1. Background

1.1 At the Executive meeting held on the 8th December, Members including those of the Housing Review Panel were made aware of the current position concerning Stock Options. Attached as Appendix 1, is a copy of the report that was discussed and Members are asked to reacquaint themselves with this report. The report was primarily outlining the work that has, is or is still required to be undertaken in choosing a landlord type should a transfer take place. It also included the ITA's work to date on advising the Insight Group on all the different types of landlord, working with them in narrowing their focus onto two types of landlord and then working with them and all tenants in choosing their preferred option. The report also covered the next stage of applying to gain entry onto the Stock Transfer Programme.

1.2 The purpose of this report is:

- i) PWC to provide financial guidance on the difference between a Stand Alone versus a Group Structure
- ii) PWC to update Members on the Prudential Code and its use to Taunton Deane
- iii) To note the ITA's final report which takes into consideration the Insight Group's recommendation

- iv) To note the views of our Partners, Members and Staff
- v) To update Members on the work being undertaken to gain a place on the Stock Transfer Programme

2.0 **PWC financial guidance on the difference between a Stand Alone versus a Group Structure**

- 2.1 Attached, as Appendix 3 is PWC's report which they will elaborate on at the meeting itself. The key point that can be derived from their report is that there are no great financial advantages that one transfer type has over the other when a comparison is made. Linked to this is that it must be remembered, the tenants choice of landlord is vitally important in this process and Members must have a very good reason to recommend an alternative when the application is made to gain a place on the Stock Transfer Programme.

3.0 **PWC update on the Prudential Code and it's use to Taunton Deane**

- 3.1 Attached as Appendix 4 is a report produced by PWC on the potential use of the Prudential Code in relation to Taunton Deane Borough Council. Members may recall that the use of the Prudential Code to borrow money was investigated during the Stock Options Appraisal and it was believed that it would not provide the Housing Service with the resources it needed to achieve all of its housing priorities. In summary, the report indicates that the use of the Prudential Code would still not alter the original view taken and does not provide the Authority with an alternative viable option to Stock Transfer.

4.0 **ITA's Final Report**

- 4.1 Attached, as Appendix 5 is the ITA's final report, which includes the Insight Group's choice of landlord. The Insight Group's preferred type concurs with the postal returns from tenants in that those that have expressed an interest have chosen the Stand Alone type of Stock Transfer.

5.0 **Questionnaire Returns from our Partners, Members and Staff**

- 5.1 Attached as Appendix 6, are questionnaire returns from our Partners, Members and Staff. All three questionnaires indicate a good understanding of the work being undertaken and all three groups indicate a preference for a Stand Alone type of Stock Transfer.

6.0 **Applying to gain a place on the Stock Transfer Programme**

- 6.1 Key work that PWC are undertaking is in assisting officers to submit Taunton Deane's formal application to the Office of the Deputy Prime Minister (ODPM) to gain entry onto the Stock Transfer Programme. The application deadline is the 28th January 2005 and PWC are working with officers to ensure compliance is achieved in line with the ODPM guidance.
- 6.2 Details of the formal application will be provided to Members at a future Executive. However, due to the timescales involved, the dates of future Executives and the complexity of the information required in a relatively short space of time, it may not be feasible to provide the Executive with a copy of the application and explain all the detail prior to the deadline of the 28th January. It is therefore intended subject to Member approval, to undertake this at February's Executive. Prior to February, it is requested that Members permit the Head of Housing in conjunction with fellow officers of the Corporate Management Team and the Executive Member of Housing to complete and proceed with the formal application. This request is not unusual and was the approach adopted after Members recommended at July's Full Council to investigate further the option of a "Whole Stock Transfer Solution" and allow officers to complete the application for "Sign Off" to the Government Office South West (GOSW).
- 6.3 In regard to the "Sign Off" process, a formal letter was received from the GOSW just before the Christmas break, advising that Taunton Deane had obtained "Sign Off" and stating that the process undertaken had been both rigorous and objective.

7.0 **Summary**

- 7.1 It is believed this report and the attached appendices provides Members with a good overview of the current position and the preferred choice of landlord by all parties concerned; most importantly tenants, is that of a newly established free-standing Registered Social Landlord (RSL) – a Stand Alone. Lastly, the contents of this report and attached appendices were endorsed at the Tenants Forum and Housing Review Panel on the 20th and 21st December 2004 respectively.

8. **Recommendation**

- 8.1 Members are asked to endorse the contents of this report, attached appendices and the formation of a free-standing Registered Social Landlord (RSL) – a Stand Alone should a transfer take place.

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APPENDIX 1

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE – 8th DECEMBER 2004

Report of Head of Housing

(This matter is the responsibility of Councillor Garner)

HOUSING STOCK OPTIONS

Executive Summary

The purpose of this report is to provide Members with an update on the work that has or is being undertaken and an overview of the progress being made on choosing a prospective new landlord; which has involved DOME the Independent Tenant Advisor (ITA).

1. Background

- 1.1 Members will recall that at July's Full Council, a decision was taken to investigate and ultimately ballot tenants on the option of a "Whole Stock Transfer Solution" to a Registered Social Landlord (RSL). Since that meeting a great deal of work has been undertaken with updates provided to Tenants, Members, Staff and our Partners. Attached for information as Appendix 1 is a Communication Log.
- 1.2 As throughout the Appraisal Process, the work undertaken has been monitored and a steer given by the Officer Working Group and the Steering Group, which have both met on average once a month.
- 1.3 After July's Full Council there were three key pieces of work required to be undertaken before embarking on a full-blown consultation exercise with tenants, which would ultimately lead up to a ballot. These are:
 - i) Obtaining "Sign Off" from the Government Office South West (GOSW) for the Stock Option Appraisal
 - ii) Choose a Prospective Landlord Type
 - iii) Apply to go on the Stock Transfer Programme
- 1.4 In regard to Point i), a formal application has been made to the GOSW to obtain "Sign Off" and it is hoped to hear shortly the outcome of that application. Initial feedback from GOSW is consistent with what officers have been previously advised of, that the work undertaken should be viewed as "Good Practice".
- 1.5 Points ii) and iii) will be addressed within the General section of this report.

2. General

2.1 *Choosing a Prospective Landlord*

2.1.1 Guidance by the Office of the Deputy Prime Minister (ODPM) laid down in the 2005 Housing Transfer Programme states:

“An authority proposing a transfer is required to consider with tenants, in liaison with the Housing Corporation, what type of new landlord should take over the housing stock. The options are as follows:

- i) an existing RSL
- ii) a newly established subsidiary of an existent RSL (either as part of an existing group structure or through the creation of a new group structure)
- iii) a newly established free-standing RSL
- iv) a number of newly established RSL's that will make up a new group”.

2.1.2 Historically there has been a presumption by local authorities that, in all except the smaller and partial transfers, the establishment of a new RSL as the new landlord is the best option. This can be the case but it should not be presumed that this will always be true. Where an authority is proposing to transfer stock to a new stand alone RSL, the ODPM will require the authority to demonstrate that it has worked with tenants to explore the scope for working with existing RSL's.

2.1.3 The ODPM does not require a competitive process for landlord selection on all transfer proposals. However, the ODPM will require an authority to demonstrate clearly in both its Large Scale Voluntary Transfer (LSVT) Programme application and in working with the Community Housing Task Force (CHTF) that tenants have been made aware of all the new landlord options, what each option offers to tenants in relation to their particular circumstances and lastly but no means least, that they have been fully involved in deciding their eventual landlord choice. It is also believed to be beneficial to involve staff in this process and recently a questionnaire was sent to all staff to gauge their understanding of the work to date and to ask for their preferred choice of landlord. A similar exercise has also been undertaken with both our Partners and Members.

2.1.4 The process of landlord selection will depend on a range of issues including:

- i) the size and nature of the stock to be transferred
- ii) organisational viability and the landlord's ability to deliver service improvements, manage the improvement programme, secure the confidence of the tenants and other stakeholders in the area, tenant empowerment and fundability
- iii) local circumstances such as community boundaries, geography and management areas, together with an understanding of the nature of the social housing market in which the authority is operating and of current choices of landlord available to tenants

- 2.1.5 All of what has been documented in the General section of this report is believed has or is being addressed, through the work of officers, DOME and PricewaterhouseCoopers (PWC).
- 2.1.6 Many of the areas that are required to be undertaken have been addressed through the work by DOME and attached to this report, as Appendix 2 is their report. Also attached as Appendix 3 are the statistics from the questionnaire undertaken by DOME. The only and arguably most important element that is missing and will be presented to Members verbally is the recommendation of the Insight Group on which landlord type they have chosen. This recommendation will be included in a updated report to be produced by DOME and will be re-presented to the Tenants Forum and Housing Review Panel on the 20th and 21st December respectively and January's Executive.
- 2.1.7 In regard to DOME's report it is believed important to put some perspective on the concerns that they have raised. The concerns raised in regard to tenants understanding are not uncommon at this stage of the process and as DOME have quite rightly recorded; this apparent lack of understanding should decrease as the process continues. Certainly the area of informing tenants about the process and countering disinformation will be a key part of the Project Team's remit when this dedicated team is formed in the new calendar year. It should also be remembered that when a second survey was undertaken to gauge tenants understanding at the end of the Appraisal process and comparison made to a similar exercise undertaken at the mid way point, an increase in awareness was recorded across all areas.
- 2.1.8 In response to their concern on losing momentum in early 2005 whilst various support consultants work is tendered, it should be remembered that this was something agreed with both the GOSW and CHTF. Both government bodies agreed and still do that this would be a good thing to undertake in order to enable the authority to take stock, recharge its batteries and enable staff to concentrate on their day job. This last element is vitally important as many housing services do record a dip in performance when undertaking a stock option appraisal and in the lead up to a ballot. Fortunately to date, this has not been the case with Taunton Deane due to the dedication and hard work of its housing staff.
- 2.1.9 In regard to DOME's last concern, I meet with the GOSW, CHTF and Housing Corporation on the 17th November to discuss the work being and still to be undertaken. All three government agencies are happy with the timescales that are being worked to and the nature of the work that has been or is planned to be undertaken.
- 2.1.10 On a related but different matter, during the evening of the 17th November both the GOSW and the CHTF clarified in a Special Executive Meeting that a "Fourth Option" did not exist and the Government had no intention of introducing a "Fourth Option".

2.2 *Application to go on the Stock Transfer Programme*

- 2.2.1 Key work that PWC are undertaking is in assisting officers to submit Taunton Deane's formal application to the ODPM to gain entry onto the Stock Transfer Programme. The application deadline is the 28th January 2005 and PWC are working with officers to ensure compliance is achieved in line with the ODPM guidance.

2.2.2 PWC will be presenting to the Tenants Forum and Housing Review Panel on the 20th and 21st December respectively and January's Executive the work they have undertaken. An element of this presentation will be on the financial differences between a Group Structure and a Stand Alone Stock Transfer, which is something PWC are scheduled to be discussing with the Insight Group on the 4th December. In addition to this, PWC will also update the Tenants Forum and Members on Taunton Deane's position in relation to Prudential Borrowing.

3. **Summary**

3.1 It is believed this report and the attached appendices provide Members with a good overview of the current position. A final report will be presented to January's Executive, when Members will be asked to select the type of landlord they would wish to manage the housing stock if tenants ultimately voted in favour of a transfer.

4. **Recommendation**

4.1 Members are asked to note and make comment on the contents of this report and appendices.

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OPTIONS APPRASIAL COMMUNICATIONS LOG

ACTION	DATE	STAKEHOLDER DETAIL	FOLLOW-ON ACTION	OFFICER	LOGGED DATE & INITIALS
CHTF Stock Options & ITA advice	28.05.03	Tenants Forum	Training with TF and other LA's	Jayne Hares Sarah Johnston	JS 15.10.03
CHTF ITA recruitment training/advice	08.07.03	Tenants Forum		Jayne Hares Sarah Johnston	JS 15.10.03
Estate management team briefing	24.7.03	Staff briefing		Carl Brazier	AT 10.9.03
Repairs team briefing	25.7.03	Staff briefing		Carl Brazier	AT 10.9.03
ITA Recruitment training & discussion	1.08.03	Tenants Forum		Jayne Hares Iolanda Tocco	JS 15.10.03
Housing Review Panel Report	5.8.03	Tenants Forum		Penny James	JS 15.10.03
DLO team briefing	5.8.03	Staff briefing		Carl Brazier	AT 10.9.03
Full Council	6.08.03	Members		Carl Brazier	JM 22.08.03
Allocations team briefing	8.8.03	Staff briefing		Carl Brazier	AT 10.9.03
Core Brief to SMT	14.08.03	Staff - Summary of options appraisal explained in brief	All Managers to cascade through team meetings	David Woolnough	22.08.03 AT
Accountancy team briefing	17.8.03	Support staff briefing		David Woolnough	AT 18.9.03
Helpline Control centre team briefing	18.8.03	Staff briefing		Carl Brazier	AT 10.9.03
Interview skills training	19.8.03	Tenants Forum		Jayne Hares Richard Parsons	JS 15.10.03
Scheme managers' team briefing	27.8.03	Staff briefing		Carl Brazier	AT 10.9.03
Shortlisting for ITA	02.09.03	Tenants Forum		Jayne Hares	JS 15.10.03
Interviews for ITA	08.09.03	Tenants Forum		Jayne Hares	JS 15.10.03
LSP briefing	23.9.03	Briefing to strategic partners		Carl Brazier	AT 29.9.03
Individual briefing with Mark Beard (Supporting People)	24.9.03	Partner briefing		Carl Brazier	AT 29.9.03
Initial Meetings with Dome Consultants (ITA)	30.09.03	Tenants Forum		Jayne Hares	JS 15.10.03
Tenants Forum	08.10.03	Tenants Forum		Jayne Hares	JM 24.06.04
Housing Review Panel	08.10.03	Members		Carl Brazier	JM 25.03.04
Planning Meeting with DOME	13.10.03	Tenants Forum		Jayne Hares	JM 27.11.03

OPTIONS APPRASIAL COMMUNICATIONS LOG

Stock Options Appraisal Briefings to Housing Team	17-24.10.03	Staff briefing		Carl Brazier	JM 17.10.03
Website Going Live inc. Email Address	17.10.03	All		Alison Templeton	JM 21.10.03
Grapevine Message informing of Website	20.10.03	Staff		Alison Templeton	JM 21.10.03
Email to Directors and SUMS about website	20.10.03	Partners and Members		Alison Templeton	JM 21.10.03
Email to Directors and SUMS about Training	23.10.03	Partners and Members		Cathy Osborn of PWC	JM 23.10.03
Dome Monitoring	28.10.03	Tenants Forum		Jayne Hares	JM 10.11.03
Monitoring Meeting with DOME	28.10.03	Tenants Forum and ITA Monitoring Group		Jayne Hares	JM 27.11.03
Stock Options Packs Sent Out to Members	29.10.03	Members		Carl Brazier	JM 29.10.03
DOME Sheltered Housing Forum Meeting	30.10.03	Sheltered Housing Forum Reps		Jayne Hares	JM 10.11.03
Member Briefing Sheet	31.10.03	Members		Carl Brazier	JM 19.04.04
Deane Housing News	1/2.11.03	Tenants and Leaseholders		Jayne Hares	JM 10.11.03
TACT@DOME Newsletter	3/4.11.03	Tenants and Leaseholders		Jayne Hares	JM 10.11.03
Planning Meeting with DOME	11.11.03	Tenants Forum		Jayne Hares	JM 27.11.03
Volce 24-7 Article	12.11.03	Tenants 14-18 years old		Kirsty Grinter	JM 12.11.03
Core Brief to SMT	14.11.03	Staff - Update of Stock Options	All Managers to cascade through team meetings	Nan Heal	JM 14.11.03
Healthy Working Place Briefing Note	14.11.03	Staff		Nan Heal	JM 14.11.03
Weekly Bulletin	17.11.03	All		Alison Templeton	JM 19.04.04
Roadshows - DOME	17/22.11.03	Tenants and Leaseholders		TACT@DOME	JM 14.11.03
Halcon TRA - DOME	18.11.03	Halcon Residents		Carl Brazier	JM 14.11.03
Leaflet Sent Out in Pay Slips	22.11.03	Staff and Members		Lisa Wyatt	JM 24.11.03
Press Release	24.11.03	All		Nan Heal	JM 19.04.04
CHTF/TPAS Options Appraisal Roadshow	25.11.03	Tenants Forum (5 Members)		Jayne Hares	JM 27.11.03
Briefings to Service Support Team and including Housing staff who did not attend housing briefings	25.11.03 04.12.03 05.12.03	Staff Briefings		Carl Brazier	JM 03.11.03
Member Training with PWC	27.11.03	Members		PWC	JM 26.03.04

OPTIONS APPRASIAL COMMUNICATIONS LOG

Deane Despatch Article	01.12.03	All		Carl Brazier	JM 19.04.04
Briefing To Community Initiatives Team	01.12.03	Staff Briefing		Carl Brazier	JM 29.10.03
Housing Stock Press Release	02.12.03	General Public		Nan Heal	JM 02.12.03
Link Newsletter	03.12.03	Halcon Residents		Kirsty Grinter	JM 14.11.03
Monitoring Meeting with TACT@DOME	09.12.03	Tenants Forum		Jayne Hares	JM 16.12.03
Housing Review Panel	09.12.03	Members		Carl Brazier	JM 25.03.04
Tenants Forum Meeting TACT@DOME and PWC	09.12.03	Tenants Forum		Jayne Hares	JM 16.12.03
Executive Meeting inc. briefing on Stock Options	10.12.03	Members		Carl Brazier	JM 26.03.04
Core Brief to SMT	11.12.03	Staff		Nan Heal	JM 11.12.03
Briefing to Environmental Health, Planning Management, Forward Planning and Recovery Team Leaders and Managers	11.12.03	Staff Briefing		Carl Brazier	JM 05.11.03
Briefing To Accountancy Team	12.12.03	Staff Briefing		Carl Brazier	JM 29.10.03
Communication Questionnaire	15.12.03	Staff		Lisa Wyatt	JM 05.01.04
Briefing To Personnel Team	16.12.03	Staff Briefing		Carl Brazier	JM 29.10.03
Briefing to Procurement Team	16.12.03	Staff Briefing		Carl Brazier	JM 17.12.03
Briefing to Benefits Team	17.12.03	Staff Briefing		Carl Brazier	JM 17.12.03
Stock Options Appraisal Release - Notification of Completion of Phase A	19.12.03	All		Carl Brazier	JM 19.12.03
Communication Questionnaire	22.12.03	Members		Lisa Wyatt	JM 05.01.04
Memo to all housing managers informing of next phase of briefings	22.12.03	Housing Managers	Cascade to all staff	Carl Brazier	JM 22.12.03
North Taunton News Article	09.01.04	Tenants		Carl Brazier	JM 19.04.04
Deane Housing News	10.01.04	Tenants		Jayne Hares	JM 19.04.04

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Update Briefing Sheet with TF newsletter	10.01.04	Tenants		Jayne Hares	JM 19.04.04
Insight Group Meeting (DOME)	13.01.04	Tenants		Jayne Hares	JM 17.12.03
Wellington East TRA Open Meeting	14.01.04	Members of WETRA		Carl Brazier	JM 15.01.04
TF Monitoring Group with TACT@DOME	19.01.04	Tenants' Forum		Jayne Hares	JM 15.01.04
Housing Services Partners Day	21.01.04	Presentation to Partners		Carl Brazier	JM 21.01.04
Next Phase Housing Briefings	27-31.01.04 01-06.02.04	Staff		Carl Brazier	JM 22.12.03
Housing Needs Insight Group Presentation by MJW (DOME)	31.01.04	Insight Group Tenants		Jayne Hares	JM 09.02.04
Member Questionnaire (2nd Attempt)	01.02.04	Members		Lisa Wyatt	JM 04.02.03
Weekly Bulletin	05.02.04	All		Claire Tough	JM 19.04.04
Member Briefing Sheet	09.02.04	Members		Carl Brazier	JM 19.04.04
Core Brief	09.02.04	Staff		Claire Tough	JM 19.04.04
Press Release	09.02.04	All		Nan Heal	JM 19.04.04
Insight Group Meeting - Stock Condition by JPS (DOME)	21.02.04	Insight Group Tenants		Jayne Hares	JM 26.03.04
Tenants Forum	24.02.04	Tenants Forum		Jayne Hares	JM 24.06.04
Housing Review Panel	25.02.04	Members		Carl Brazier	JM 25.03.04
Insight Group - Stock Condition & Service Delivery by JPS & JW (DOME)	06.03.04	Insight Group Tenants		Jayne Hares	JM 26.03.04
Member Questionnaire (3rd Attempt)	08.03.04	Members		Pete Weaver	JM 22.03.04
Insight Group - HRA Forecast by CO (DOME)	20.03.04	Insight Group Tenants		Jayne Hares	JM 26.03.04
Insight Group Visit – Cheltenham Borough Homes	23.03.04	Insight Group Tenants		Jayne Hares	JM 26.03.04
Briefing with County/Parish Councillors	24.03.04	Stakeholders		Carl Brazier	JM 29.01.04
Dome Tenant Newsletter	29.03.04	Tenants		Jayne hares	JM 19.04.04
Insight Group - Criteria Setting (DOME)	03.04.04	Insight Group Tenants		Jayne Hares	JM 26.03.04

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Link Centre News Article	05.04.04	Tenants		Jayne Hares	JM 19.04.04
Insight Group Visit – Somerset Community Housing Trust	05.04.04	All Tenants and Leaseholders		Jayne Hares	JM 24.06.04
Tenants Forum	13.04.04	Tenants Forum		Jayne Hares	JM 24.06.04
Housing Review Panel	14.04.04	Members		Carl Brazier	JM 25.03.04
Informal Unison Meeting	14.04.04	Staff		Carl Brazier	JM 28.05.04
Next Phase Non Housing Briefing	7-16.04.04	Staff		Carl Brazier	JM 22.03.04
Insight Group - Decision Making - CB (DOME)	17.04.04	Insight Group Tenants		Jayne Hares	JM 26.03.04
Member Briefing	27.04.04	Members		Carl Brazier	JM 22.03.04
Sheltered Housing Forum Briefing - DOME	29.04.04	Tenants		Jayne Hares	JM 04.06.04
Presentation to SMT	13.05.04	Staff		Carl Brazier	JM 26.05.04
Insight Group Visit – West Wiltshire Housing Society	13.05.04	All Tenants and Leaseholders		Jayne Hares	JM 26.05.04
Core Brief	13.05.04	Staff		Carl Brazier	JM 28.05.04
Press Release (did not reach press)	14.05.04	Tenants		Carl Brazier	JM 28.05.04
Insight Group Decision Making - DOME	15.05.04	Tenants		Jayne Hares	JM 04.06.04
Press Release	24.05.04	All		DOME	JM 28.05.04
6 Information Briefings	27.05.04 to 2.06.04	Tenants		DOME	JM 28.05.04
Tenants Forum	01.06.04	Tenants Forum		Jayne Hares	JM 24.06.04
Housing Review Panel	02.06.04	Members		Carl Brazier	JM 25.03.04
Weekly Bulletin	04.06.04	All		Claire Tough	JM 19.04.04
2nd Phone Survey - MRUK	07.06.04	Tenants		Jayne Hares	JM 04.06.04
Presentation to North Deane Residents Association	08.06.04	Tenants		Carl Brazier	JM 08.06.04
Presentation to Lyngford and Wedlands Residents Association	09.06.04	Tenants		Carl Brazier	JM 08.06.04
Core Brief	31.06.04	Staff		Claire Tough	JM 19.04.04
Update Email	01.07.04	Staff		Lisa Wyatt	TM 19.07.04

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Update Email	06.07.04	Members		Pete Weaver	TM 19.07.04
Tenants Forum	06.07.04	Tenants Forum		Jayne Hares	JM 24.06.04
Housing Review Panel	06.07.04	Members		Carl Brazier	JM 25.03.04
Executive Meeting	13.07.04	Members		Carl Brazier	TM 19.07.04
Full Council	20.07.04	Members		Cllr Greg Garner	TM 20.07.04
Decision Letter	22.07.04	All Tenants and Leaseholders		Cllr Greg Garner	TM 28.07.04
Decision Letter	22.07.04	Parish Councillors		Cllr Greg Garner	TM 28.07.04
Decision Email	22.07.04	All Staff		Jeremy Thornberry	TM 28.07.04
Decision Letter	23.07.04	Stakeholders		Cllr Greg Garner	TM 28.07.04
Payslip Info letter	22.08.04	All staff and Members		Lisa Wyatt-Jones	TM 24.08.04
Steering Group	26.08.04	Tenants, members and officers		Carl Brazier	TM 24.08.04
Update Email to staff and Landlord Choice	13.09.04	All Staff		Carl Brazier	TM 14.10.04
Steering Group	23.09.04	Tenants, members and officers		Carl Brazier	07.10.04
Staff Briefing Session	28.09.04	All Staff		Carl Brazier	TM 07.10.04
Drop-in Sessions	30.09.04	All Tenants and Leaseholders		Jayne Hares	TM 07.10.04
Drop-in Sessions	30.09.04	All Tenants and Leaseholders		Jayne Hares	TM 07.10.04
Drop-in Sessions	01.10.04	All Tenants and Leaseholders		Jayne Hares	TM 07.10.04
Drop-in Sessions	01.10.04	All Tenants and Leaseholders		Jayne Hares	TM 07.10.04
Drop-in Sessions	02.10.04	All Tenants and Leaseholders		Jayne Hares	TM 07.10.04
Tenants Forum	05.10.04	Tenants		Carl Brazier	TM 30.11.04
Housing Review Panel	06.10.04	Members		Carl Brazier	TM 30.11.04
Housing Staff Briefing	08.10.04	All Housing Staff		Carl Brazier	TM 16.11.04
Insight Group Meeting	09.10.04	All Tenants and Leaseholders		Jayne Hares	TM 07.10.04
Full Council	12.10.04	Members		Cllr Garner	TM 30.11.04
Housing Staff Briefing	15.10.04	All Housing Staff		Carl Brazier	TM 16.11.04
Insight Group Meeting	16.10.04	All Tenants and Leaseholders		Jayne Hares	TM 16.11.04
Housing Staff Briefing	19.10.04	All Housing Staff		Carl Brazier	TM 16.11.04
Housing Staff Briefing	22.10.04	All Housing Staff		Carl Brazier	TM 16.11.04
Steering Group	28.10.04	Tenants, members and officers		Carl Brazier	TM 16.11.04
Insight Group Visit – Tor Homes	2.11.04	All Tenants and Leaseholders		Jayne Hares	TM 30.11.04

OPTIONS APPRASIAL COMMUNICATIONS LOG

Partners Event	05.11.04	All Partners		Carl Brazier	TM 16.11.04
Insight Group Visit – West Devon Homes	09.11.04	All Tenants and Leaseholders		Jayne Hares	TM 30.11.04
Insight Group Meeting	13.11.04	All Tenants and Leaseholders		Jayne Hares	TM 16.11.04
Special Executive	17.11.04	All Members		GOSW, CHTF Carl Brazier	TM 30.11.04
Tenants Talk Newsletter	19.11.04	Tenants		Jayne Hares	TM 03.12.04
Email to Staff	22.11.04	All Staff		Lisa Wyatt-Jones	TM 30.11.04
Memo to Members	22.11.04	All Members		Lisa Wyatt-Jones	TM 30.11.04
Steering Group	25.11.12	Tenants, members and officers		Carl Brazier	TM 30.11.04
Insight Group Visit – Purbeck Housing Trust	26.11.04	All Tenants and Leaseholders		Jayne Hares	TM 30.11.04
Press Release Deane Dispatch	03.12.04	Borough Wide		Carl Brazier	TM 03.12.04
Executive/Housing Review Panel	08.12.04	Members		DOME/Carl Brazier	TM 09.11.04
Final Insight Group	11.12.04	All Tenants and Leaseholders		Jayne Hares	TM 22.12.04
Final Steering Group	17.12.04	Tenants, members and officers		Carl Brazier	TM 22.12.04
Tenants Forum	20.12.04	Tenants Forum		Jayne Hares	TM 22.12.04
Parish and County Councillors Briefing	20.12.04	Parish and County Councillors		Carl Brazier	TM 22.12.04
Housing Review Panel	21.12.04	Members		Carl Brazier	TM 22.12.04

APPENDIX 3

Taunton Deane Borough Council

Options for new landlord

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Executive Summary

- 1 ODPM's transfer guidance requires that tenants must play an active part in the Council's decision about the future landlord. The work carried out with DOME has given the Council a clear indication of tenants' preference for a stand alone newly created RSL.
- 2 Before making a final decision on the prospective new landlord ODPM's guidance also requires that the Council consider the extent to which a newly created stand alone landlord would be cost effective in the long run. This includes a consideration of the following issues
 - Performance – how does the Council's performance at present compare with other local RSLs. Could transfer to an existing RSL improve performance standards?
 - Cost – how do the Council's costs compare to existing RSLs. Would transfer to an existing RSL mean reductions in costs?
 - Future business plan – would a future business plan for a stand alone RSL be fundable?
- 3 This paper considers a financial analysis of the case for a new stand alone RSL looking at issues of performance, cost effectiveness and fundability.
- 4 The Council's current housing management performance is good, with high satisfaction from tenants. A comparison of the Council's performance with other local RSLs does not indicate that transfer to an existing RSL would result in an improvement in performance.
- 5 The Council's current cost base shows that the service is cost effective when compared with other similar social landlords. There is often an argument that transfer to an existing RSL will reduce management costs. However, existing RSLs in the South West have higher management costs than those at the Council. It is therefore reasonable to assume that a stand alone newly created RSL for the Council's stock, that uses the Council's current management cost as its starting position, could develop a management cost budget that compares favourably with other local RSLs. On this basis it is reasonable to assume that a stand alone RSL could be cost effective in the long run. The Council will however have to consider the extent to which management costs may need to increase to address any tenant aspirations for improved services that emerge through the consultation process. This would be required regardless of the decision about the type of future landlord.
- 6 The indicative business plan is based on the current valuation. This will need further refinement based on the results of a warranted stock condition survey, and further development to ensure the business plan can deliver tenants' aspirations for transfer. Again, this would be required regardless of the decision about type of future landlord. At this stage it is reasonable to assume that a fundable business plan could be developed for a stand alone RSL and therefore this can remain as a deliverable option to be offered to tenants.

Background

- 7 ODPM's transfer guidance requires that tenants must play an active part in decisions about the future landlord. The options include
 - An existing Registered Social Landlord (RSL)
 - A newly established subsidiary of an existing RSL
 - A newly established free standing RSL
 - A newly established RSL with a group structure.
- 8 Tenants must explore the extent to which each of these options meet their priorities.
- 9 DOME have recently consulted tenants through survey and through the insight group. The survey has shown that tenants' priorities are
 - That the new landlord has a local focus with local responsibility for homes and services. The majority of respondents felt that a newly established RSL with its headquarters in the Taunton Deane area would provide greater opportunities for local focus and local responsibility for homes and services.
 - That the new landlord can develop new homes
 - That the new landlord can maintain existing high standards of service and have the greatest chance of improving service standards further. Respondents tended to think that the opportunities for high service standards were greater with a new stand alone RSL compared with existing.
 - That transfer generally would not mean higher rents or other costs to tenants.
- 10 Members of the Insight group also undertook visits to existing landlords and the issues that arose from these visits included
 - Where a transfer landlord was part of a group structure (Tor Homes, approximately 3,000 homes now part of William Sutton group) they had initially transferred as a stand alone RSL and this period of independence gave it greater influence over its ultimate position within the group structure of an existing RSL.
 - Where a small RSL was created (West Devon, under 1,500 homes), a critical success factor was its ability to develop new homes, replacing stock lost through Right to Buy.
- 11 This consultation has shown a clear preference from tenants for a newly created stand alone landlord.

Performance

- 12 A key priority for tenants is that existing high standards of service are maintained and that opportunities to improve services are maximised through the transfer process. Tenants are also keen for there to be a local focus to performance improvement.
- 13 The National Audit's Office review *Improving social housing through transfer*, March 2003 recognises that in many cases, tenants preferences and priorities would support the creation of a new stand alone RSL. However the review, and subsequent guidance issued by ODPM recommends a wider consideration of whether such an approach also addresses best value. In considering whether to establish a new RSL, a council is therefore encouraged to consider whether other existing RSLs may deliver improved performance that could be more attractive to tenants, and present better value for money, than the establishment of a new RSL.
- 14 In order to consider whether the existing service is high performing when compared with other local RSLs we have looked at the performance of those RSLs within the Housing Corporation's south west region. Some of these have stock in the Taunton area as set out below:

Table one: RSLs with stock in the Taunton Deane area

RSL:	Number of homes in Taunton	Total number of homes
Knightstone	557	10,292
Sanctuary	218	35,763
Bristol Churches	91	3,444
Falcon	80	218
Taunton Town	69	71
Housing 21	61	13,405
Wellington	51	53

- 15 We have compared the Council's performance against those of South West RSLs where broadly comparable performance indicators are publicly available. This includes an analysis of performance on the following issues
- relet times
 - repairs (the proportion of urgent repairs completed on time, the proportion of repairs appointments made and kept)
 - tenant satisfaction (with overall service, and with opportunities for participation)
 - rent collection
- 16 This analysis is illustrated below. The Council performs favourably when compared with other RSLs on most of the key indicators. The Council performs less favourably in comparison to other RSLs against indicators for the % of repair appointments that are kept and the % of rent collected. A newly established RSL would therefore need to demonstrate the ability to improve performance in these two areas.
- 17 This comparison of performance indicators between the Council and the RSL does not demonstrate a significant underperformance that would need to be addressed through consideration of transfer to an existing RSL.

Performance comparison

Table two: Number of days taken to relet vacant homes

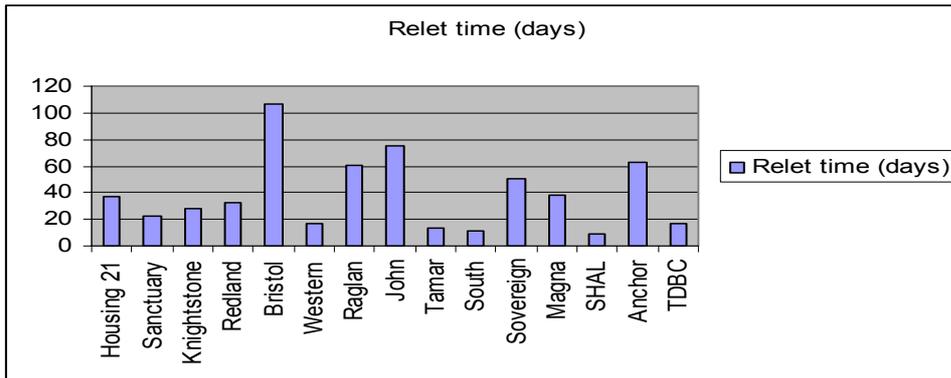


Table three: Repairs performance

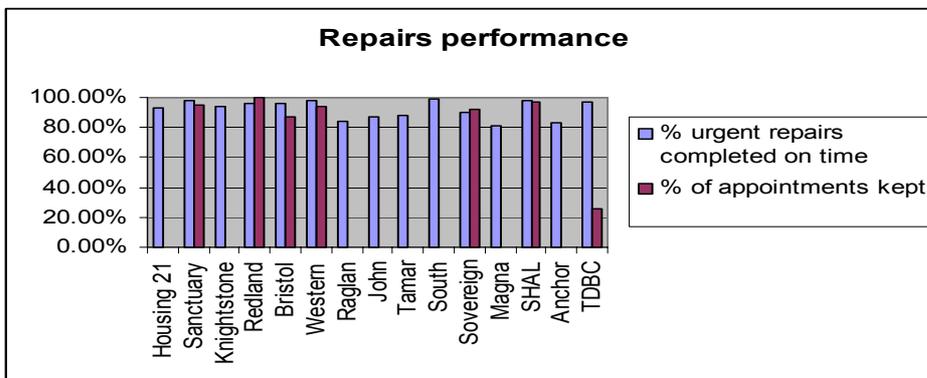


Table four: Tenant satisfaction

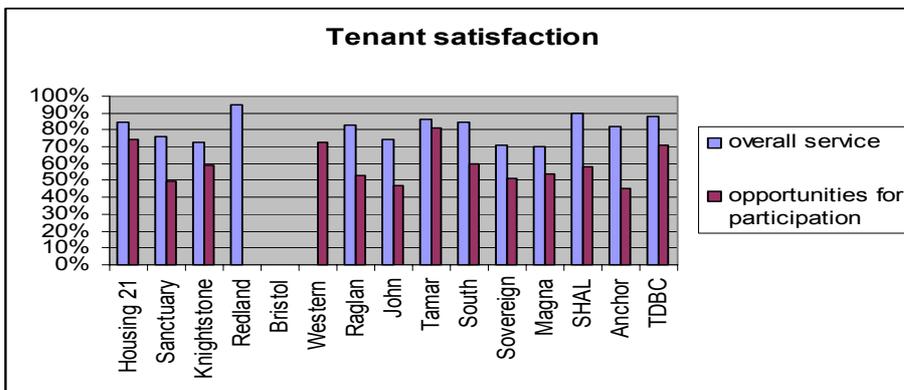
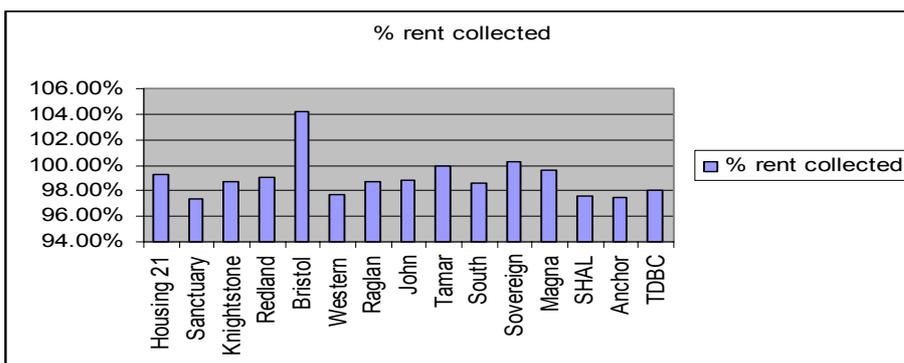


Table five: Rent collection



Cost

18 The management costs of a new transfer landlord are influenced to a large extent by the existing costs of the service. Where existing management costs are higher than other similar organisations, there is an argument that transfer to an existing RSL may help to reduce costs in future, as the service is managed by an organisation with a track record for reduced costs. Transfer to a newly created RSL may have increased costs due to the need to establish a new senior management structure to run the organisation.

Comparison of costs

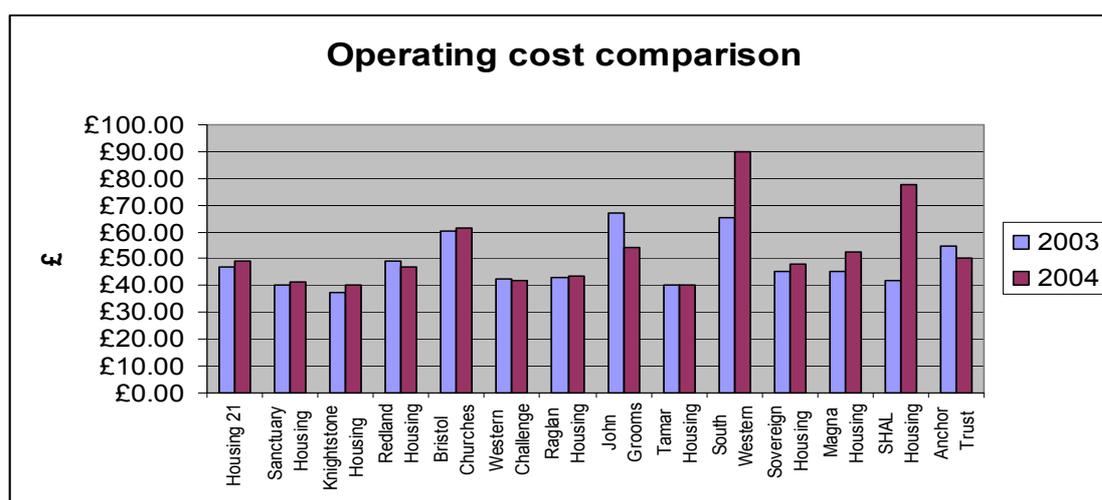
19 Our previous reports to the Council have highlighted the fact that the Council's management costs are low when compared with other authorities. Information prepared by the Chartered Institute of Public Finance Accountants (CIPFA) shows that the average management costs for non metropolitan district councils were £12.90 per dwelling per week in 2003/04. This compares with budgeted costs at Taunton Deane of £9.74 per week.

20 The Council uses a benchmarking system, Housemark, to compare its service with other social landlords including four RSLs in the South West. This comparison shows that management costs in Taunton Deane Council are lower than for all of this group:

- Western Challenge Housing Association
- Tamar Housing Society
- Sovereign Housing Association
- Raglan Housing Association

21 Publicly available information from the Housing Corporation on the operating cost per dwelling of RSLs in the South West shows that these four RSLs also have the lowest operating costs in the area.

Table two: Operating cost per dwelling per week.



22 It is not possible to compare operating costs at RSLs with similar costs at the Council because the operating cost is a figure calculated according to an RSLs accounts and Councils have a different system of accounting for costs. However, the CIPFA comparison demonstrates that the Council has low costs compared with other district Council. The Housemark comparison demonstrates that the Council has low costs compared with four South West RSLs. The Housing Corporation data shows that these four RSLs have lower costs than the majority of other South West RSLs. It is therefore demonstrated that the Council's management cost base is lower than the most cost effective RSLs in the South West region.

Future business plan

Fundability

- 23 In order to establish a new stand alone RSL, the business plan of the new organisation must be able to attract the funding required to carry out the investment in the stock, and to repay this loan within a reasonable time period (typically 25 – 30 years although there is flexibility on this).
- 24 The business plan must also be based on warranted stock condition information. Current business plan cashflows are based on the Council's own assessment of stock condition costs, as validated by Rands. This will need to be revisited once full information is available from a warranted stock condition survey.
- 25 An indicative loan profile based on the current business plan cash flows shows a peak debt requirement of £52.1m in year ten. This is low, when considering the need for a valuation payment of £40m at the start of the plan. This low level of peak debt reflects the relatively low expenditure in the business plan in the early years. Before finalising the business plan the Council would need to be confident not only that its assessment of costs reflects the true needs of the stock, but also that it reflects expenditure on areas that meet tenants priorities.
- 26 The low levels of debt, and low expenditure in the early years creates surpluses in the business plan that, if the organisation is not charitable, would be subject to corporation tax. The current profile of expenditure means that heavy expenditure in later years on recladding of non tradition homes results in increased expenditure in the later years of the business plan, which together with the corporation tax liability, creates a second "hump" of expenditure that would require repayment over a period that is longer than thirty years. This does not mean that the plan is unfundable, only that more work is needed to consider whether the organisation would be charitable and therefore reduce its corporation tax liability, and whether the expenditure profile of the warranted stock condition survey differs from the current proposals.
- 27 Subject to the issues of corporation tax liability and profile of expenditure highlighted above, the current business plan would indicate the ability to attract funders as a stand alone RSL.

New development

- 28 The ability of the new RSL to finance an increase in the supply of affordable homes depends on the extent to which its future business plan can support its plans for its existing stock, and future grant rates. A working assumption is that any new development would be self financing after an allowance is made about grant assistance although further development of the business plan, and the availability of grants will determine whether this is an accurate picture. It is often the case that an element of redevelopment can help to counter the impact on the debt profile of reductions in stock from Right to Buy sales.
- 29 It is reasonable to assume that the RSL would not need to rely on the financial strength of an existing RSL in order to develop further homes in this way. However, the Housing Corporation's approach to partnering in the development programme means that it is anticipated that the new RSL would join existing partnership development consortia.
- 30 Housing transfer also presents opportunities for increased investment through the use of VAT savings achieved through a "VAT shelter" whereby VAT on major works costs can be reclaimed by the RSL. Subject to agreements about how the proceeds of VAT savings are shared between the RSL and the Council, these savings could provide resources to the RSL's business plan to finance future development. There is an argument to say that the creation of a new stand alone RSL provides greater guarantees that these resources are spent locally. In the same way, the resources from future Right to Buy sales, and from business plan surpluses would remain ring fenced to the local area, rather than forming part of a larger RSL's surplus to be spent according to wider the priorities of the larger RSL.

Conclusion

- 31 ODPM housing transfer guidance requires the Council to involve tenants in the choice of future landlord. Tenants have clearly expressed a desire for a newly created stand alone landlord. ODPM housing transfer guidance also requires the Council to consider the extent to which such a choice would represent value for money. The analysis in this paper has considered value for money from the point of view of performance improvement, cost effectiveness and fundability. The conclusion of this analysis is that a stand alone newly created RSL could demonstrate value for money in line with ODPM's housing transfer guidance. It is therefore reasonable to develop proposals for a stand alone RSL given tenants' clear preference for such an option.

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APPENDIX 4

Taunton Deane Prudential Borrowing

The ability to use prudential borrowing to fund investment was introduced by the government as part of recent housing finance reforms. The key aspect of a prudential framework is not that authorities will be awash with cash to fuel spending sprees, but that they will be able to apply a longer-term focus to investment, taking into account the whole life costs of assets, to determine whether new capital spending is affordable; and, equally whether the avoidance of investment will be sustainable.

Individual authorities will decide how much they can prudently borrow, taking account for example of their existing commitments, their capital spending plans, their long term revenue resources and reserves, and the costs of borrowing (such as interest rates). There will be separate prudential indicators for HRA and non-HRA purposes, so that tenants' rents will not be available to fund spending on non-HRA investments.

The key features of the prudential code will be

- A focus on the effects of plans on future revenue accounts – whether depreciation (or its equivalent) and interest costs of borrowing would be affordable (without subsidy to support debt) from revenue accounts in the future periods that will benefit from the capital investment.
- New investment will be made possible by finding “headroom” in revenue accounts, by projecting new income or savings in expenditure (lower depreciation charges from better asset management, reduced repairs and maintenance bills and so on).
- If plans are prudentially affordable, but the authority needs to borrow money to bring them into effect, then it will be able to do so, subject only to the government exceptionally imposing borrowing limits to protect the national economy.

The major barrier to freeing the HRA up for the prudential framework is determining how authorities are to be allowed to generate headroom. As an activity that will always require subsidy, government has traditionally limited the discretion that local authorities have to determine capital investment patterns for housing in favour of national control over priorities. There will need to be certainty that headroom has been generated by local efficiency and good management, and not merely a rise in rents financed by housing benefits.

Before undertaking prudential borrowing the Council must be sure it can afford to repay it from future revenue streams. In the case of Taunton Deane's HRA, the Council currently budgets to fund capital expenditure of £224,000 from revenue surplus. In theory, if this revenue surplus could be relied on each year, it could fund payments to support an element of prudential borrowing. Before undertaking any borrowing, the Council needs to ask itself the following questions

- a) How secure is this surplus in future years, and over how many years can it be relied on?

- b) How sensitive is this surplus to changes, for example in right to buy sales and annual subsidy determinations?

If the Council could be confident that this revenue surplus could be guaranteed for the next 10 years, then, assuming interest rates of 5%, this could be used to repay borrowing of around £2m. In reality the current business plan estimates that the Council would need an additional £26m over the next ten years to fund the investment required in its homes. If the Council were to consider borrowing prudentially to fund this, it would need to find a revenue contribution each year of almost £3m in order to repay this borrowing over ten years, compared with the £224,000 currently budgeted as being available. Borrowing over a longer period would reduce the annual repayments. As an example, borrowing over 25 years would mean annual repayments of £1.4m. However, an extension of the repayment period would increase the risk to the Council considerably and would impact on its ability to finance investment in future years. PwC's report to the Council in July 2004 highlights the fact that minor changes in housing subsidy, such as changes in the treatment of local authority housing debt, could reduce the available cashflows by £5m over a ten year this period. This would reduce any surplus available to repay borrowing.

Woking Council has announced plans to borrow £62m to build new homes. Traditionally, the development of affordable housing has required subsidy in the form of grant, as affordable rents are not sufficient to repay borrowing. Without grant, the Council would need to consider the use of cross subsidy, perhaps through an element of private housing for sale, or perhaps by letting some of the properties at market rents in order to generate enough income to repay borrowing. In Taunton Deane the Council is considering ways of enabling housing development without grant, but to date has taken the approach of transferring the risk of repaying this borrowing to RSLs.

Harrow Council has announced plans to borrow £40m to invest in their current housing stock. It is not clear the period of time over which they are aiming to repay this borrowing but one might expect that they are estimated a long repayment period of up to thirty years. When considering the number of changes in HRA finance over the last thirty years, questions have to be asked about how confident a Council could be that it could have resources available to repay this borrowing over such a long period.

In conclusion it would appear that prudential borrowing, while possible in theory, in practice presents significant risks to the Council as future revenue surplus are heavily dependant on annual subsidy determinations from government. In considering the risks relevant to Taunton Deane's financial position, it would not appear that revenue surplus could be guaranteed at a level that would be sufficient to repay the borrowing required to fund the identified investment need.

REPORT OF ACTIVITIES IN RELATION TO SELECTION OF LANDLORD TYPE

APPENDIX 5

OBJECTIVE

- 1 This report summarises the work undertaken by the Insight Group, and all tenants, during September, October and November to provide the Council with a recommendation on whether tenants would prefer a stand alone landlord or one which would be a member of a Group.
- 2 Throughout the period tenants have been supported by TACT@DOME, their Independent Tenants Adviser, whose contract was extended to allow the work to happen.
- 3 The local press and a local “Defend Council Housing” campaign have combined to raise the profile of the development of the transfer proposal. This has undoubtedly helped to make residents aware (see survey response rate below), and has resulted in a larger Insight Group attendance, but it has also led to many residents receiving inaccurate and misleading information about national housing policy.
- 4 Much of the ITA’s informal contact (e.g. 100 Freephone calls) has been spent in providing reassurance to worried and anxious tenants (especially older ones).

INITIAL CONTACT AND DROP INS

- 5 All tenants were contacted by Newsletter, to advise them of the purpose of this stage of the consultation, and to invite them along to a series of five drop in sessions. These were held in locations in Taunton, Wellington and the rural areas at varying times of day, including a Saturday session in central Taunton. A total of 105 people attended.
- 6 While these sessions were aimed at providing residents with information about landlord type, in practice they were predominantly used by those who came to get information and to update on the Council’s decision to look at a transfer, and why this had been made.
- 7 The vast majority of those who came were added to the Insight Group mailing list, which now totals 324. Attendance at Insight Group has increased – 40 at the last meeting – compared to an average attendance of 25 in the earlier consultation.

REPORT OF ACTIVITIES IN RELATION TO SELECTION OF LANDLORD TYPE

INSIGHT GROUP MEETINGS

- 8 Initially it was intended to hold four Insight sessions. In the event, five have been necessary, plus an Introductory session for new joiners. In part this has been caused by the need to allow time to deal with a very few individuals whose main objective has been to prevent the debate taking place since they believe that Government is about to release new money to Councils for use in bringing their homes up to a Decent standard.
- 9 After pressure from the Group these individuals have either stopped coming, and those who are still attending seem to be less obstructive than previously.
- 10 Numbers attending have increased – there were 40 at the last meeting (this is double the number at the last meeting of the previous phase). The mailing list for meetings has also increased to 324 – up by over 100.
- 11 The Group has informed itself about the options, and worked through the pros and cons of the alternative arrangements. This has included a session with Steve Fox, the Housing Corporation official responsible for registering transfer landlords. Steve gave a very clear picture of the process, registration and regulatory requirements, and the Corporation's powers in relation to Observation and Supervision. The Group's final debate will be informed by the visits and the all tenant survey, as well as its own more detailed knowledge.

Concerns

- 12 A number of concerns (other than the issues raised above) were expressed at the last Insight Group session. These will need to be used as learning points and addressed in the next phase of the consultation in order to build understanding of the issues and process:
 - There is a degree of confusion “out there” about what is going on, and what stage the proposal is at. Press coverage has served to cause concern rather than to clarify. As the proposals are developed, and an increasing number of tenants are engaged in the process, this should decrease to the point where at least 70% feel well informed enough to vote.
 - Tenants felt that the Council's communications strategy did not serve to counter the disinformation that has been published.

REPORT OF ACTIVITIES IN RELATION TO SELECTION OF LANDLORD TYPE

- Potential loss of momentum if there is a moratorium on activity in early 2005 while the various support consultants' work is tendered; and concern over the extended period allowed for consultation (The Corporation indicated a 6 – 9 month period).
- Concern about the selection process for an ITA – in part caused by the fact that some Forum members (who appointed TACT@DOME) had not attended the Insight Groups and so could not be aware of the work that had been done in the past three months. The Insight Group felt that it should have a role in deciding on the process, and the need to re-tender – it sees itself as taking the lead in the development of the transfer proposal, while the Forum maintains its wider role with the Council landlord. The roles and relationships between the Insight Group and Forum will need to be clarified in the next phase of the consultation.

VISITS

- 13 Insight Group members visited three examples of different types of transfer within the South West, meeting tenants, Board members and staff. They prepared for their visits, agreeing the questions and areas of interest that they wanted to cover.
- 14 All the visits were to transfer landlords whose stock is considerably smaller than Taunton Deane's, and as such are more vulnerable. The Group identified that there are, in fact, four potential options, if there was a transfer:
 - Stand alone
 - Stand alone, with a view to keeping the option of joining a group under review
 - Transfer to a new landlord which would be part of a group
 - Transfer direct to an existing landlord
- 15 Tor Homes transferred as a stand alone and remained so for 5 years before joining the William Sutton Group, which operates across Southern England. The key issue the Group noted here was that because Tor had gained experience on its own it was able to place itself with the William Sutton Group as leading Group in the South West.

<p style="text-align: center;">REPORT OF ACTIVITIES IN RELATION TO SELECTION OF LANDLORD TYPE</p>
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- 16 West Devon transferred as a stand alone (albeit a very small one). A key achievement for them was that they had developed sufficient homes to more than replace the numbers lost through the Right to Buy.
- 17 Purbeck transferred 5 months ago direct to a subsidiary of East Dorset. The key issue here was the fact that Purbeck itself didn't have a DLO, whereas East Dorset does. This has allowed work to start and to be delivered very quickly.
- 18 In none of these cases did tenants find concerns about delivering on the promises made at transfer. In both cases tenants they met said that they felt that, while nothing was perfect, on balance they were glad that their transfers had gone ahead.

SURVEY

- 20 This part of the report sets out the results of the postal survey of all tenants, carried out in late October/early November 2004, seeking their views about the type of landlord – stand alone or group – that they would prefer, if they were offered a transfer proposal. All tenants were sent information sheets, and a questionnaire. The survey was carried out by TACT@DOME. Detailed information is in the attachment.
- 21 It is structured as follows:
 - Who responded
 - Results
 - Conclusions

Who responded

- 22 Questionnaires were sent to all 6,503 tenants. 1,616 responded – 24.8%. This is a high response rate for a postal survey, and reflects the profile which the future of tenant's homes is acquiring in the TDBC area.
- 23 One hundred tenants used our Freephone service to clarify the current position, which has been very significantly confused by the mis-information that has been published locally in the past couple of months.

REPORT OF ACTIVITIES IN RELATION TO SELECTION OF LANDLORD TYPE

- 24 52% of respondents were aged over 65, and 15% were aged between 56 and 65. Only 1% were under 25. The remainder were evenly spread between 25 and 56. 2% did not respond to this question. This is a fairly typical spread of responses, given the age profile of Council tenants generally.
- 25 The vast majority of respondents were white British (96%) and a further 2% were either white Irish or white – other. Less than 2% failed to respond to this question.
- 26 21% lived in sheltered accommodation, 42% in a family homes, 25% in a flat, and 3% were leaseholders. Compared to the age profile, this implies what we hear frequently on the Freephone – that there is under occupation in the stock. Callers voice concerns about this because they fear that a new landlord would be able to force them to move.

Opinions about stand alone or group – services and new homes

Responsibilities for homes and services outside Taunton Deane area

- 27 A clear majority – 56% - see this as a “bad thing”. 16% say it doesn’t matter, 20% were uncertain, and 3% failed to respond. Only 6% see this as a “good thing”.

Headquarters outside Taunton Deane

- 28 69% say that this would matter to them. 10% were either unsure, or didn’t respond. 21% say it doesn’t matter to them.
- 29 Taken together these two sets of answers show a clear majority expressing a view; and a clear majority favouring a Taunton focus.

Development of new homes

- 30 53% want to see a new landlord that can develop new homes. 17% disagree that this is important, and the same percentage say it doesn’t matter. 13% failed to respond or were unsure.

REPORT OF ACTIVITIES IN RELATION TO SELECTION OF LANDLORD TYPE

Service standards

- 31 12% say that, compared with the current service, a stand alone would do better, and 24% think that it would be the same. The respective returns for a Group are 6% and 14%. This means around a third think that services with a stand alone would be no worse than with the Council.
- 32 22% think that services would be worse with a stand alone; and 30% with a group.
- 33 32% said that they were unsure about this for a stand alone; and 39% were unsure about how a group would perform.
- 34 11% were unable to reply. This means that 42% were not in a position to take a view about a stand alone and services.

Preference between stand alone or group

- 35 38% favour a stand alone, but over half – 51% - said they needed more information (32%) or didn't reply (19%).

Concerns

- 36 The survey provided the opportunity for tenants to raise their concerns in their own words. 42% (660) of the respondents opted to do so - We have grouped these comments together into themes:

Concerns	number of mentions
Rights, tenancy, security	53
Rents and costs to tenants	139
Repairs and improvements	41
Representation	2
Services	24
Regeneration	4
Would like more information (but see above)	45
Critical of process	52
Would like to stay with TDBC	327

REPORT OF ACTIVITIES IN RELATION TO SELECTION OF LANDLORD TYPE

Involvement

- 37 Respondents were asked if they wanted more involvement with the transfer proposal or wanted to join a tenants' group. 94% said that they did not.

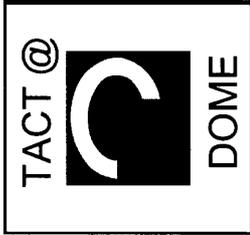
Conclusions

- 38 In terms of a transfer landlord, it is clear that tenants would prefer a stand alone. The hardening of replies about where the headquarters is emphasises this, because headquarters represents control, whereas being responsible for homes and services outside the area doesn't.
- 39 More than half see the provision of new homes by the transfer landlord as important. This underscores the profile of this issue in terms of the consultation. The linking of new homes to a new landlord as the provider, as opposed to linking a transfer to generate funding for the provision of new homes may well have had an influence on the replies.
- 40 It is not surprising that 42% were either unsure or unable to reply on the services questions for a stand alone (the figure was 50% for a group). This implies that the pre-ballot period needs to have a focus on services and standards.
- 41 Of the 49% who expressed a view, the stand alone is clearly favoured. (38% compared to 11% in favour of a group). Only 19% chose not to reply to this question, whereas 32% needed more information in order to take a view.
- 42 20% of the total of respondents specifically said, in the freeform section, that they wanted to stay with TDBC – very similar to the percentage who declined to express a view. From the comments, rents and costs are easily the biggest issue, followed by rights, repairs and services.
- 43 The final Insight Group took these views into account in making its recommendation to the Council that the development of a stand alone RSL should be pursued. This was the unanimous view of the Group, with one new joiner abstaining. The reasons were:
- Inheriting what is already a good service

**REPORT OF ACTIVITIES IN RELATION TO SELECTION OF LANDLORD
TYPE**

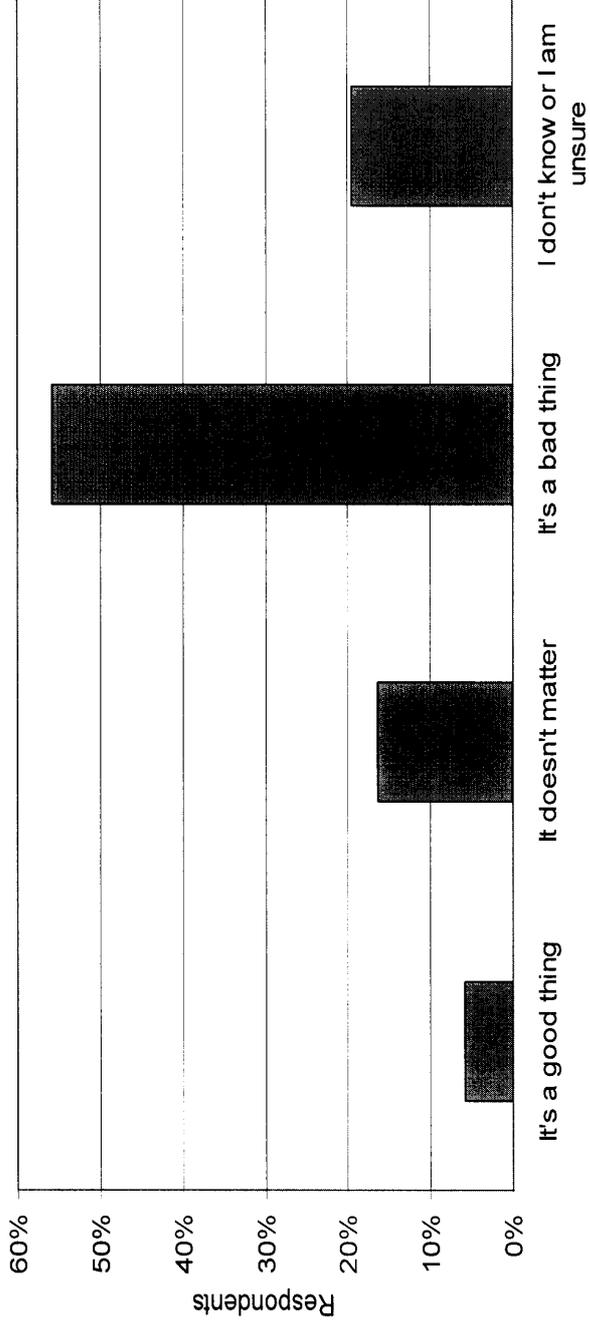
- Keeping options open for the future, when joining a group might be appropriate
- Maintaining Taunton Deane's good reputation
- Expressing confidence in the current housing staff
- Keeping investment local
- Maximising local benefit from a transfer, and the involvement of local people
- Large enough to go it alone

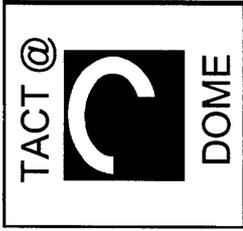
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A new landlord might own and manage homes in places other than Taunton Deane Borough Council. Do you think this is a good thing or that it doesn't matter?
APPENDIX 5 CONT.

A new landlord might own and manage homes in places other than Taunton Deane Borough Council. Do you think this is a good thing, a bad thing or that it doesn't matter?

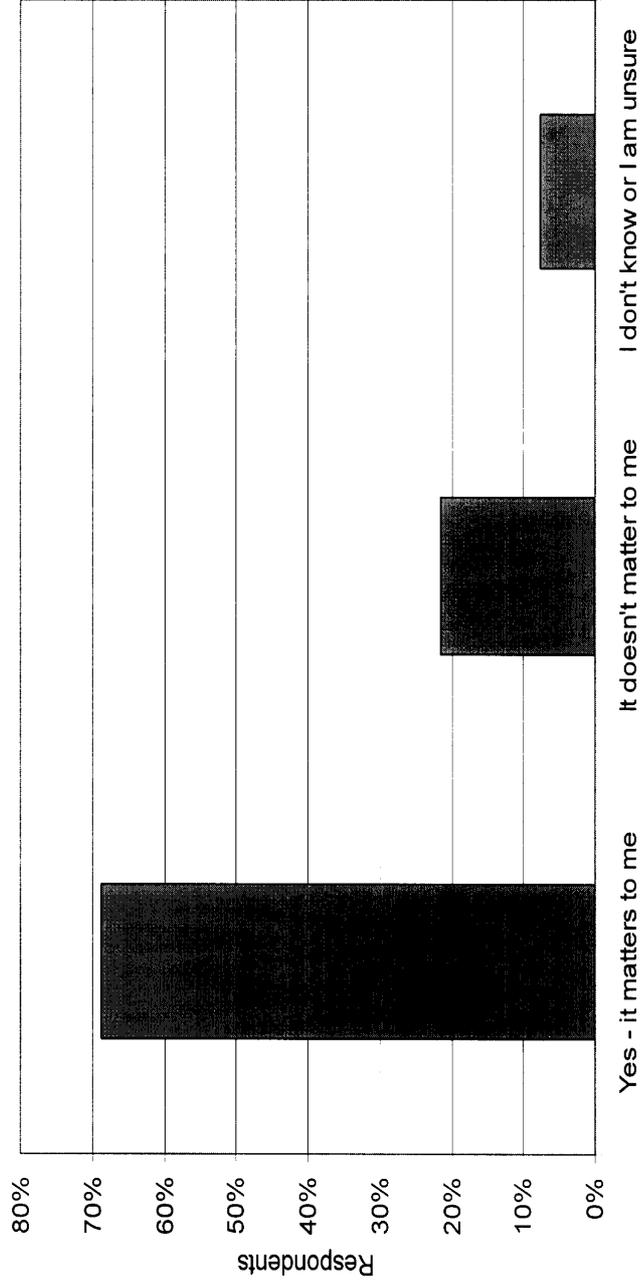


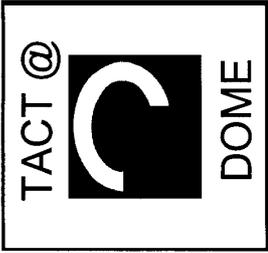


Would it matter if a new landlord had a Headquarters outside Taunton Deane?



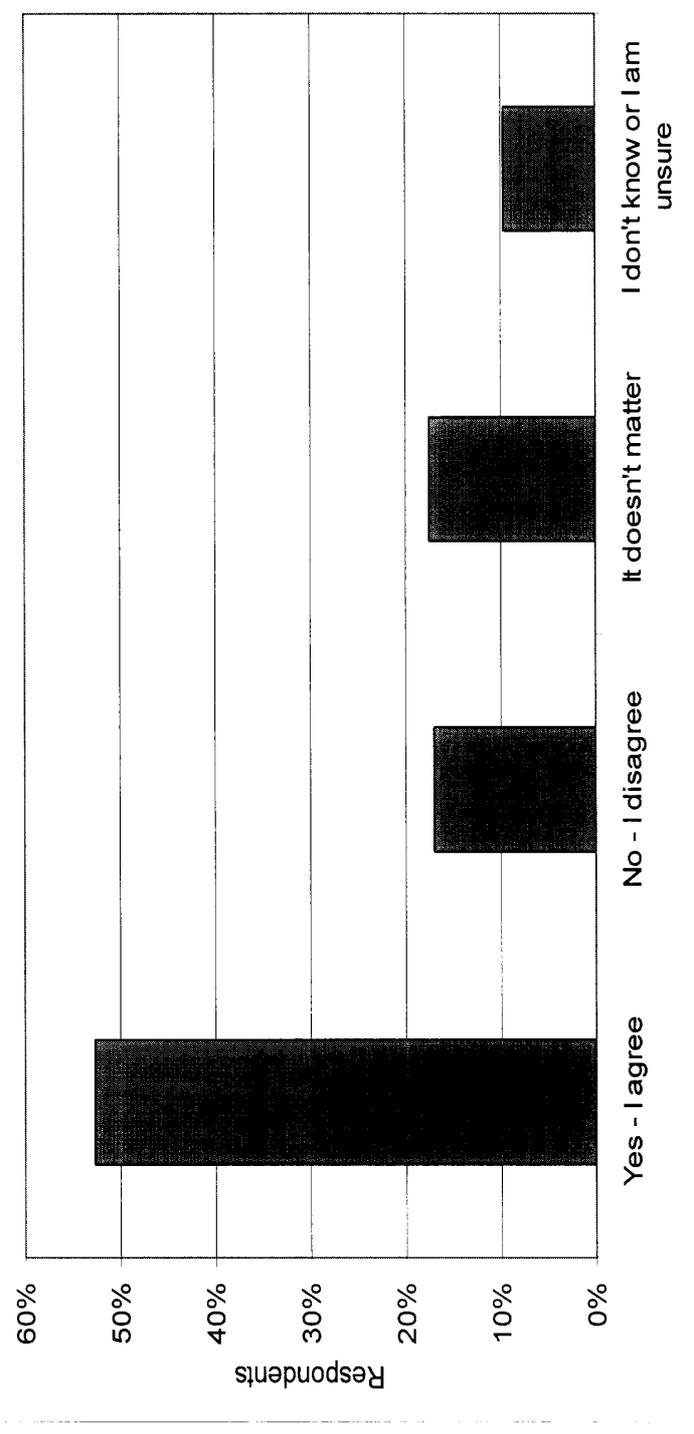
Would it matter if a new landlord had an Headquarters outside of Taunton Deane?

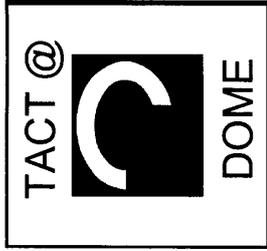




Do you agree that any new landlord should be able to develop new homes or doesn't it matter?

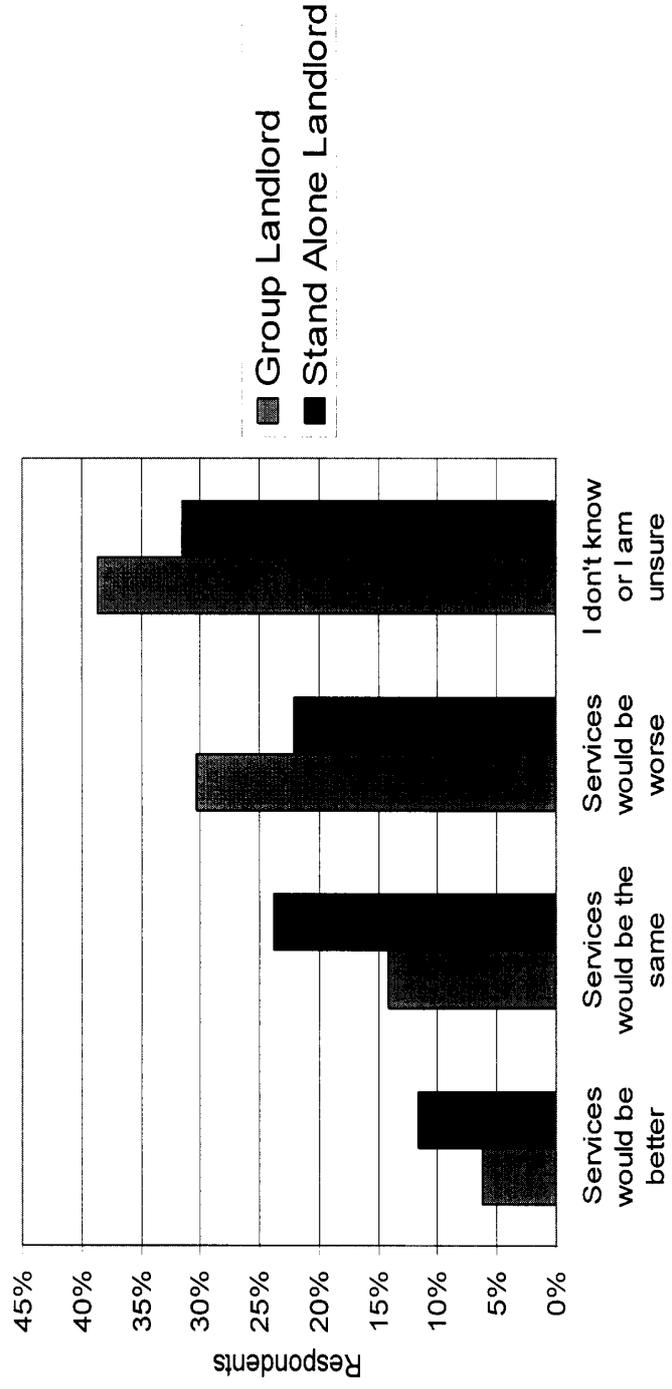
Do you agree that any new landlord should be able to develop new homes or doesn't it matter?

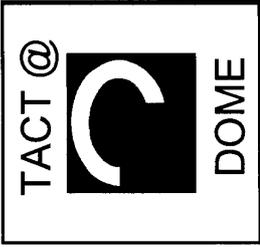




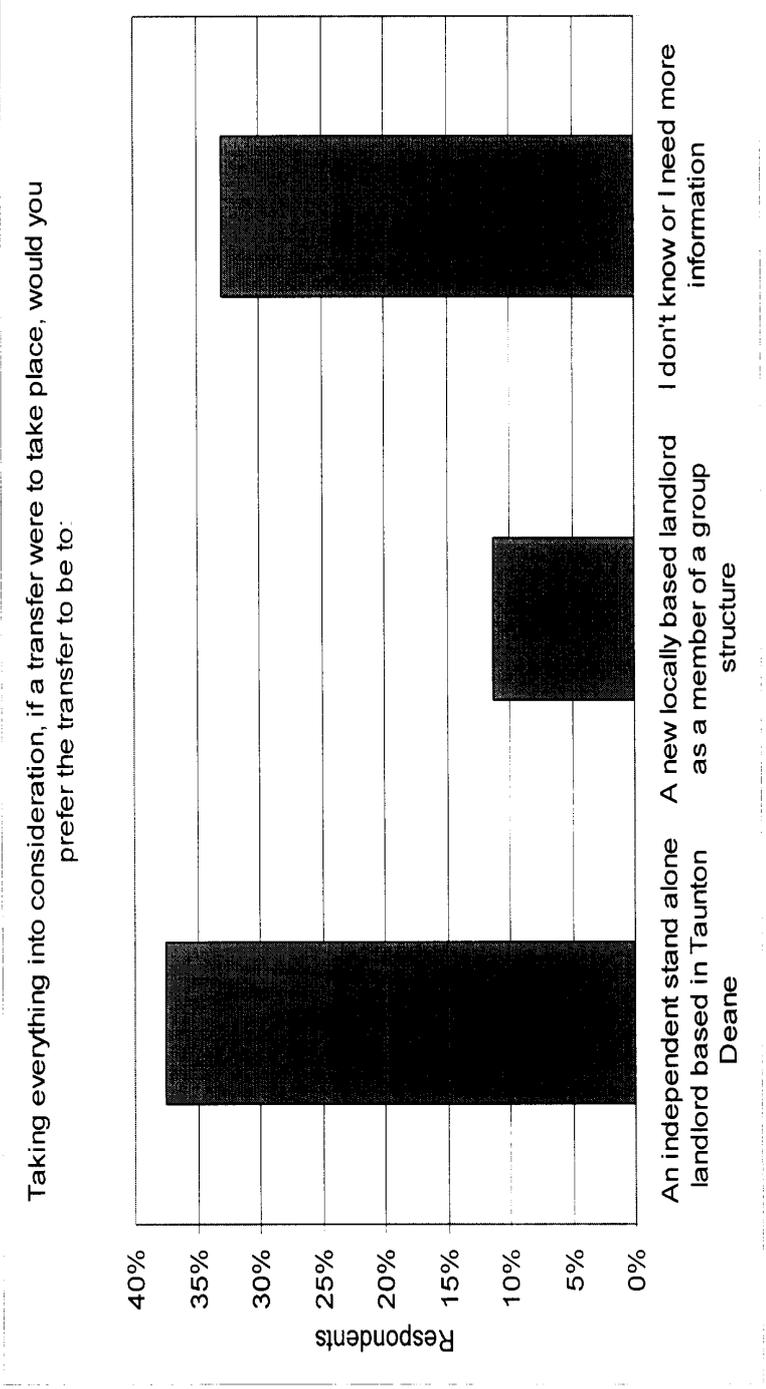
Compared to the current service, what do you think the service would be like under a group landlord and under a stand alone landlord?

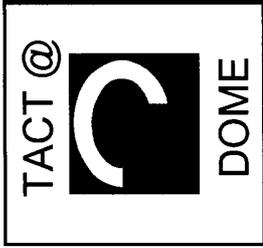
Compared to the current service, what do you think service would be like under a group landlord and under a stand alone landlord?



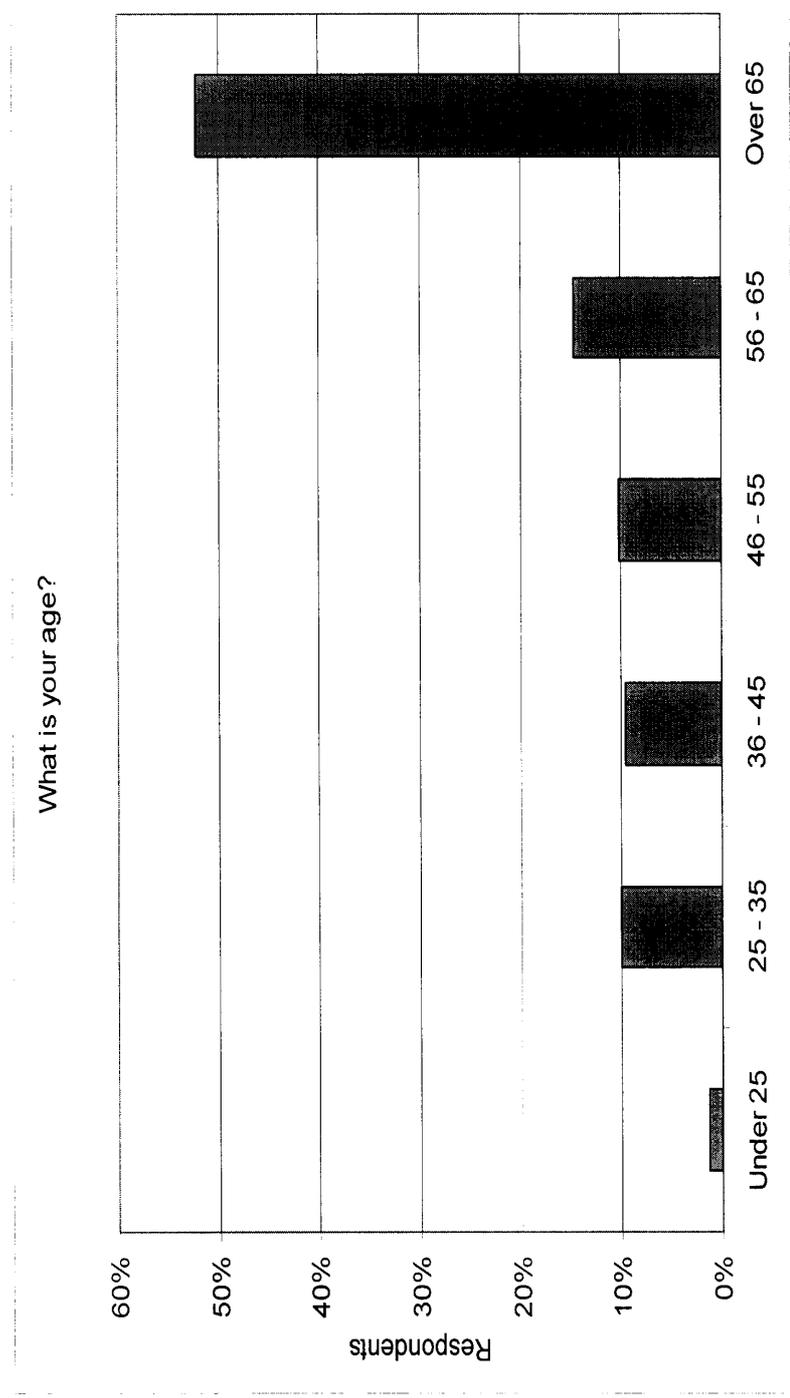


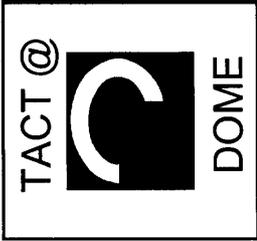
Taking everything into consideration, if transfer were to take place, would you prefer the transfer to be to:



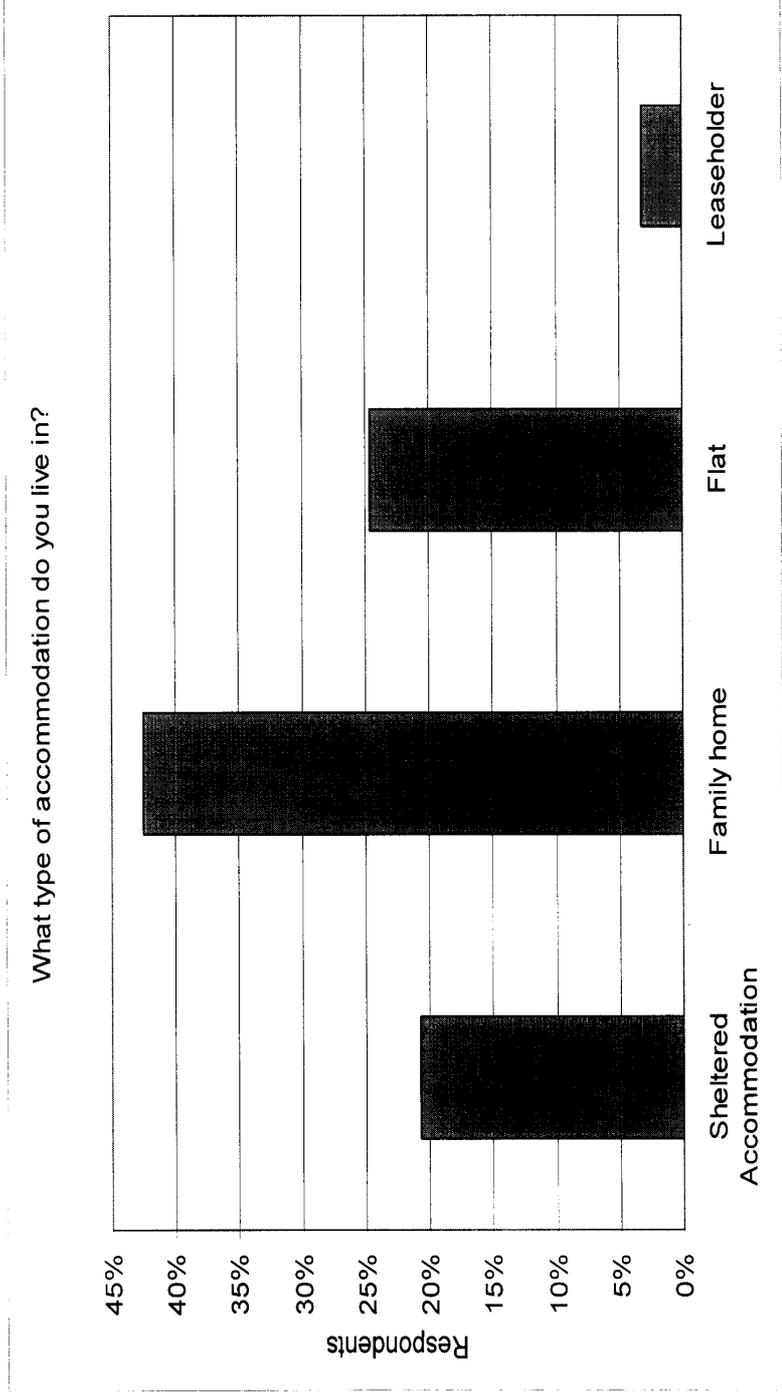


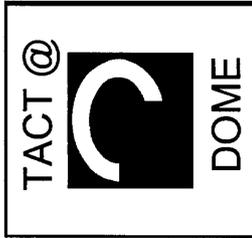
What is your age?





What type of accommodation do you live in?

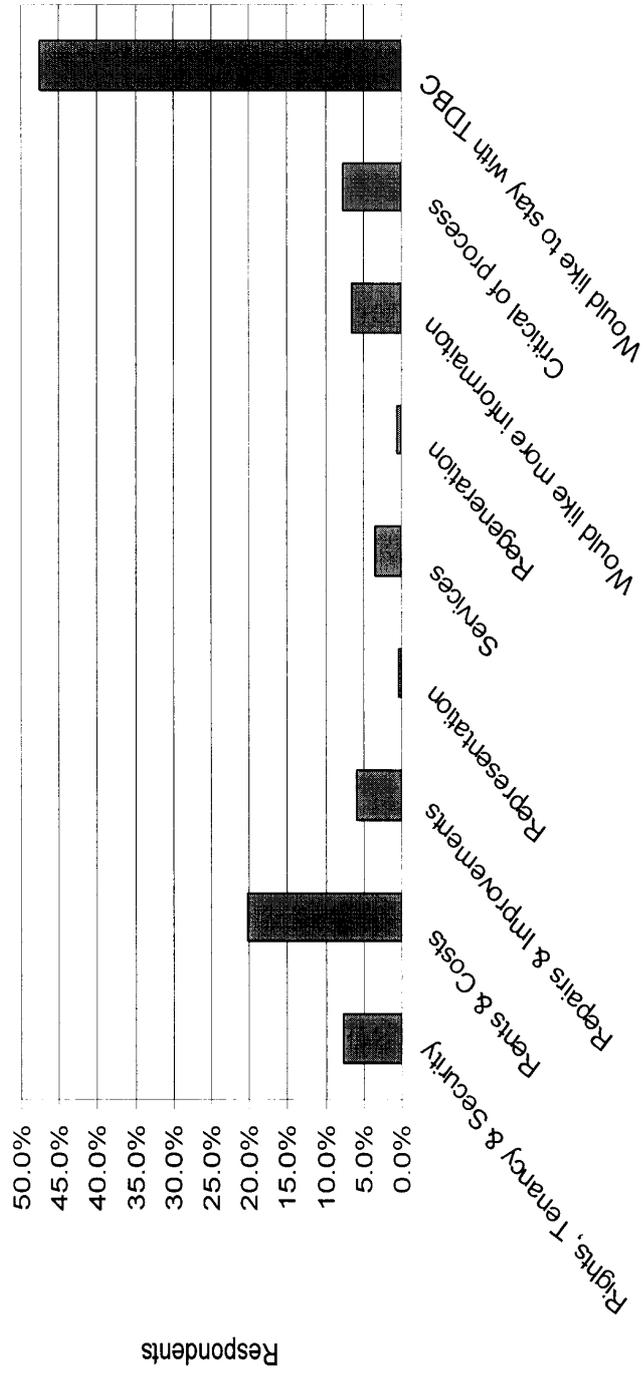


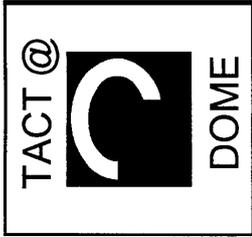


Further Comments - Concerns



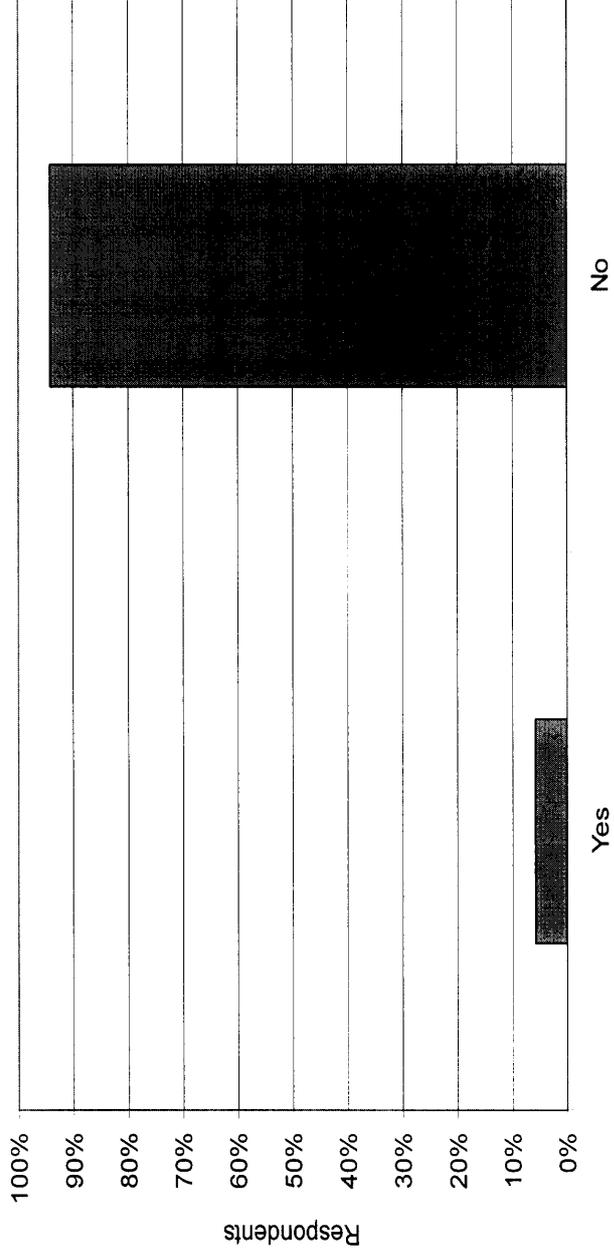
Further Comments - Concerns





Would you like to get more involved with the transfer proposals or join a tenant group?

Would you like to get more involved with the transfer proposals or join a tenant group?



APPENDIX 6

Housing Stock Options - Communication Questionnaire (Partners)

The Housing Stock Options Steering group are keen to ensure that all Members have adequate information about the Stock Options Process. This questionnaire enables the Officer Working Group to address any areas, which require more clarification and information. We appreciate the time that you will spend to complete this questionnaire and we really value your input into the process.

8 Responses were received

Q1 Over the last 3 months, the Council has been providing information about the future Options for Council housing. Have you received any information from the Council about these Options?

0	(0.0%)	No, no information received
1	(12.5%)	Yes - Leaflet in payslip
3	(37.5%)	Yes - Core Brief
0	(0.0%)	Yes - Weekly Bulletin
4	(50.0%)	Yes - At a meeting/Members briefing
1	(12.5%)	Yes - Local Press
1	(12.5%)	Yes - Other method (Please specify)
0	(0.0%)	Yes - but don't know method
If you ticked Yes - Other Method then please specify		
1	(12.5%)	

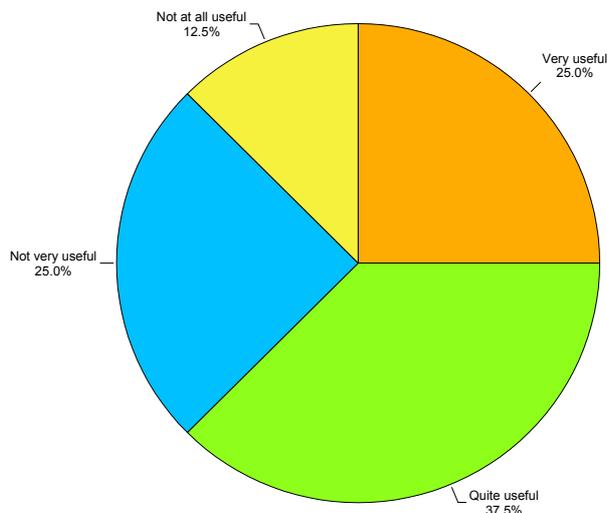
If you ticked Yes - Other Method then please specify

"Tenants Forum magazine"

Q2 How useful was this information?

2	(25.0%)	Very useful
3	(37.5%)	Quite useful
2	(25.0%)	Not very useful
1	(12.5%)	Not at all useful
0	(0.0%)	Don't know
0	(0.0%)	No information received

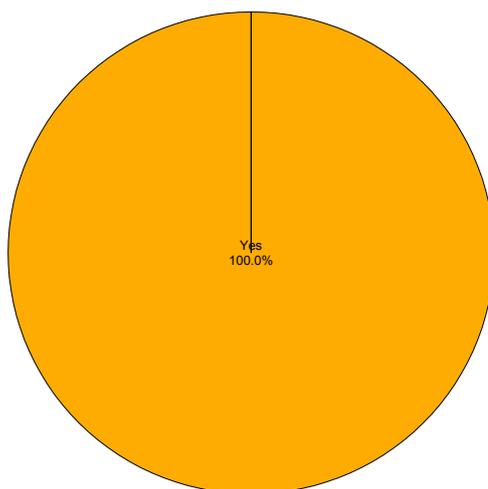
How useful was this information?



Q3 Do you feel you know why Taunton Deane Borough Council is carrying out its review of the future of Council Housing?

8	(100.0%)	Yes
0	(0.0%)	No
0	(0.0%)	No really - need more information

Do you feel you know why Taunton Deane Borough Council is carrying out its review of the future of Council Housing?



Q4 FUTURE HOUSING OPTIONS

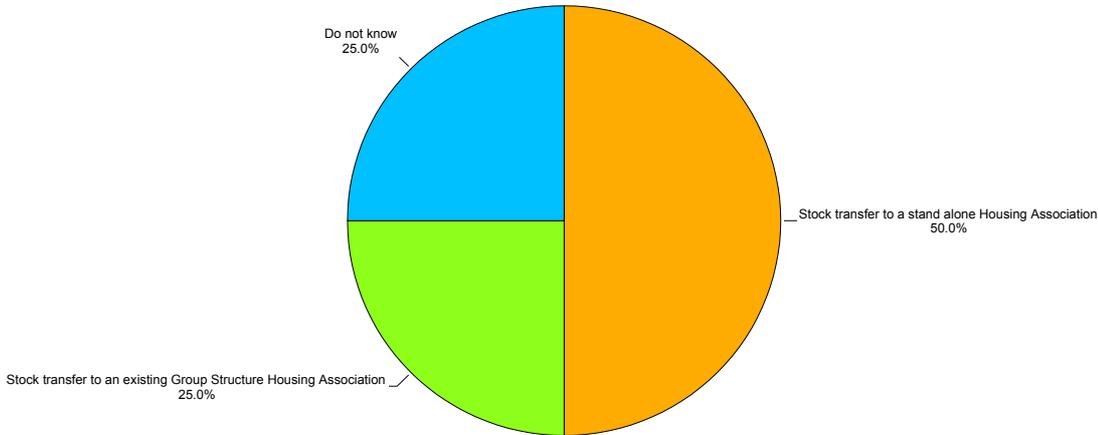
How well do you feel you understand the 4 major choices for the future of the Council's homes, as explained in the leaflet and other information you have received?

	<i>Don't understand at all</i>	<i>Understand a little</i>	<i>Understand the main points</i>	<i>Understand it well</i>
Stock Transfer to a Stand Alone Housing Association	0.0%	2 (25.0%)	4 (50.0%)	2 (25.0%)
Stock Transfer to a Group Structure Housing Association	0.0%	3 (37.5%)	3 (37.5%)	2 (25.0%)

Q5 Which option or options do you feel might provide a positive future for Council housing in Taunton Deane as a whole?

4	(50.0%)	<i>Stock transfer to a stand alone Housing Association</i>
2	(25.0%)	<i>Stock transfer to an existing Group Structure Housing Association</i>
2	(25.0%)	<i>Do not know</i>

Which option or options do you feel might provide a positive future for Council housing in Taunton Deane as a whole?



Q6 Please state why you do like this/these options
5 (62.5%)

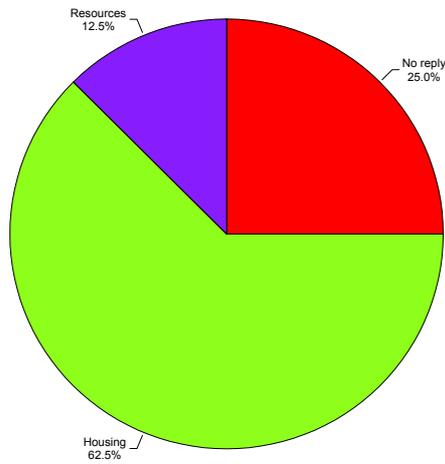
Please state why you do like this/these options

- "Job security. But why do we have to choose an option, if as you are trying to tell us, the outcome is not yet decided."
- "Why should there be an option. We have jobs at the moment and we are doing it well why is there a need for change."
- "I just think this will be the best option for our tenants."
- "It's better if they are a existing group because they should already have the set up."
- "For house's stay in house be a part of Taunton Deane Council still and by a housing association which sounds like title Scotts - man where work take to long to sort out."

Q7 In which service are you employed?

0	(0.0%)	Corporate Services
5	(62.5%)	Housing
0	(0.0%)	Development
0	(0.0%)	Environmental Health
1	(12.5%)	Resources
0	(0.0%)	Policy and Performance

In which service are you employed?



Q8 Do you have any comments?
4 (50.0%)

Do you have any comments?

"What has happened to the option ""stay as we are"", and why do all of these bullshit surveys try to ?????????? people into choosing something they did not wish, what happened to free choice!"

"It would seem that a decision has already been made. What has happen to the stay as we are. People are being taken for a ride by all this paper work. It is a waste of money."

"Would like to know if we still have a job, if change over?"

"I wish a better class and people which would look after their properties but with a housing association we might let this will people keep clean house and gardens which will make an effort. I hope?"

Housing Stock Options - Communication Questionnaire (Members)

The Housing Stock Options Steering group are keen to ensure that all Members have adequate information about the Stock Options Process. This questionnaire enables the Officer Working Group to address any areas, which require more clarification and information. We appreciate the time that you will spend to complete this questionnaire and we really value your input into the process.

15 responses were received

Q1 Over the last 4 months, the Council has been providing information about the future Options for Council housing. Have you received any information from the Council about these Options?

0	(0.0%)	No, no information received
1	(6.7%)	Yes - Leaflet in payslip
4	(26.7%)	Yes - Core Brief
10	(66.7%)	Yes - Weekly Bulletin
14	(93.3%)	Yes - At a meeting/Members briefing
9	(60.0%)	Yes - Local Press
7	(46.7%)	Yes - Other method (Please specify)
0	(0.0%)	Yes - but don't know method
		If you ticked Yes - Other Method then please specify
7	(46.7%)	

If you ticked Yes - Other Method then please specify

"Councillors correspondence."

"Stock options steering group meetings."

"Group meetings."

"I've been allowed to visit other options from which I've gained much knowledge, manifesto 'dome' insight group."

"Direct information from officers."

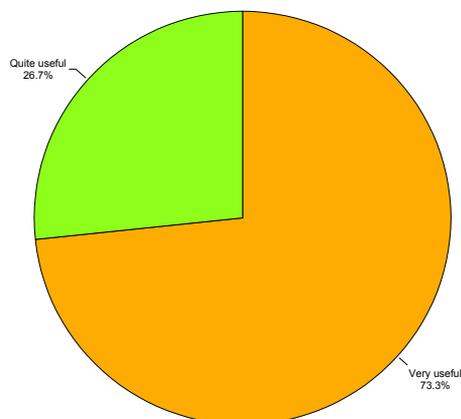
"In post."

"Housing Review Board"

Q2 How useful was this information?

11	(73.3%)	Very useful
4	(26.7%)	Quite useful
0	(0.0%)	Not very useful
0	(0.0%)	Not at all useful
0	(0.0%)	Don't know
0	(0.0%)	No information received

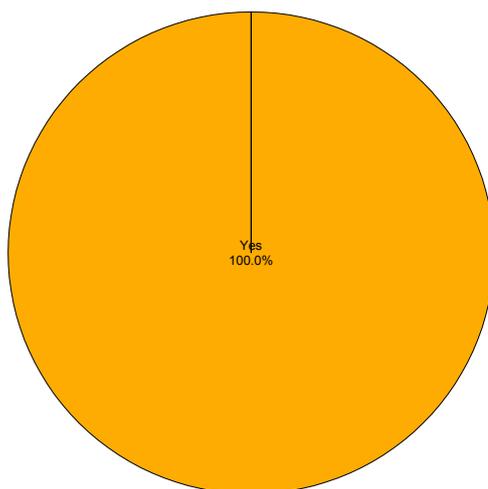
How useful was this information?



Q3 Do you feel you know why Taunton Deane Borough Council is carrying out its review of the future of Council Housing?

15 (100.0%) Yes
 0 (0.0%) No
 0 (0.0%) No really - need more information

Do you feel you know why Taunton Deane Borough Council is carrying out its review of the future of Council Housing?



Q4 FUTURE HOUSING OPTIONS

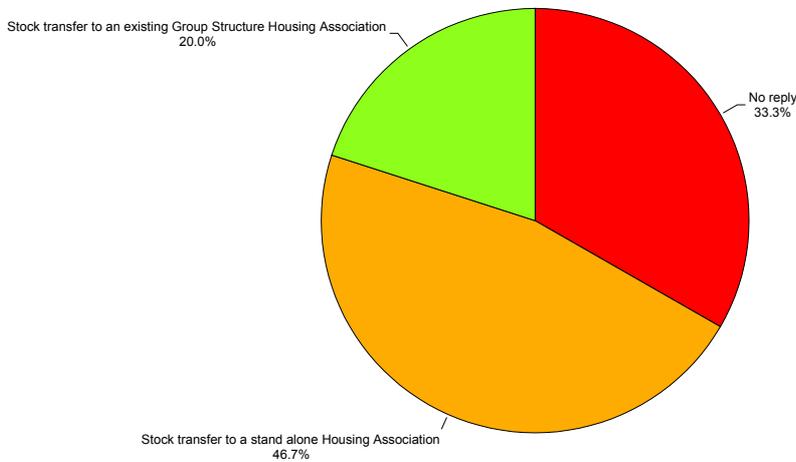
How well do you feel you understand the choices for the future of the Council's homes, as explained in the leaflet and other information you have received?

	<i>Don't understand at all</i>	<i>Understand a little</i>	<i>Understand the main points</i>	<i>Understand it well</i>
Stock Transfer to a Stand Alone Housing Association	0.0%	0.0%	9 (60.0%)	5 (33.3%)
Stock Transfer to a Group Structure Housing Association	0.0%	0.0%	10 (66.7%)	5 (33.3%)

Q5 Which option or options do you feel might provide a positive future for Council housing in Taunton Deane as a whole?

7 (46.7%) *Stock transfer to a stand alone Housing Association*
 3 (20.0%) *Stock transfer to an existing Group Structure Housing Association*
 0 (0.0%) *Do not know*

Which option or options do you feel might provide a positive future for Council housing in Taunton Deane as a whole?



Q6 Please state why you do like this/these options
15 (100.0%)

Please state why you do like this/these options

- "The tenants seem more happy with this option. To them it is less remote."
- "Transfer should be as seamless as possible for tenants as same staff but different name for organisation."
- "Positive option not currently available i.e. returning in-house in the longer term. Housing association likely to be swallowed up by larger one in time and lead to loss of local focus and direction."
- "A dedicated stand alone Housing Association would naturally concentrate on TDBC tenants. Staff could continue more smoothly than if they had to accept changes which mainly benefited tenants elsewhere. There are sufficient tenants and premises to justify a separate service."
- "Retains the identity and bulk of the workforce re TDBC."
- "Still think fourth option is viable. Some authorities (e.g. Swindon) have managed this and not bowed down to dictates of central government."
- "It's the lesser of two evils! South Somerset has useful experience we can tap into, apart from duplicating else."
- "Economy of scale. Experience. Enhanced borrowing facility. Possibility of building more houses."
- "It's clearly the only realistic option for the medium to long term."
- "Only option and best option."
- "So the new Association can continue and improve on the good standard of housing that has been accomplished in the past. By transferring the Deane Housing Staff this will work with time and patience."
- "I am convinced the stand alone HA will give the best value to existing tenants and the best opportunity to meet the Decent Homes Standard and other expected improvements. although there will be no track record of the new HA as a Registered Social Landlord. The staff that operate the new HA I am sure will be well experienced. Such a ????? Home HA is the best chance for additional facilities and new homes to rent in Taunton Deane."
- "I don't like these options."
- "Anything but the three choices offered."
- "Because the Council will have an increasing large debt from approx year 10 from now."

Q7 Do you have any comments?
9 (60.0%)

Do you have any comments?

- "We need to fully explore how some Councils are achieving full funding and decent home standards by prudential borrowing because if not possible, it must be factually discounted."
- "Yes, I shall be voting to stop a ??????????"
- "Presentations to date have been very clear, especially those by Pricewaterhouse and GOSW."

"TDBC can afford the resources necessary to ring stock up to decent homes. Therefore stock retention is a viable option."

"We must ensure communication, communication communication to the public to address their fears."

"Sadly because of Government direction Taunton Deane BC has no options but to go down this route. Given similar funding to the HA then I am sure TDBC would wish to keep the service in house. Now in the best interests of the tenants I hope the stand alone HA is chosen for it will serve them best. The difficulty will be to announce the tenants, for the staff of the Deane and TDBC over the years have in general provided a very good and caring service."

"Would prefer a fourth option i.e. no sale of housing stock."

"We need to manage our own housing stock and continue to improve and maintain it as we have in the past."

"Emphasis should be put on the pegging of rents under new system to ?????? fears."

APPENDIX 6 CONT.

Housing Stock Options - Communication Questionnaire (Staff) – Nov 2004

The Housing Stock Options Steering group is keen to ensure that all Staff have adequate information about the Stock Options Appraisal Process. This questionnaire enables the Officer Working Group to address any areas, which require more clarification and information. We appreciate the time that you will spend to complete this questionnaire and we really value your input into the process.

62 responses were received

Q1 Over the last 4 months, the Council has been providing information to staff about the future Options for Council housing. Have you received any information from the Council about these Options?

- 0 (0.0%) *No, no information received*
- 45 (73.8%) *Yes – Leaflet in payslip*
- 45 (73.8%) *Yes – Core Brief*
- 35 (57.4%) *Yes – Weekly Bulletin*
- 34 (55.7%) *Yes – At a meeting/Staff briefing*
- 28 (45.9%) *Yes – Local Press*
- 6 (9.8%) *Yes – Other method (Please specify)*
- 5 (8.2%) *Yes – but don't know method*
- If you ticked Yes – Other Method, then please specify*
- 8 (13.1%)

If you ticked Yes - Other Method, then please specify

"Panel/Executive meetings"

"E-mails"

"E-mail"

"Through the post as I am a leaseholder."

"Note on Q2: The information wasn't ""useful"" as I don't need to use it. It was informative "

"Attached e-mail"

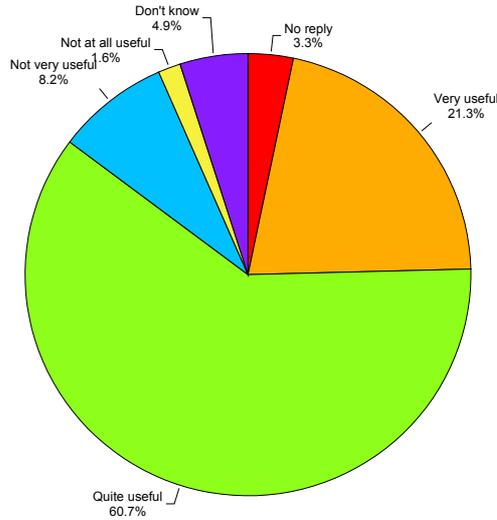
"Info leaflets/emails"

"May have read about it in Core Brief/ Weekly Bulletin but cannot remember."

Q2 How useful was this information?

- 13 (21.3%) *Very useful*
- 37 (60.7%) *Quite useful*
- 5 (8.2%) *Not very useful*
- 1 (1.6%) *Not at all useful*
- 3 (4.9%) *Don't know*
- 0 (0.0%) *No information received*

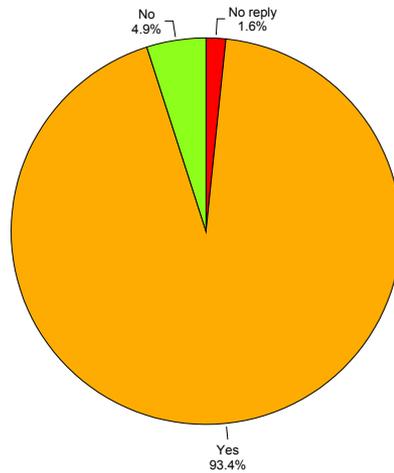
How useful was this information?



Q3 Do you feel you know why Taunton Deane Borough Council is carrying out its review of the future of Council Housing?

- 57 (93.4%) Yes
- 3 (4.9%) No
- 0 (0.0%) No really - need more information

Do you feel you know why Taunton Deane Borough Council is carrying out its review of the future of Council Housing?



Q4 FUTURE HOUSING OPTIONS

How well do you feel you understand the choices for the future of the Council's homes, as explained in the leaflet and other information you have received?

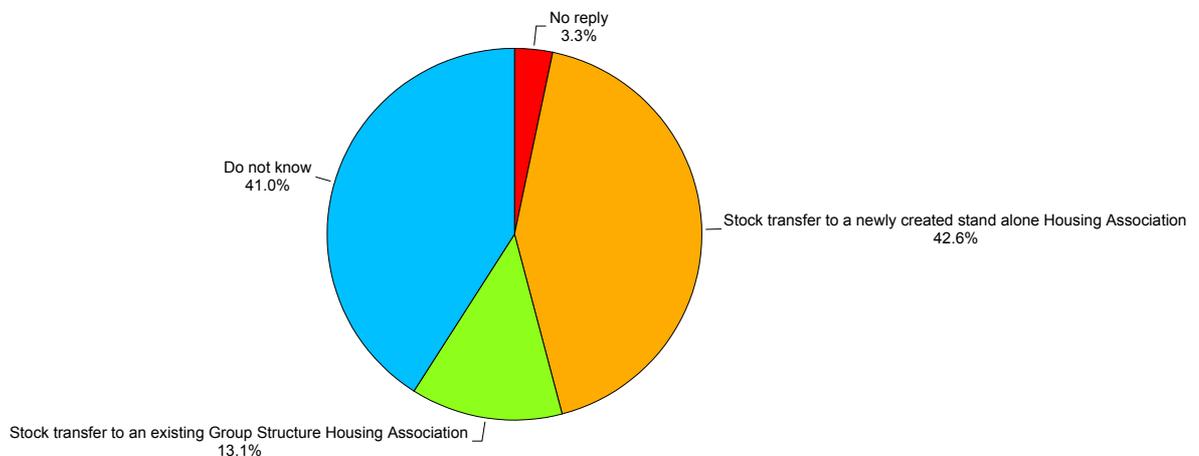
	Don't understand at all	Understand a little	Understand the main points	Understand it well
Stock Transfer to a Stand Alone Housing Association	1 (1.6%)	11 (18.0%)	34 (55.7%)	13 (21.3%)

Stock Transfer to a Group Structure Housing Association	1 (1.6%)	14 (23.0%)	31 (50.8%)	12 (19.7%)
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Q5 Which option would you choose which might provide a positive future for Council housing in Taunton Deane as a whole?

- 26 (42.6%) *Stock transfer to a newly created stand alone Housing Association*
- 8 (13.1%) *Stock transfer to an existing Group Structure Housing Association*
- 25 (41.0%) *Do not know*

Which option would you choose which might provide a positive future for Council housing in Taunton Deane as a whole?



Q6 Please state why you do like this option
30 (49.2%)

Please state why you do like this option

- "It would be run locally for the local people"
- "SATISFIES THE CURRENT REQUIREMENTS AND ALLOWS US TO RETAIN CONTROL TO CONTINUE THE GOOD SERVICES PROVIDED TO OUR CUSTOMERS."
- "Less risky as company has experience and history. There may be more opportunities for staff transferring"
- "Tenants are more likely to understand one landlord being replaced by another rather than by a group takeover."
- "It appears to offer greater local accountability. I do not like the way Somerset County Council have handed over their highways/transport services to a national consultancy WS Atkins, or the 'contract culture' that seems to arise."
- "It gives more of a chance that new social housing may be built"
- "Reduces overheads and allows use of existing expertise and specialists e.g. solicitors, personnel and accountants. Also more likely to be able to build new homes where existing development teams exist."
- "Houses in Taunton Deane will be the priority. No compromises to suit another group."
- "The service will improve and the continuity with the existing staff would not be lost. The possibility of building new affordable homes would be greater."

"Local accountability, potentially better integration with the Taunton vision and corporate priorities. Taunton as a growing centre will have particular needs and opportunities, which may well attract a different level of 'partnering' and funding.. Where is the third option of no transfer?"

"More input from the local tenants"

"could it be half and half? This would allow people to use a reputable company if they wanted, but also provide some competition."

"Financial advantages whilst retaining ""good will"" of TDBC housing department."

"May one ask why the retention of the stock, by TDBC isn't listed as a positive future? Indeed by not listing it as such, isn't one weighting the argument against the stock being kept by the council, despite the fact that the Tenants may in fact vote for this option?"

"It frees up the future management of the housing stock and hopefully will give a better client based service. The top heavy bureaucracy will also be a thing of the past and lower levels of staff member would be able to make more decisions."

"If we were to become part of a group structure I feel that decisions would be made centrally, and tenants and staff would not have the input into the management and maintenance of the homes. TDBC have experienced and loyal staff who give the tenants a very good service, and they have the knowledge to deal with each tenant on an individual basis."

"I previously worked in a local authority that transferred it's housing stock to an existing group structure HA and it worked very well. There was little problem at transfer and the tenants barely knew there had been any changes!"

"Keep it local"

"I feel that the existing housing associations have a bad name, my parents rent a bungalow with Knightstone Housing Association and its a pain getting them to do any repairs etc."

"It would appear to keep a social responsibility for the provision of housing within Taunton Deane."

"We would still maintain a degree of control over the structure of the HA and ensure current staff are accommodated in this HA"

"It seems there would be more risks involved by going to a stand alone, whereas a group structure would already be established."

"Local ownership and decision making"

"Neither - Council Housing should stay with the Council"

"Taunton Deane's tenants and stock will stand a better chance of survival. Hopefully the good standard tenants are given at present will continue in the future with a transfer to a stand alone Housing Association."

"-Set up easier. Poole expertise -More cost-effective in certain areas where services can be pooled. More prospect of developing more new homes locally. - More employment opportunities."

"I am not enamored with either option. Neither will continue to provide the tenants with the high class service they have come to expect at an affordable rent with the landlord of their choice - i.e. TDBC."

"Control of policies and standards would still be retained at a local level."

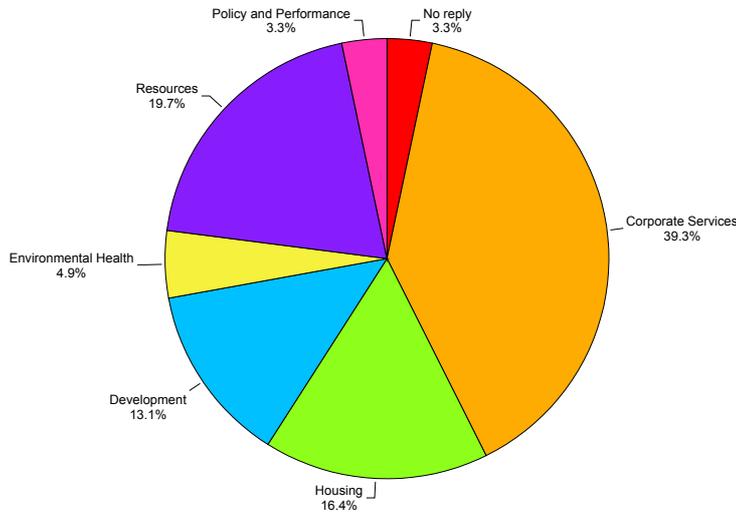
"Previous experience may benefit tenants. Financial backing therefore more security for tenants and staff. Additional staff benefits."

"I think we would retain more control over our destiny as a social housing provider"

Q7 In which service are you employed?

24	(39.3%)	Corporate Services
10	(16.4%)	Housing
8	(13.1%)	Development
3	(4.9%)	Environmental Health
12	(19.7%)	Resources
2	(3.3%)	Policy and Performance

In which service are you employed?



Q8 Do you have any comments?
10 (16.4%)

Do you have any comments?

"Let's make sure we manage publicity and change well, by giving good factual information, so that tenants can make an informed choice at the end of the consultation process."

"If I was a tenant, I am not sure I have enough information to make an informed choice e.g. Impact of either option on all of the residents of Taunton Deane? Safeguards to prevent the independent landlord transferring into an establish remote landlord soon after transfer with large redundancy payments, etc? I assume the transfer for the majority would be seamless and almost irrelevant. The question is what would either party bring to the Deane as a clearly visible and measurable benefit or contribution to our priorities?"

"Please see above (thank you)"

"The decision will affect staff in all areas. I am concerned that despite giving tenants all the necessary information needed to make such an important 'vote', many tenants are still unaware or uninterested in what is happening. The decision may be left to a small group, and not be the true reflection on the best way forward for all concerned, and the future of housing within Taunton Deane."

"I think, from my previous experience with other local councils, that the transfer of housing stock is a foregone conclusion. Tenants think that it is going to be detrimental to them and the services they receive but, when it happens, they are surprised at how little hassle it causes and how little the service does change"

"Consultation is a wonderful thing. But I feel experienced Council Housing Officers/Councillors should make some of the decisions themselves, i.e. stand alone housing association or established housing association. This issue is too complex for the average person to make an informed decision - TDBC should know which is better option for the value/number of stock we have."

"Keep the housing run by the Council"

"Concerned that 'Group Arrangement' may lose some flexibility on tenant and community involvement in ownership of landlord. -Would need to be monitored to greater extent than 'Stand Alone Arrangement'. - Parent headquarters for 'Group Arrangement' may be located a great distance away from Taunton."

"TDBC have been stitched up by a Government who are unwilling to shoulder their responsibility towards those who require social housing. So TDBC are stitching up their tenants and the rest of the community. Also, I have yet to see evidence of any consultation with the WHOLE community (i.e. people other than TDBC tenants) - who are, after all, potential customers of the Housing Service."

"No"

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE – 12th JANUARY 2005

Report of Head of Housing

(This matter is the responsibility of Councillor Greg Garner)

HOUSING RESTRUCTURE

Executive Summary

The purpose of this report is to provide Members with details on the proposed restructure of the Housing Service. Attached to this report are four appendices:

- i) Appendix 1. October 2004 Housing Review Panel Report
- ii) Appendix 2. Proposed New Structure
- iii) Appendix 3. Existing Structure
- iv) Appendix 4. Personnel Summary Sheet Provided To Staff

1 Background

- 1.1 Members will be aware that at October's 2004 Housing Review Panel a restructure report was presented and discussed at length, with strong support shown from all Members in favour of all the suggestions. The Tenants Forum in October 2004 also discussed the proposals at length and provided equally strong support for all the suggestions. For information, that report is attached as Appendix 1 and Members are asked to acquaint themselves with this report.
- 1.2 It was agreed at both October's 2004 Housing Review Panel and Tenant's Forum to present a further report, primarily providing an update on the formal consultation work with staff, more detailed financial costings and to present the final proposed structure. This was undertaken when a report was presented to the Tenants Forum and Housing Review Panel on the 20th and 21st December 2004 respectively, where both tenants and Members unanimously supported and endorsed the contents of the report.

2 Service Issues

- 2.1 My October 2004 report advised Members that the Housing Service is perceived to deliver a good service but I believe it does so with great difficulty. My opinion has not changed since then and to recap, the key issues which I believe needs to be addressed are the:
 - i) Need to improve front line resources to deliver increased levels of service in accordance with our customers desires

- ii) Need for improved levels of cooperation, coordination and communication
- iii) Need to exercise greater control over all housing functions
- iv) Need to improve support information including the monitoring of performance indicators and revising / monitoring policies and procedures
- v) Need to be clear about the Strategic / Enabling and Landlord roles in accordance with Government Directives
- vi) Need to rationalise some areas of the service to maximise the available resources

3 **Proposed Restructure Changes**

3.1 ***Housing Operations:***

- 3.2 The structure suggested at both December 2004 Tenants Forum and Housing Review Panels is being recommended to this Executive with no changes. It is important to remind Members that this new structure does involve some rent functions transferring from the Revenues Section of the Council to Housing Operations, which will result in the deletion of two mobile cashier posts. However, it is believed the proposed changes to how the Housing Service will function, especially how Estate Officers operate, i.e. becoming more generic and holistic, they above any other officer will be able to provide a similar support mechanism to those tenants who may miss the service provided by the mobile cashiers.

4 ***Housing Supported Services (previously Elderly Services):***

- 4.1 As with Housing Operations, the same structure is being recommended. This area was also debated in great detail at November's 2004 Tenants Forum and Housing Review Panel, where it was agreed that this area should proceed and ultimately be discussed at January's 2005 Executive.

5 ***Housing Strategic Services (previously Private Sector & Development)***

- 5.1 The structure suggested at both December's 2004 Tenants Forum and Housing Review Panel is being recommended to this Executive.

6 ***Housing Asset Management (previously Property Services)***

- 6.1 The same structure as suggested at both December's 2004 Tenants Forum and Housing Review Panel is being recommended to this Executive. In regard to Deane Build Design Group (DBDG), work is ongoing and a further report will be presented later this year. It is however intended to move many of the functions that DBDG undertake on behalf of the Housing Service directly into Housing. It is anticipated that through these changes, it will result in the redistribution of some Housing Revenue Account money to offset any immediate increase in staffing expenditure in the first year of the restructure.

7 ***Housing Property Services (previously Deane Building DLO)***

- 7.1 The same structure as presented to December's 2004 Tenants Forum and Housing Review Panel is also being recommended. For clarity, the Stores area is showing as a temporary management arrangement whilst a review takes place in the early part of this year by the Head of Policy & Performance, Head of Corporate Services and myself on the entire area of purchasing within the Council.

8 ***Additional Points***

The reasons behind the recommended structure for each area are the same as those presented, discussed and agreed upon at both October and December's 2004 Tenants Forum and Housing Review Panel. It is important to stress however, that there will need to be a flexible approach adopted in the early stages of the new structure, to enable staff to become accustomed to their new roles, including the provision of appropriate training.

9 **Consultation Process with Staff**

- 9.1 A formal consultation process with staff commenced on the 28th September 2004 and ended on the 29th October 2004. During this period I attended team meetings to discuss the proposed restructure and sought their views. In addition to this, some staff took the opportunity to contact me directly, either by phone, "e" mail, letter or arranged to meet me in person to discuss the proposed restructure. Staff have continued to be kept updated after the formal consultation process ended. For information, attached as Appendix 4 is a summary paper produced by Personnel for staff on the key points that may affect staff when a restructure occurs.
- 9.2 The Housing Staff Consultation Group, which consists of a member of staff from each team within Housing have attended three Housing Service Management Team Meetings to express their views and shape the proposed restructure. I also attended the Council Staff Consultation Group to discuss the proposed Housing restructure.
- 9.3 Since October's 2004 Tenants Forum and Housing Review Panel, both Unison and Staff Side have continued to be informed and consulted about the proposals on almost a weekly basis. Neither Unison nor Staff Side have expressed a negative view on the proposals and have been supportive. Their main criticism has been that the process has been very lengthy and this has also been the view of staff.
- 9.4 There does appear to be support for the proposed restructure and a desire to move forward but with the cautionary note of ensuring that flexibility is allowed to enable the structure to become bedded in and staff to become accustomed to their new role.
- 9.5 Those staff whose job is being deleted and are being offered an alternative job by being slotted in, or for those staff being classed as being at risk of redundancy will again be spoken to and sent a further letter outlining the position.
- 9.6 If the Executive agree the proposed restructure, staff will have the opportunity to make further comment and challenge the salary scales.

10 **Financial**

- 10.1 At October's 2004 Tenants Forum and Housing Review Panel a general overview was provided with a further update provided at the December 2004 meetings. Detailed calculations have been undertaken with Finance and an in depth break down is available upon request. Provincial redundancy costs have also been undertaken with Personnel, which again are available upon request.
- 10.2 I believe it is important to advise Members that in comparison to other Housing Services Management Costs (using House Mark figures), Taunton Deane's rests in the top quartile (the cheapest!). A Chartered Institute of Public Finance and Accountancy (CIPFA) figure comparison based on the 2003 / 04 financial year undertaken by PricewaterhouseCoopers (PWC) during the Stock Options Appraisal also confirmed a similar picture. The proposed restructure will initially increase staff costs but only marginally. Overall, the provincial increase in costs are:
- i) Increase to the Housing Revenue Account of £146,982
 - ii) Increase to the General Fund of £24,393 in Year 1 which should be cost neutral within three years
 - iii) Increase to the Building DLO of £8,580
- 10.3 The reason these figures are provincial is that the evaluation of posts within Housing are still subject to further minor internal checks and of being challenged by staff through an appeal process. However, it is not estimated that the increase in costs will vary greatly.
- 10.4 The CIPFA figures that PWC used showed Taunton Deane's management costs to be £9.74 per week against an average cost of £12.90. The result of the restructure would mean an increase of approximately 50 pence per week.
- 10.5 It is believed important to advise Members that due to the nature of all jobs having to be shown at the top spinal column point when the financial calculation exercise is undertaken, the increase should be less when all the positions are filled as some staff will commence a position on the bottom spinal column point.
- 10.6 Two key issues to be answered are whether the increase in expenditure can be justified and afforded. In regard to the justification for the increase in costs, reference has been made to how cheaply the service is provided and if we wish to deliver on the targets set within the Best Value Improvement Plan and the desires of our customers we do need to increase our management costs. Additionally, Housing is seen as a key priority for the Authority and to achieve the priorities and targets we have set, we do need to increase our management costs and not rely on the goodwill of dedicated staff to keep soldiering on. Reference should also be made to Part 11 of this report on the risks of not restructuring. It is my opinion that we need to invest in our staff as much as we have previously invested in our stock.
- 10.7 On the question of can we afford it, the simple answer is yes. In regard to the Housing Revenue Account (HRA), the benefit of the Supported People Windfall that we

receive was underestimated in the previous financial year. It was originally estimated to be in the region of £200,000. A more accurate position has been identified due to the excellent work undertaken by the secondment of an officer from the Supported People Team, being close to £400,000 and therefore the increase in costs can be covered. The underestimation of the windfall has been a key reason why the Working Balance is close to £1.85 million. A concern has been raised on whether the Supporting People Allowances could reduce. Calculations have been undertaken on a number of scenarios and even taking account of a 7.5% reduction (a figure being quoted in a number of publications); which would reduce the windfall to £300,000, it would still be sufficient to cover the proposed increase in costs.

- 10.8 For complete transparency, the Supporting People funding that is received is guaranteed to March 2006 when there will be a need to re-tender for the contracts. There is no guarantee that we would be successful. However, based on our performance to date the Housing Service would be in a strong position and with the implementation of the restructure an even stronger position, to not only win the contract again but also be pro-active in competing and potentially winning other contracts.
- 10.9 It is also anticipated that the restructure will enable improved performance to be achieved in key areas such as rent arrears and void turnaround, which would result in additional income and therefore offset the increase in costs. Lastly, reference has been made to the ongoing work of reviewing the service provision arrangements with DBDG, where it is anticipated savings will be identified.
- 10.10 In regard to the General Fund element, it is important to stress to Members that key targets for this Authority are to increase the provision of affordable housing and to tackle homelessness. It is believed the figure quoted of a deficit of £24,393 (which is believed to be prudent) in the first year will reduce and eventually be cost neutral over a three-year period by adopting in some areas a “Spend to Save” approach. For example, it is believed the Bed & Breakfast Budget will decrease by at least £5,000 per year through more preventative work. Additionally, it is believed the formation of a Home Improvement Agency will bring in an additional income of at least £10,000 in the first year of operation.
- 10.11 If the restructure does not proceed it is my opinion that we will struggle to achieve the important targets set and in regard to homelessness, costs will increase, as has been the case during this financial year.
- 10.12 Lastly, I believe it is important to note the principles agreed at October’s 2004 Housing Review Panel in regard to the restructure costs, being:
 - i) The final position is cost neutral or
 - ii) Is cost neutral over a three year period by adopting a Spend to Save Approach or
 - iii) A decision taken to use some of the Supporting People Windfall to cover any shortfall

10.13 In regard to the redundancy costs, a probable figure will be in the region of £150,000 and may involve five staff. Approximately £45,000 of this amount will be attributable to the General Fund. This figure can be met from the Housing Revenue Account Working Balance and the General Fund Reserves; the principle of which was agreed to in last year's budget setting but does need to be formally approved by the Executive.

11 **Risks of not Restructuring**

11.1 The Housing Service is I believe starting to show signs of failing in some areas, with some staff showing signs of stress and it is my opinion that the service will go backwards if a restructure does not take place shortly.

11.2 In addition to this, the work being undertaken, which I believe will increase by the Head of Policy & Performance, does have an impact on the operational side of the Council. The advantage of the proposed restructure in Housing is that staff will be able to fully comply with all corporate initiatives. Presently, staff do struggle to juggle the pressures of their day job and new corporate initiatives. This is why a new Information, Performance & Compliance Team has been proposed in housing to enable front line staff to concentrate on their day job.

11.3 Lastly, the benefits of restructuring now is that if a stock transfer did take place, the Housing Service and the Council will in my opinion be in a stronger position to manage that change, as the restructure will have had time to settle down. However, it is important to stress that the proposed restructure would work effectively regardless of the outcome of the consultation with tenants over a potential stock transfer.

12 **Timetable**

12.1 In terms of implementing the proposed changes, it is recommended to commence the proposed new structure from the 1st April 2005. The exception to this will be in regard to DBDG where a detailed timetable still needs to be developed. It is anticipated though this will occur no later than the summer of 2005.

12.2 As already been recorded in this report, there will be a need to have flexibility in the early stages to enable staff to become accustomed to their new roles and ensure all positions are filled.

13 **Summary**

13.1 As recorded in October's 2004 Housing Review Panel report, I do believe that the proposed restructure will enable the Housing Service to move forward from what is already a strong position. As part of the restructure, there will be an emphasis on empowering staff and enabling them to take ownership for their area of work, with support, guidance and encouragement from their line managers. It is also my aim that senior managers become more strategic and for managers and staff alike, to work in a "No Blame Culture", adopting a "Business Like Approach" in order to achieve an "Excellent Service Delivery". What is equally important is that through this period of change we adopt a compassionate approach in dealing with staff and any concerns raised.

14 **Recommendation**

- 14.1 Members are asked to endorse the contents of this report, attached appendices and the proposed new structure.

Contact: **Carl Brazier**
Head of Housing
email: c.brazier@tauntondeane.gov.uk
Tel: (01823) 356 312

APPENDIX 1

TAUNTON DEANE BOROUGH COUNCIL

HOUSING REVIEW PANEL – 6th OCTOBER 2004

Report of Head of Housing

(This matter is the responsibility of Carl Brazier)

HOUSING RESTRUCTURE

Executive Summary

The purpose of this report is to provide Members with an overview on the proposed restructure of the Housing Service. Attached to this report are two appendices, Appendix 1 being the proposed new structure and Appendix 2 being the existing structure.

1 Background

- 1.1 Members will recall that at July's Housing Review Panel an Annual Stewardship Report was presented, providing information on the existing performance of the Service and the direction that as the Head of Service I believed the Service should take. In addition to this, at a number of meetings reference has also been made to a proposed restructure. This report provides Members with an outline of the work undertaken to date, an indication of the proposed restructure and an opportunity to comment and make suggestions.
- 1.2 During June and July, I attended team meetings for all the sections within housing to informally consult with staff to discuss my views on how the service should be shaped in the future and importantly, listen to how staff believe housing should be run. The proposed new structure takes into consideration the views expressed from that informal consultation period from staff and managers within housing. In addition to this, the Corporate Management Team have also discussed the proposed new structure and have played a part in producing the proposed structure being presented.
- 1.3 For clarity and further background, as a newly appointed Head of Housing in July 2003, one of my main objectives was to review the service in my first six months of employment, provide an interim report which would then be used as a basis to restructure the service after twelve months. During my employment at Taunton I have job shadowed a number of staff to gain an understanding of what their job entails and seek their views as to how the service should be shaped. This combined with attending team meetings and informally seeking staff views throughout my employment has I hope, enabled me to gain a better understanding of how the Housing Service should move forward.
- 1.4 I have also sought the views of tenants through meeting with the Tenants Forum, attending Resident Meetings and taking into consideration the results of the last years Tenant Satisfaction Survey. All of this has shaped the proposed restructure.

1.5 Lastly, the work undertaken through the Best Value Review has also played a part in shaping the proposed structure being presented to you.

2 **Service Issues**

2.1 The Housing Service is perceived to deliver a good service but I believe it does so with great difficulty. Key issues which I believe needs to be addressed are the:

- i) Need to improve front line resources to deliver increased levels of service in accordance with our customers desires
- ii) Need for improved levels of cooperation, coordination and communication
- iii) Need to exercise greater control over all housing functions
- iv) Need to improve support information including the monitoring of performance indicators and revising / monitoring policies and procedures
- v) Need to be clear about the Strategic / Enabling and Landlord roles in accordance with Government Directives
- vi) Need to rationalise some areas of the service to maximise the available resources

3 **Proposed Restructure Changes**

3.1 ***Housing Operations:***

3.2 It is being proposed to quite radically change this service. In the first instance, it is being proposed to increase the numbers of Estate Officers from 4 to 10, reducing patch sizes from approximately 1,600 to 600 units, enabling a more generic approach to be adopted. This will enable staff to have contact at an early stage of the tenancy, be more visible on estates and to move away from purely dealing with rent arrears and nuisance.

3.3 To recruit initially on a twelve-month contract an additional Tenant Resident and Involvement Officer to enable this team to seek out and draw in more residents who wish to become involved in shaping the Housing Service.

3.4 To create a Rents, Recovery and Voids Team, which will result in changes in the Revenues Section of the Head of Resources Service. This new team will deal with creating new tenancies, posting rent accounts, dealing with the initial stages of the void process and controlling the entire process, former tenant arrears and sundry debts and lastly debt and benefit advice.

3.5 Lastly, it is intended that the existing remaining functions of Allocations would move into Housing Options and that the Elderly Services Manager would report directly to the Head of Housing.

4 ***Housing Supported Services (previously Elderly Services):***

- 4.1 It is proposed to make three fundamental changes to this service. The first is to ultimately have the existing Elderly Services Manager report directly to the Head of Housing.
- 4.2 To recruit to a new post of Control Centre Manager, who will manage the Help Line side of this service.
- 4.3 To move away from the approach of Residential Scheme Managers and tailor the service to the particular desires of our clients, which will result in increasing the numbers of Mobile Support Workers.

5 ***Housing Strategic Services (previously Private Sector & Development)***

- 5.1 It is proposed to move many of the existing Allocation functions into the existing Homelessness Team, which will be called the Housing Options Team. A key issue for Housing is to tackle the problem of single homelessness by adopting more preventative practices, which it is believed by bringing these two teams together can be achieved.
- 5.2 It is proposed to increase the size of the Strategy Team, to enable the Service and Authority to be a “Big Player” in the Region, allowing us to be more proactive in discovering and introducing best practice. An increase in this team will also enable this team to tackle the weakness raised by the recent CPA Inspection of delivering on our affordable housing targets.
- 5.3 Housing Standards has already moved into the Private Sector Team and it is anticipated that greater joined up working due to this move will increase efficiency within the next twelve months. This should especially be the case as the Service moves forward with the introduction of a Home Improvement Agency.

6 ***Housing Asset Management (previously Property Services)***

- 6.1 It is proposed to change this team quite dramatically. Firstly, in light of the partnering arrangement with the Building DLO, it is being proposed to move the repairs team into the Building DLO to enable a greater link up between the workforce and the repairs team who raise repairs.
- 6.2 Secondly, it is proposed to focus the new Property Management Team on delivering Decent Homes and having a dedicated officer for RTB and Leasehold matters (an area which is becoming more complex).
- 6.3 Thirdly, it is proposed to form a new team, called the Information, Performance and Compliance Team, which in summary will focus on the following key areas:
 - i) Managing contracts and contractor performance on a regular basis including the DLO relating to responsive repairs, cleaning and estate maintenance

- ii) Performance information being properly collected and utilised to improve services
- iii) Ensuring that policy and procedure documentation is reviewed and updated
- iv) Working with the Tenant & Resident Involvement Team to ensure tenant information is appropriate and up to date
- v) Developing good practice initiatives
- vi) Reviewing IT needs
- vii) Assisting with complaints

6.4 Lastly, it has been agreed to propose to work closely with Deane Design Building Group over the next six to twelve months to review the nature of the work this team undertakes for Housing. The aim is to move some functions such as the management of the gas contracts into Housing from April to June 2005.

7 ***Housing Property Services (previously Deane Building DLO)***

7.1 The main change proposed to this service is the movement of the Repairs Team from the Asset management Team. Linked into this new team will be the Stores at the Depot, allowing a greater tie in to develop between the repairs being reported and the type of stores the Depot holds. This will ultimately lead into a review of the Stores itself and the Depot once the structure has had time to settle. Lastly in regard to this team, will be the creation of a new post to manage the invoice processing side of the business more effectively.

7.2 It is proposed on the workforce side to introduce a flatter structure of six supervisors linked to specialist trades and for more direct management from the Building Manager rather than the Housing Property Services Manager (previously Building Works Manager).

7.3 Lastly, it is proposed to provide administrative support, which this service has not had before, to enable more senior staff to concentrate on the running and development of the business.

8 **Consultation Process with Staff**

8.1 It is intended for the formal consultation process to last four weeks, starting from the 27th September and ending on the 22nd October. During this period it is my intention to attend team meetings to discuss the proposed restructure and seek their views. In addition to this, staff will have the opportunity to contact me directly, either by phone, "e" mail, letter or arrange to meet me in person to discuss the proposed restructure.

8.2 Staff will also be able to discuss the proposals with their Service Manager.

8.3 Both Unison and Staff Side have been consulted about these proposals.

8.4 All information concerning this proposed restructure is on the Intranet, being:

- i) Report to staff

- ii) Proposed Restructure Charts, including indicative salary levels. Please note that the job evaluation exercise has not yet been undertaken and this is why the salaries are indicative at this stage
- iii) Draft Job Descriptions or Job Summary. Please note that the Job Descriptions and Job Summaries will be finalised at the end of this consultation process to take on board staff comments

8.5 Those staff whose job is being deleted and are being offered an alternative job, or for those staff being classed as being at risk, have also be sent a personal letter outlining the position.

9 **Financial**

9.1 To date a number of accountants have played a part in producing financial information and further work is still required which can only take place during and after the formal consultation period with staff.

9.2 In comparison to other Housing Services Management Costs (using House Mark figures), Taunton Deane's rests in the top quartile (the cheapest!). A CIPFA figure comparison undertaken by PricewaterhouseCoopers during the Stock Options Appraisal also confirmed a similar picture. However, it is the intention that the proposed restructure will result in management expenditure being either cost neutral or a slight increase, resulting in costs being on the margin of top and median quartile expenditure.

9.3 Overall, at this stage of the process there does appear to be an increase in staff costs across both the HRA and General Fund. It is however believed that due to the nature of all jobs having to be shown at the top spinal column point, the deficit should reduce and further work is being undertaken to ensure that:

- i) The final position is cost neutral or
- ii) Is cost neutral over a three year period by adopting a Spend to Save Approach or
- iii) A decision taken to use some of the Supporting People Windfall to cover any shortfall

9.4 As recorded in this report, further financial work is still to be undertaken and detailed costings will be made available to Members at a subsequent Housing Review Panel.

10 **Risks of not Restructuring**

10.1 The Housing Service is I believe starting to show signs of failing in some areas, with staff showing signs of stress and it is my opinion that the service will go backwards if a restructure does not take place shortly.

10.2 In addition to this, the work being undertaken, which I believe will increase by the Head of Policy & Performance, does have an impact on the operational side of the Council. The advantage of the proposed restructure in Housing is that staff will be

able to fully comply with all corporate initiatives. Presently, staff do struggle to juggle the pressures of their day job and new corporate initiatives. This is why, a new Information, Performance & Compliance Team has been proposed in housing to enable front line staff to concentrate on their day job.

- 10.3 Lastly, the benefits of restructuring now is that if a stock transfer did take place, the Housing Service and the Council will in my opinion be in a stronger position to manage that change, as the restructure will have had time to settle down. However, it is important to stress that the proposed restructure would work effectively regardless of the outcome of the consultation with tenants over a potential stock transfer.

11 **Summary.**

- 11.1 I do believe that the proposed restructure will enable the Housing Service to move forward from what is already a strong position. As part of the restructure, there will be an emphasis on empowering staff and enabling them to take ownership for their area of work, with support, guidance and encouragement from their line managers. It is also my aim that senior managers become more strategic and for managers and staff alike, to work in a “No Blame Culture”, adopting a “Business Like Approach” in order to achieve an “”Excellent Service Delivery””.

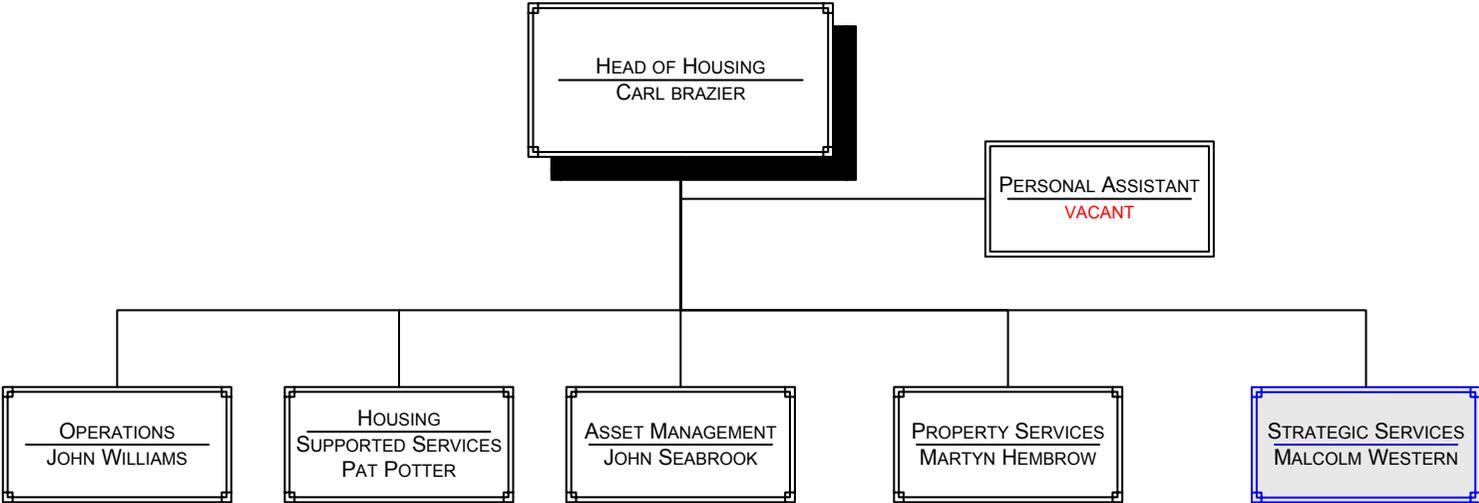
- 11.2 It is my intention to return to a subsequent Housing Review Panel with more detail on the proposed restructure and to provide feedback on the outcome of the formal staff consultation.

12 **Recommendation**

- 12.1 Members are asked to note and make comments on the contents of this report and appendices.

Contact: **Carl Brazier**
Head of Housing
email: c.brazier@tauntondeane.gov.uk
Tel: (01823) 356 312

**Taunton Deane Borough Council
Housing Services
Revised Top Level Structure**



KEY TO CHARTS

Boxes marked like this show structural elements which would remain with the Council if there was externalisation of the stock		Boxes marked like this show structural elements which are new to the organisation	
		Boxes marked like this show structural elements which are a result of transfer of staff or resources from other Departments	

HOUSING OPERATIONS
MANAGER
JOHN WILLIAMS

HOUSING ESTATES
MANAGER
CLAIRE TOUGH

HOUSING ESTATES
MANAGER
NORAH DAY

TENANT &
RESIDENT
INVOLVEMENT
MANAGER
JAYNE HARES

RENTS, RECOVERY
& VOIDS MANAGER

ESTATE OFFICER
DEREK MOUNTER
NICOLE WALKER
(+ 3 NEW VACANCIES)

ESTATE OFFICER
VAL HARVEY
JO LITTLEFORD
NICOLA WILLIAMS
(+ 2 NEW VACANCIES)

TENANT &
RESIDENT
INVOLVEMENT
OFFICER
VACANT

TENANT &
RESIDENT
INVOLVEMENT
OFFICER
DELYSE CARTER

RENTS/
RECOVERY/
VOIDS OFFICER

RENTS/
RECOVERY/
VOIDS OFFICER

RENTS/
RECOVERY/
VOIDS OFFICER

DEBT AND BENEFIT
ADVISOR
MICHELLE GARCIA

ESTATE ASSISTANTS
2 NEW VACANCIES

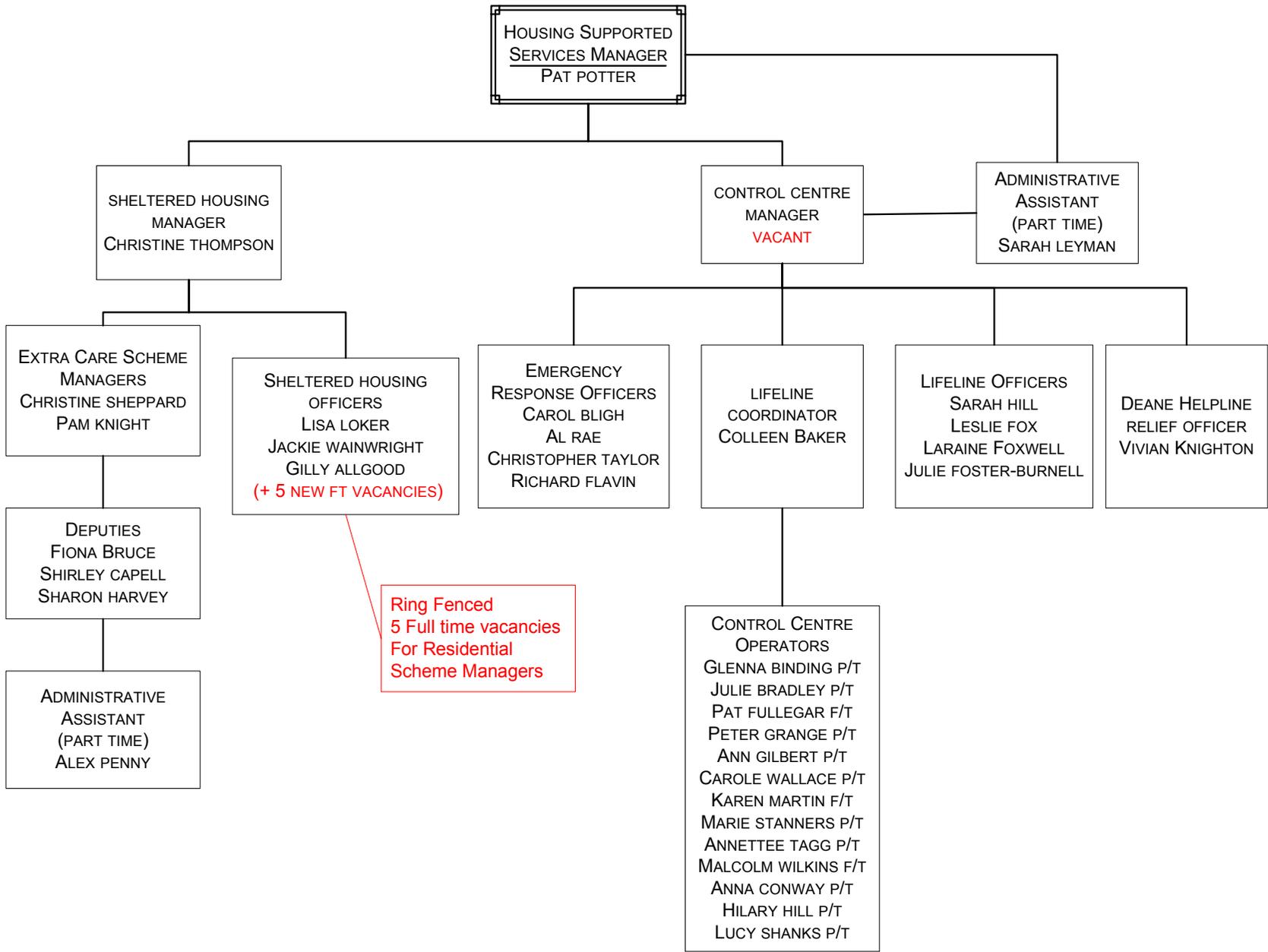
ESTATE ASSISTANTS
CHARLOTTE RAVENHILL
(+ 1 NEW VACANCY)

TENANT &
RESIDENT
INVOLVEMENT
ASSISTANT
KIRSTY GRINTER

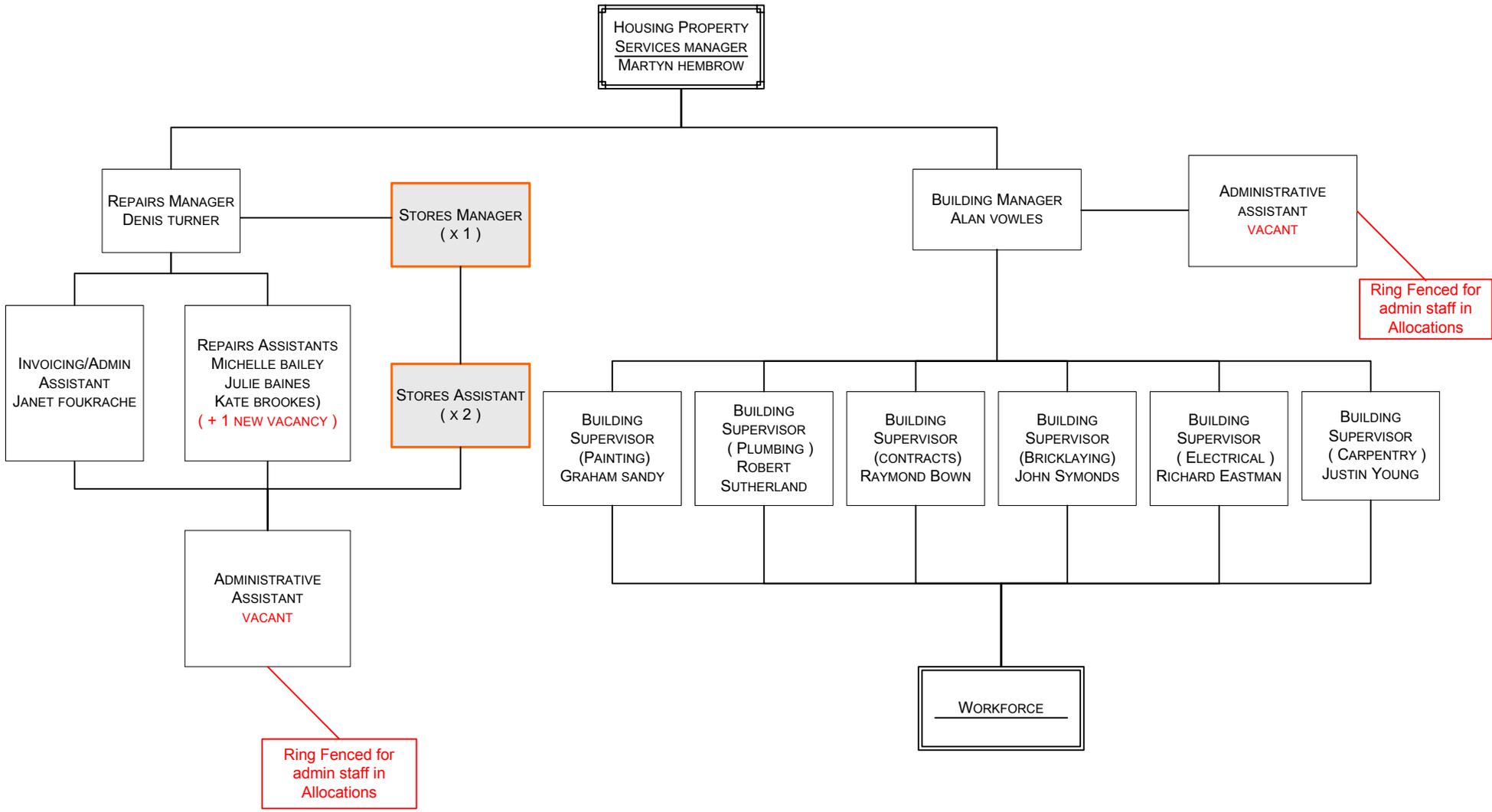
RENTS/RECOVERY
AND VOIDS
ASSISTANT

The positions above
in yellow are ring
fenced for the
following people:
Sue Larcombe
Robin Bainbridge
Lisa West
Rachel Pocock

Ring Fenced for
admin staff from
Allocations



Ring Fenced
5 Full time vacancies
For Residential
Scheme Managers



HOUSING PROPERTY
SERVICES MANAGER
MARTYN HEMBROW

REPAIRS MANAGER
DENIS TURNER

STORES MANAGER
(x 1)

BUILDING MANAGER
ALAN VOWLES

ADMINISTRATIVE ASSISTANT
VACANT

INVOICING/ADMIN ASSISTANT
JANET FOUKRACHE

REPAIRS ASSISTANTS
MICHELLE BAILEY
JULIE BAINES
KATE BROOKES
(+ 1 NEW VACANCY)

STORES ASSISTANT
(x 2)

BUILDING SUPERVISOR
(PAINTING)
GRAHAM SANDY

BUILDING SUPERVISOR
(PLUMBING)
ROBERT SUTHERLAND

BUILDING SUPERVISOR
(CONTRACTS)
RAYMOND BOWN

BUILDING SUPERVISOR
(BRICKLAYING)
JOHN SYMONDS

BUILDING SUPERVISOR
(ELECTRICAL)
RICHARD EASTMAN

BUILDING SUPERVISOR
(CARPENTRY)
JUSTIN YOUNG

ADMINISTRATIVE ASSISTANT
VACANT

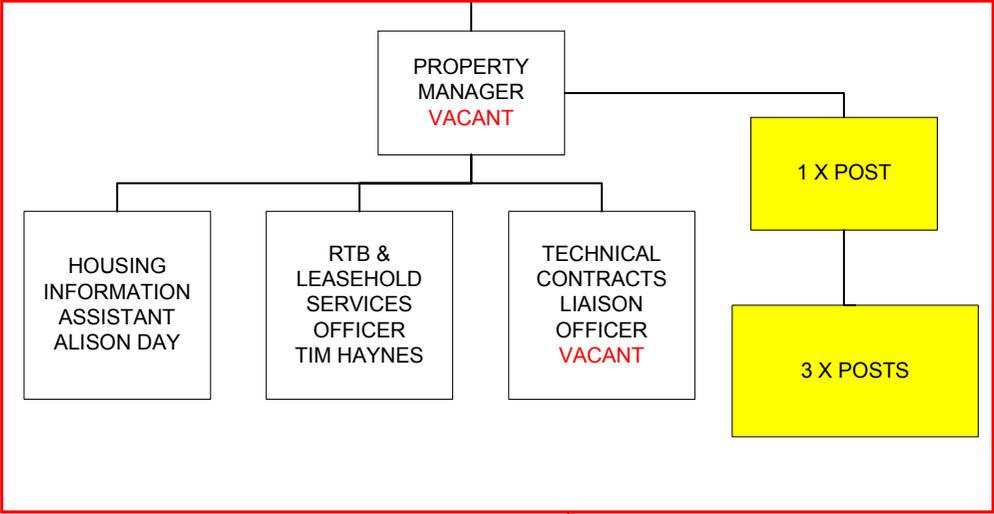
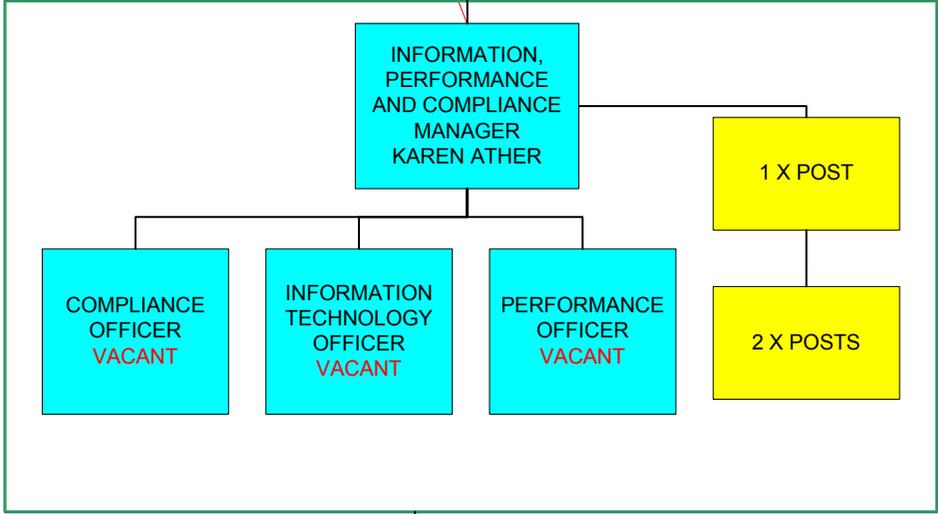
WORKFORCE

Ring Fenced for admin staff in Allocations

Ring Fenced for admin staff in Allocations

New Section of the Department

HOUSING ASSET
MANAGER
JOHN SEABROOK



ADMINISTRATIVE ASSISTANTS
BILL BICKHAM
SUE JONES

NEW POSTS



Posts potentially transferred from Deane Building Design.



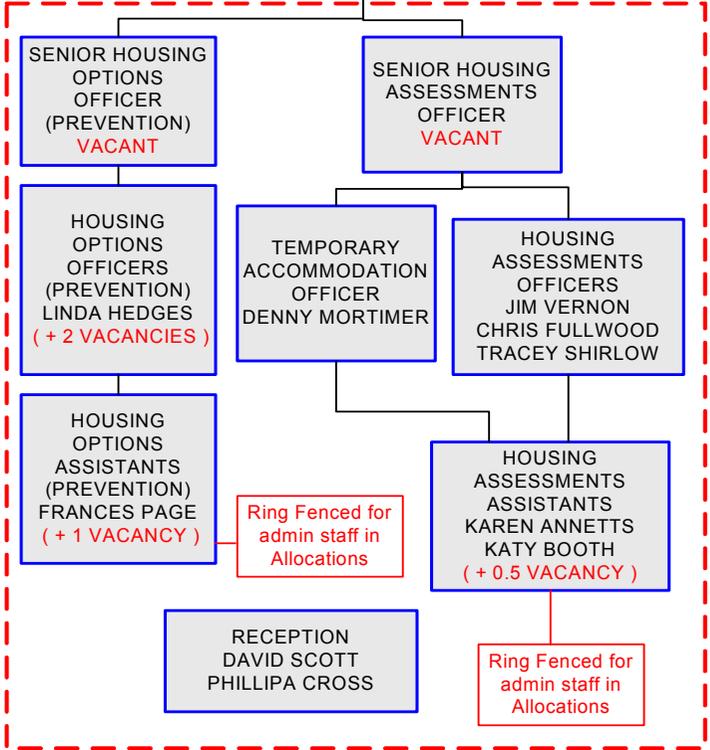
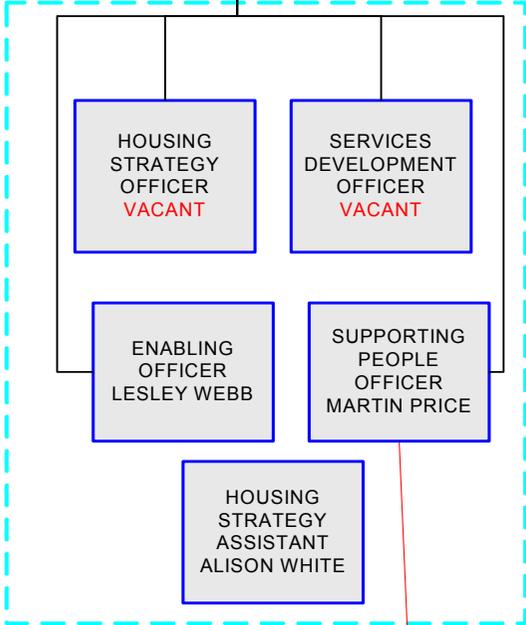
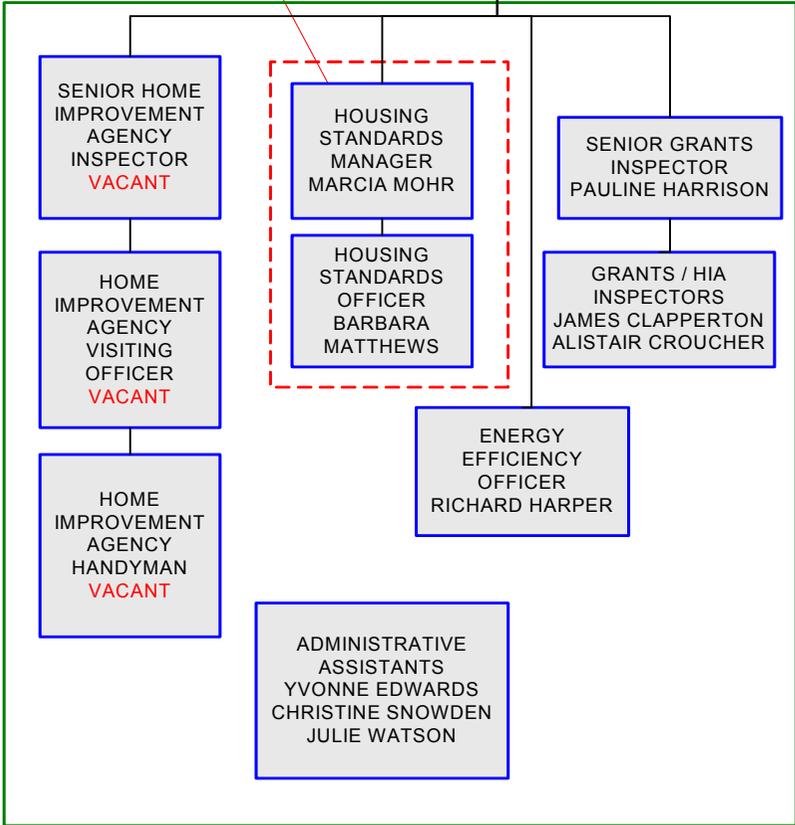
HOUSING STRATEGIC SERVICES MANGER
MALCOM WESTERN

PRIVATE SECTOR HOUSING MANAGER
DAVID WHITEHEAD

HOUSING STRATEGY MANAGER
DAVID HARRISON

HOUSING OPTIONS MANAGER
DAVE JONES

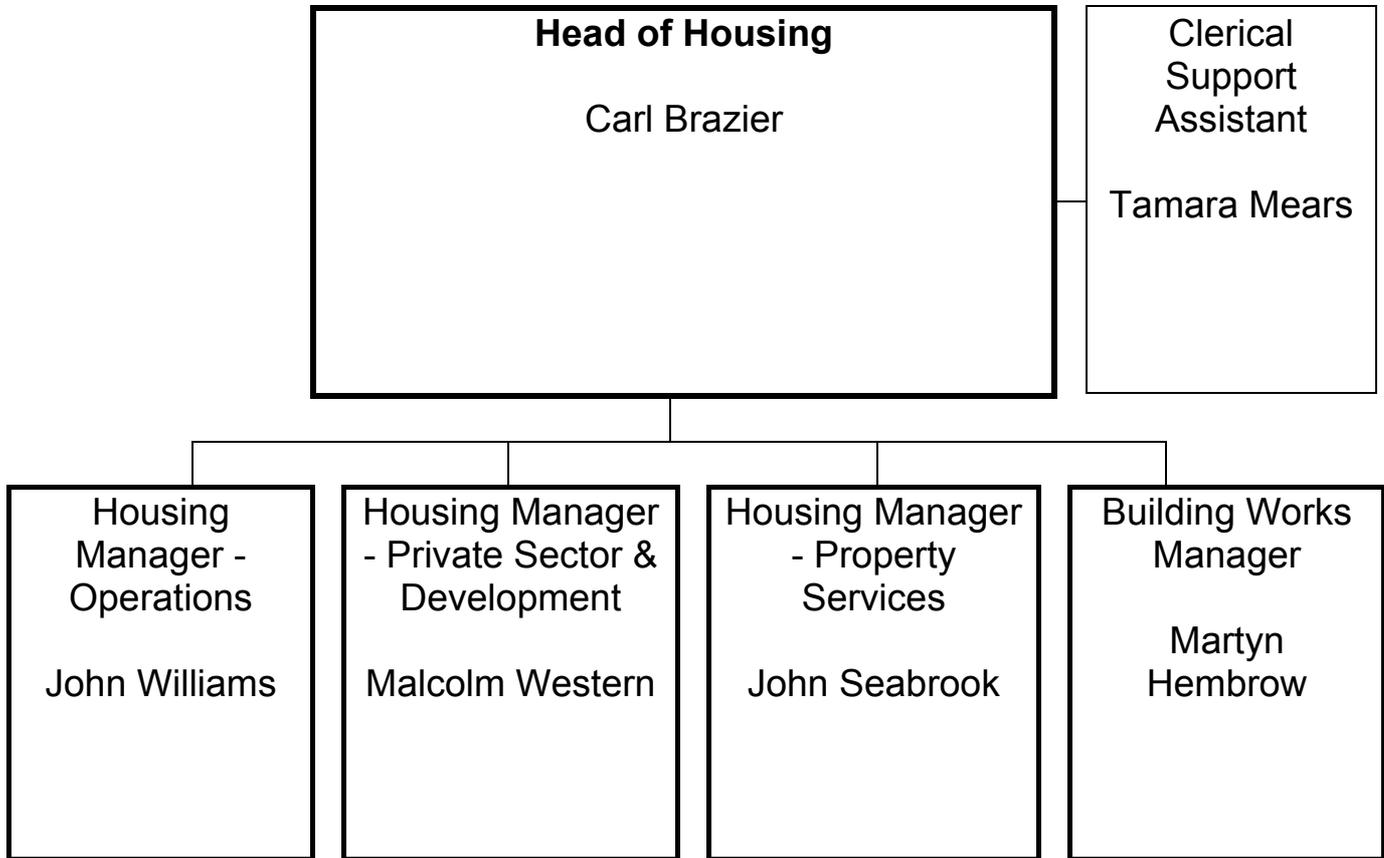
Posts transferred from Environmental Health



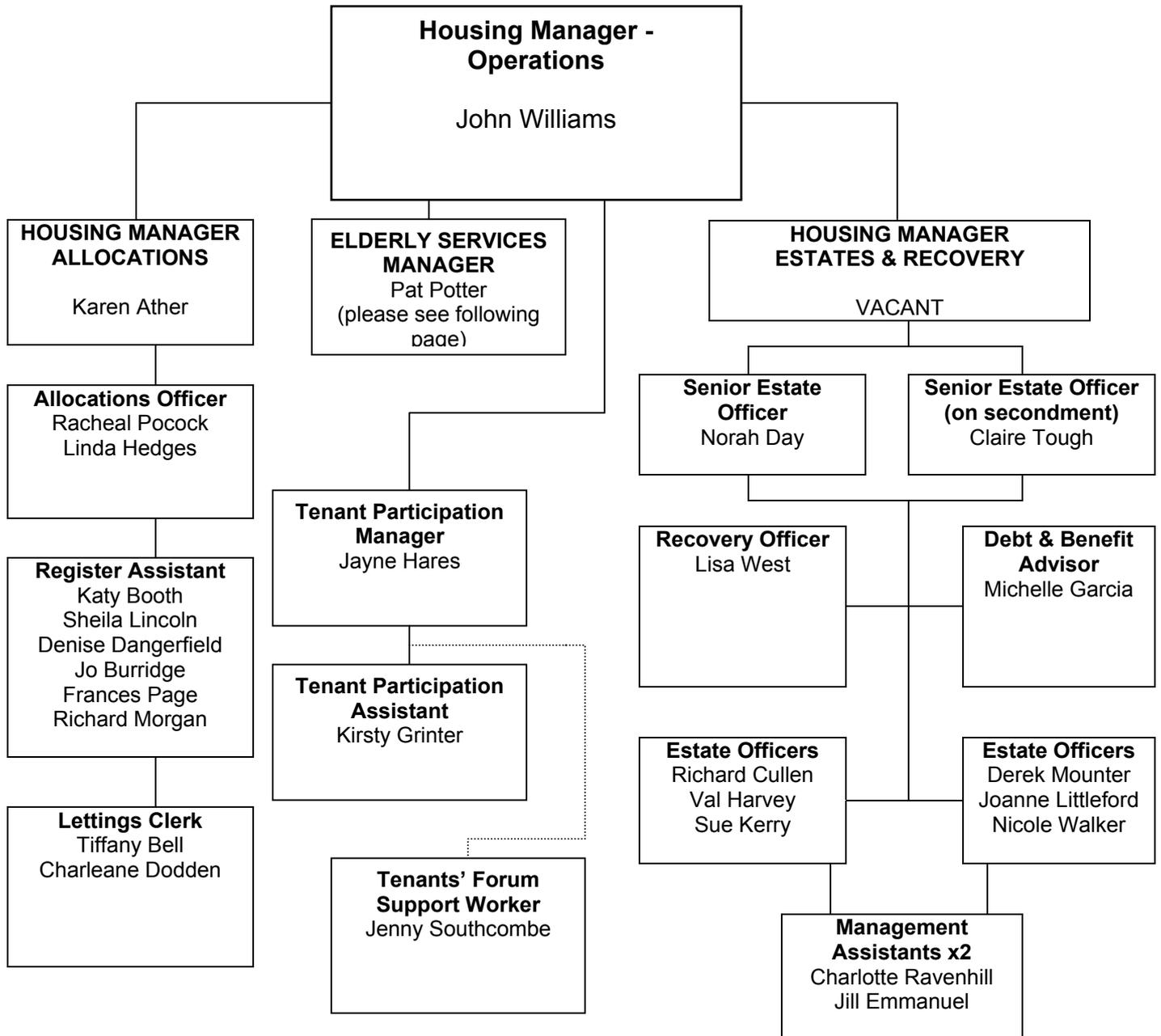
This is an existing post with a current funding contract for 12 months.

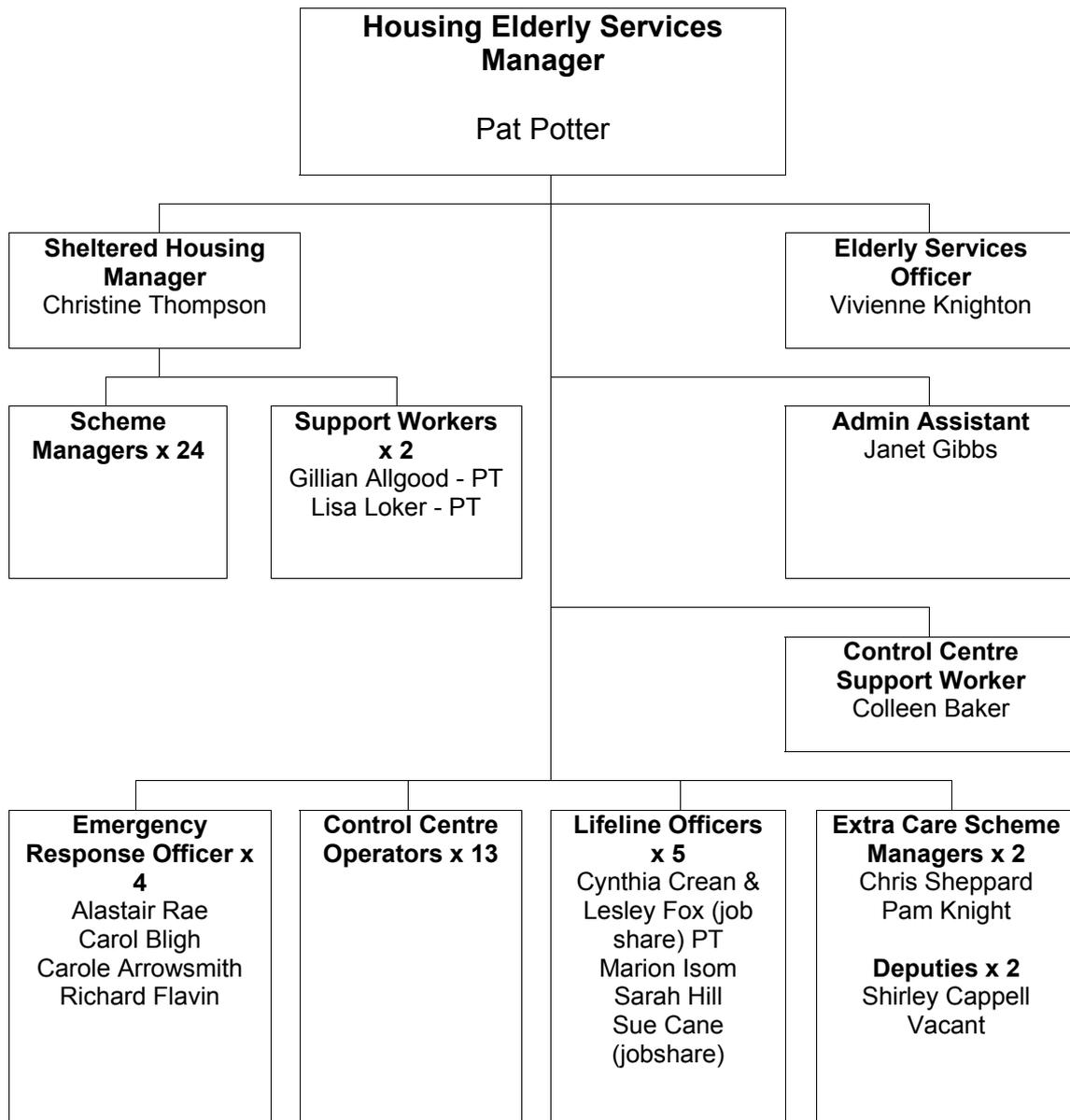
Appendix 4 – Existing Structure

Top Level:-



PLEASE SEE FOLOWING PAGES FOR STRUCTURES OF THE INDIVIDUAL SECTIONS OF HOUSING





Housing Manager - Private Sector and Development
Malcolm Western

PRIVATE SECTOR MANAGER
David Whitehead

HOUSING STRATEGY MANAGER
David Harrison

Enabling Officer
Lesley Webb

HOMELESS & ADVICE MANAGER
David Jones

Housing Strategy Admin Officer
Alison White

Senior Grants Officer
Pauline Harrison

Energy Efficiency Officer
Richard Harper

Homeless & Advice Officers
Chris Fullwood
Denny Mortimer
Jim Vernon
Tracy Shirlow
Neil Stanley

Grant Inspectors
Alistair Croucher
James Clapperton

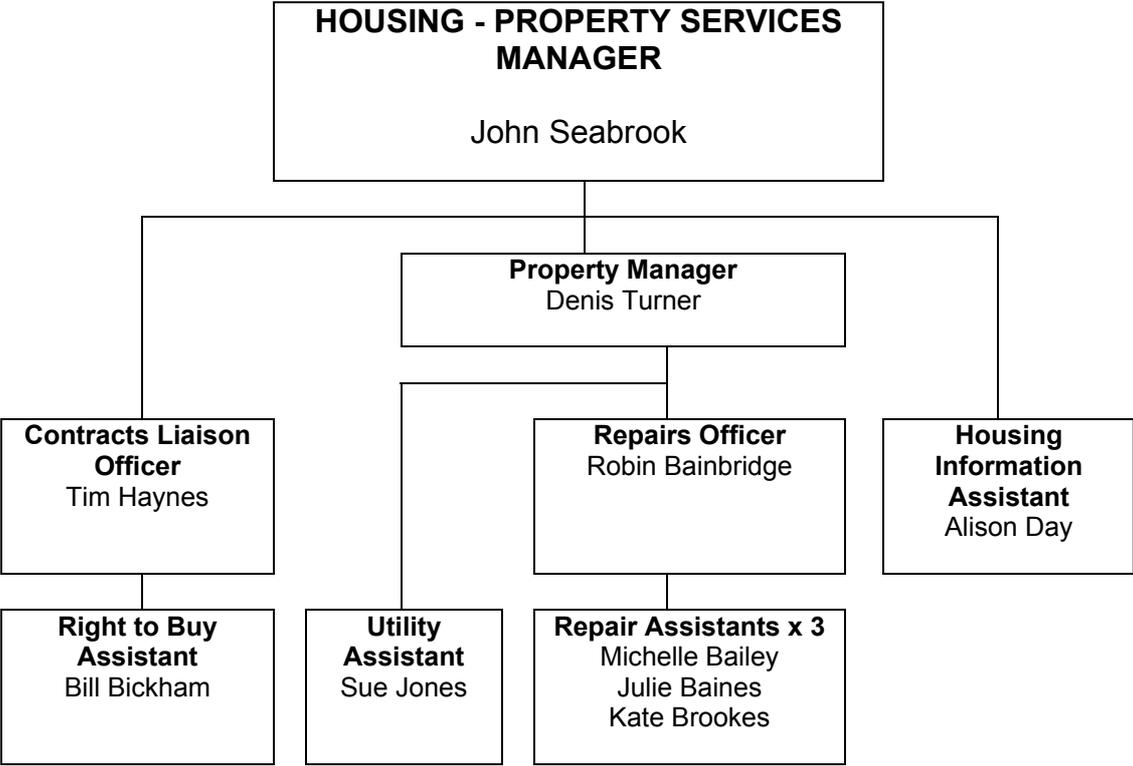
Home Improvement Officer
Vacant

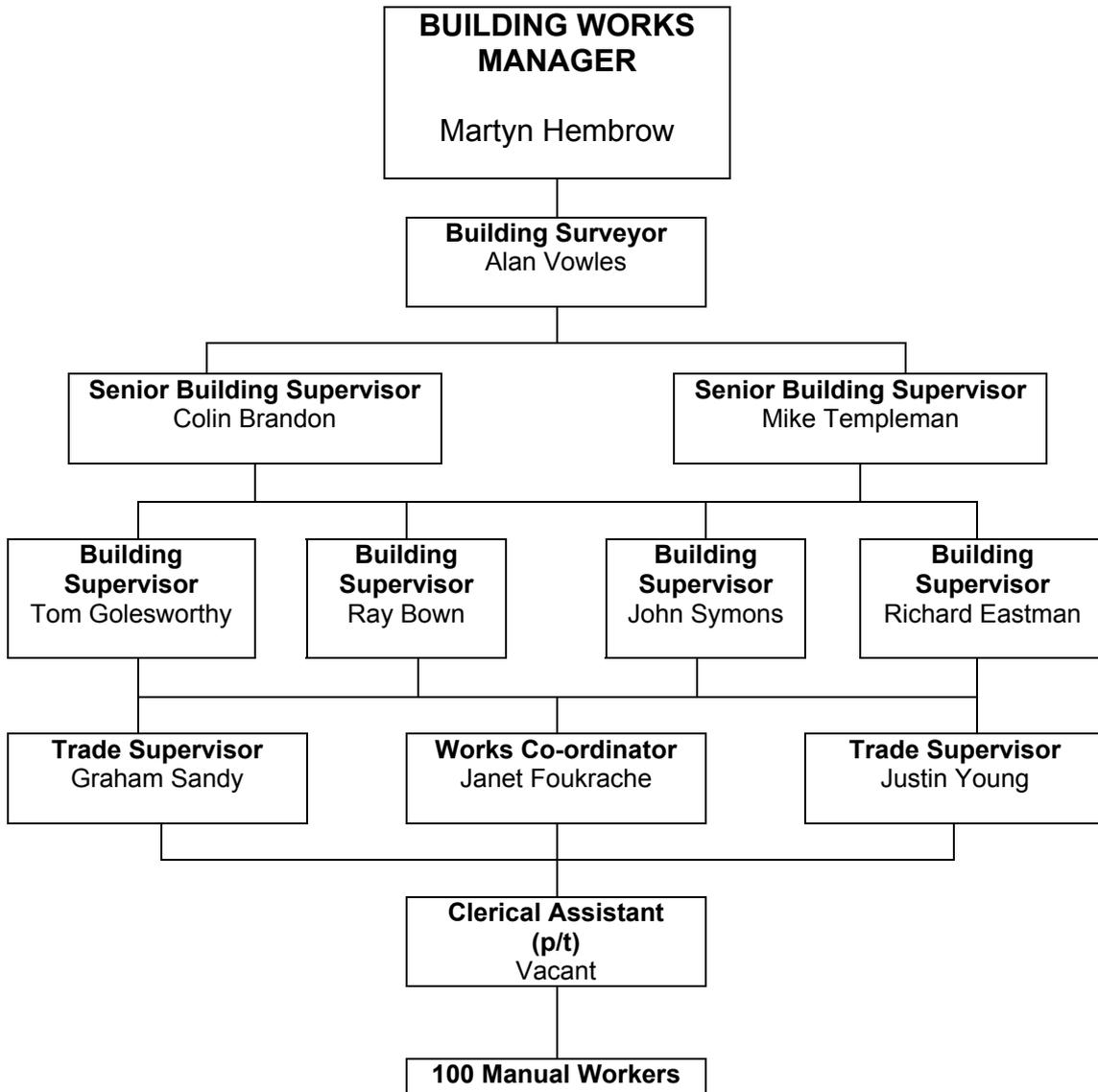
Grant Assistants
Chris Snowden
Yvonne Edwards

Admin Assistant
Vacant

Homeless & Advice Assistants
Karen Annetts
Vacant

Receptionists
David Scott
Phillippa Cross





APPENDIX 4

HOUSING RESTRUCTURE – APPOINTMENT PROCESS

Outline Principles

A key principle employers must observe in any situation involving organisational restructuring is that they safeguard security of employment for staff in a fair and equitable way.

The principle behind this reorganisation is that security of employment will take precedence over opportunity for promotion. Whilst TDBC's normal redundancy procedure applies to this restructure, the following additional principles will also apply.

1. Eligibility

Staff who are not affected by restructuring proposals (ie, when neither individual jobs, nor team structures are affected) will be outside of the scope of this process. Agency staff will not be eligible to apply for posts in the new structure.

2. Slotting In

2.1 Where there is little or no change to the general nature, level of responsibility, and place of work, and/or where "successor" jobs are clearly identified, existing permanent staff will be "slotted in", ie placed in these successor posts without the need to submit applications or be interviewed.

2.2 Where an individual is slotted in, and security of employment is therefore guaranteed that individual cannot, in the first instance, apply for other vacant posts in the new structure until priority consideration (ie at risk) employees have first been considered.

2.3 Where existing posts disappear and there is no obvious successor post earmarked for slotting in, staff will be deemed "at risk", and the council's normal at risk procedures will apply.

3. Ring fencing

Where new jobs in the structure are not earmarked for individuals as part of a "slotting in" process, they will be ring fenced to those individuals who have been notified they are at risk. If any new post remains unfilled after at risk candidates have been considered, it will be opened up for other candidates to apply.

4. Temporary staff

Temporary employees with less than 1 year's service by 1 January 2005 will not be eligible to be considered for jobs until /unless all eligible staff as per

paragraph (1) above have first been considered, at which point any remaining vacant posts will become available for application.

5. **Selection /Appointment Process**

The appointment process will be as follows:

a) **Advertisements**

Each person at risk will be notified individually of the structures and the jobs available.

b) **Applications**

Eligible staff will be asked to identify job preferences from the list of available jobs, and to complete relevant job preference forms.

c) **Shortlisting**

Shortlisting will be carried out by an appointment “team”. Where existing skill levels and competencies match those required in the person specification, applicants will be interviewed.

d) **Interviews**

As a general principle, as far as circumstances allow staff will be interviewed once only. There may be circumstances where more than one interview is necessary (ie for staff who list preferences for different job types, or displaced staff) but every effort will be made to minimise the number of interviews.

6. **Displaced staff**

Every measure will be taken to avoid redundancy to ensure that valuable skills and experience are not lost. If however any staff are displaced during the appointment process, they will have priority consideration for other vacant jobs in the Council, subject to meeting skills and competence requirements/specifications.

The criteria for appointing into alternative jobs will be based on whether the employee at risk possesses the necessary skills and competences (or could do so with reasonable retraining), **not** that they are the best candidate.

In the event that staff are placed in jobs where salaries do not match existing levels, existing salary protection agreements will apply.

FAQs

1)

Q. *I have been slotted in to a post. Can I apply for other vacancies in the structure?*

A. If you have been slotted in to a post, your employment is guaranteed and you will not need to compete against others for the post. Consequently, other vacant posts will be ring fenced, in the first instance, to those employees who have not been slotted in and who will be given priority to apply for the vacant posts. If any vacancies remain after this initial consideration of staff then they will be opened up to all staff.

2)

Q. *What if I don't want the post I've been slotted in to? Can I be redundant? Can I apply for other posts?*

A. You can only apply for other posts if you relinquish the post you have been slotted in to. You will not necessarily be redundant if you do not accept a post you have been slotted in to, as alternatives may be available. If you would like further advise, please contact Personnel.

3)

Q. *My salary is currently scp 24 – 28. The salary of my new post is 22 – 26. What will I be paid when the new structure takes effect?*

A. TDBC's normal salary protection policy will apply for 2 years. After that, the salary point will revert to scp 26.

4)

Q. *I have been ring fenced to a group of posts, but I don't wish to apply for one where do I stand?*

If you chose not to apply for one of the posts ring fenced for you, or another vacant post in the structure, you may not be entitled to a redundancy payment. If you do not intend applying, you will need to discuss this situation with your line manager and Personnel.

5)

Q. *I am not slotted into a post, but neither do I want to apply for any of the vacant posts in the new structure. Where do I stand? Will I be redundant?*

A. If you choose not to apply for any of the vacant posts, you may not be entitled to a redundancy payment. If you do not intend applying you will need to discuss this situation with your line manager and Personnel.

TAUNTON DEANE BOROUGH COUNCIL

HOUSING EXECUTIVE COMMITTEE- 12th JANUARY 2005

Report of the Housing Elderly Services Manager

(This matter is the responsibility of the Councillor G Garner)

REVIEW OF SHELTERED HOUSING

Executive Summary

The purpose of this report is to reflect on the services that have historically been provided to tenants living in Sheltered Housing by way of a resident scheme manager and consider how these should be provided now and in the future. Attached to this report are a number of appendices:

- 1) Appendix 1 List of Sheltered Housing and Hardwired Schemes
- 2) Appendix 2 Categories of Service from staff exercise and Support Plans
- 3) Appendix 3 Results of Support Plans completed in 2004
- 4) Appendix 4 Copy of letter sent to all tenants in Sheltered Housing Schemes
- 5) Appendix 5 Sheltered Housing Questionnaire
- 6) Appendix 6 Definition of Categories
- 7) Appendix 7 Venues, dates and times of Sheltered Housing proposal meetings.
- 8) Appendix 8 Feedback from questionnaire
- 9) Appendix 9 Details of meetings at Sheltered Housing schemes
- 10) Appendix 10 Information regarding re-housing of staff
- 11) Appendix 11 Comments added to the questionnaires

1.0 **Background**

The benefit for tenants of living in Sheltered Housing is the availability of additional facilities such as a communal lounge, laundry room and office facilities where staff can be contacted, and the Warden call 'emergency' system, which links all tenants to the Control Centre at Kilkenny Court together with a resident Scheme Manager who currently works 20 hours a week, between either 8.30-12.30 or 9.00-1.00p.m.

- 1.1 Staff originally (over 20 years ago in some cases) lived in a property on site so they could be contacted easily in an emergency as tenants had limited access to telephones and transport. These are now more common place and with increasing numbers of tenants having access to computers (silver surfers) and with the development of the Control Centre it has reduced the need for staff to live on site as the services can be provided by a more mobile team of staff. There is even a question as to whether tenants are disabled by their presence with a focus on maximising the independence of older people. It is becoming increasingly difficult to guarantee that staff can be provided "in residence" particularly in the cases of long term sickness, maternity leave and increased leave entitlement.
- 1.2 Nationally there has been a trend to move towards providing services by non-resident staff and was debated at events in both London and Manchester in 2001 organised by the Centre for Sheltered Housing Studies. It has also been raised at the National Sheltered Housing Conference in 2002.

- 1.3 Issues raised at these events have included:
- is it best use of the type of accommodation occupied by staff?
 - implications of the European Working Directive, e.g. Harrow Wardens success in claiming additional payments for being on-call outside of their normal working day.
 - Risk of abuse (as identified at a scheme in 2002)
 - Difficulties in providing continual service when staff, are off sick, on study or annual leave.
 - New contractual and funding arrangements – Supporting People introduced in 2003
 - Need to evidence service to comply with the Quality Assessment Framework.
 - Questions about skills and ability of existing staff to deal with new requirements, such as personal interviews to complete Support Plans.
 - Need to standardise service across all schemes.
- 1.4 Locally, Mid-Devon are moving away from resident staff to a bank of mobile workers. Western Challenge based in Exeter are replacing resident staff with Sheltered Housing Officers who are based in offices within schemes. Signpost Housing Association are not replacing resident staff.
- 1.5 There is currently a Sheltered Housing Tenants Forum, which meets quarterly to discuss current issues relating to older people. Two representatives from each Sheltered Housing scheme are entitled to attend. There are plans to form a Sheltered Housing Forum Working Party to enable tenants to be more actively involved in the service development. It is envisaged that this will be set up in January 2005 with six meetings organised from then until July 2005.

2. **Current Position**

At the Review Panel meeting on the 4th August 2004 a report was presented advising on the current position on the activities and issues affecting the Elderly Services Unit (ESU) part of which was about the development of the Sheltered Housing Service. There are 27 Sheltered Housing Schemes, one is a leasehold scheme and two are classified as Extra Care. There are 162 tenants who live in properties not designated as Sheltered Housing who are visited weekly by Scheme Manager's, these are often referred to as "hardwired" satellite properties. A list of the current Sheltered Housing Schemes and details of the "hardwired" properties is shown on *Appendix 1*

- 2.1 The main service offered to tenants in Sheltered Housing is the regular contact and the basic service is two visits a week and three calls via the Warden Call system or the telephone. In November 2003 Scheme Managers undertook a self perception exercise to establish the type of service used. *Appendix 2* highlights the outcomes of this exercise and shows that only 65% of tenants require the basic service with 11% opting for the emergency service only. Of the 27 Schemes there are 16 members of staff who are required to occupy the

accommodation as part of their terms and conditions of employment. The extra care and leasehold schemes were set up with non-resident staff. There are 7 vacant posts, which are being covered on a temporary basis by existing Scheme Managers or Support Workers. Staff who have left have either moved away, allowing properties to be returned to the housing stock, or have been granted secure tenancies, dependent on their individual housing needs.

- 2.2 The schemes covered by the Support Workers are Greenlands, Victoria Gate, Normandy Drive, Creedwell Orchard, Broomfield House, Hope Corner Lane. At Roland Close the Scheme Manager had occupied the house as part of her duties but did have a home elsewhere and she asked if she could undertake the job as a non-resident Scheme Manager, which was agreed earlier in 2004.

3.0 **Staff Consultation**

- 3.1 The Sheltered Housing Working Party and team meetings have been the focus for discussing the proposed developments of the service, together with a programme of training events for staff. Staff, are sent a monthly bulletin of events relevant to them.
- 3.2 Staff have been asked individually for their views, regarding the future provision of services at the schemes where they are currently based.
- 3.3 Staff have been involved at each stage of the restructure of the Housing Department and have attended meetings at which both Personnel and Unison have been represented.

4.0 **Tenants needs assessment**

- 4.1 As a requirement of the Quality Assessment Framework to ensure continued Supporting People funding all tenants have been offered an individual interview to complete a Support Plan. A high percentage completed this assessment without the assistance of a member of staff. The outcomes of this exercise are shown on *Appendix 3* which shows a further shift to tenants wanting a more tailored, individual service.

5. **Tenants Questionnaire**

- 5.1 After the feedback from the Tenants Forum and Housing Review Panel meetings in November, a pack of information was developed which was sent to all tenants living in Sheltered Housing Accommodation. This included a letter, copy shown as *Appendix 4*, Questionnaire *Appendix 5*, Definition of the proposed categories *Appendix 6*, and details of a range of meetings to discuss any issues relating to the questionnaire *Appendix 7*
- 5.2 Of the 795 questionnaires sent, 333 (three hundred and thirty three) 42% were returned as at 23rd December, 2004. Details of how many have been returned from specific schemes is shown on *Appendix 8*
- 5.3 There were 22 telephone calls received from tenants and 3 requested transport to the meetings.

- 5.4 Details of the number of people who attended each event are shown on *Appendix 9*.
- 5.5 Notes have been taken of all the meetings to ensure that similar information was given at each event. A lifeline officer, who is also part of the Emergency Response Team gave some background information about the service, the current type of equipment used, including a demonstration of the “mangar” which is a piece of lifting equipment used by the Emergency Response team.
- 5.6 The questionnaire has highlighted some uncertainties around the Support Plans. 259 tenants confirmed that they had completed a Support Plan but only 230 remembered having their own copy. Details shown on *Appendix 8*. This highlights the need for the team to investigate how to improve explaining the purpose of Support Plans. For those who have stated that they completed a Support Plan but haven’t had a copy, this will be rectified on an individual basis and copies sent.
- 5.7 As shown on *Appendix 8* there were 152 comments in response to the question “what did they like or dislike about the Support Workers. There were no dislikes, but a range of very positive comments, given that they are only covering 7 schemes at the moment other than for when Scheme Managers are on leave. Some examples of the comments are shown on *Appendix 11*.
- 5.8 The overall view of tenants is for the scheme they live in to come within the category of Sheltered Housing, see *Appendix 6* for details of this category. It was the first choice of 232 and second choice for 17. 35 tenants voted for non-sheltered as their first choice with 41 as second choice. 13 voted for Extra Care as first choice and 46 as second choice. There was particular interest in the provision of additional meeting halls as this is seen as an important part of living in Sheltered Accommodation.

6. **Financial Implications**

- 6.1 The equipment in the majority of the Sheltered Housing Schemes will in the long term need to be replaced/upgraded. The proposals as detailed in 7.03 would be a considerably cheaper and more versatile option for the future.
- 6.2 There will be costs incurred for the removal expenses of those Scheme Managers required to move.

7. **Summary**

- 7.1 The service currently provided by a mobile team is more flexible to the needs of the service user and has been welcomed in areas where it has been provided.
- 7.2 With staff being so readily available there is a risk that tenants can become dependent on one person for tasks that are not appropriate.
- 7.3 The “warden call” system has reached the end of its anticipated life and will need replacing at an estimated cost of £20-30,000 per scheme. There are limited facilities at some of the schemes and with limited opportunity to provide additional meeting halls or other facilities in the future.

- 7.4 There is growing demand for Extra Care housing as identified as part of the County, Older Persons Housing and Supporting People strategies.
- 7.5 Unison and Personnel have been involved and are supportive of the Document drawn up to assist residential Scheme Managers find alternative accommodation.
- 7.6 The review of Sheltered Housing was endorsed by the Housing Review Panel and Tenants Forum at the relevant meetings in November 2004.
- 7.7 17% of tenants attended the 9 meetings arranged at the Sheltered Housing Schemes. The response at the majority of the meetings was welcoming with those attending prepared to discuss the current issues. After the talk by the Lifeline Officer and information about the Emergency Response Team the mood was certainly positive at all the meetings and everyone was interested in the demonstration of the “Mangar” (lifting equipment)

8. **Recommendations**

- 8.1 Staff should no longer be required to occupy accommodation as part of their terms and conditions of employment and should be offered alternative accommodation in accordance with the criteria shown on *Appendix 10*
- 8.2 That the current and future vacant properties will be allocated to applicants from the Housing Waiting list.
- 8.3 A programme of changing the existing Warden call equipment is prepared and implemented.
- 8.4 Approval given to investigate upgrading those schemes identified as being Sheltered/Extra Care Schemes. *Appendix 7.*

List of Sheltered Housing and Hardwired Schemes

Name of Scheme	No of properties
Bovet Street/Holyoake	39
Bovet/George Street	34
Broomfield House	34
Bulford	90
Creedwell Orchard	14
Darby Way	31
Dorchester Road	25
Dowell Close	30
Greenlands	30
Heathfield Drive	32
Hope Corner Lane	24
Middleway	33
Monmouth Road	30
Moorland Place	39
Newton Road	31
Normandy Drive	29
Parmin Close	30
Polkesfield, Stoke St. Gregory	27
Robin Close	30
Roland Close	28
Taunfield	42
Treborough	33
Victoria Gate	30
Wellesley Street	30
<i>Total Sheltered Housing properties</i>	795
Hardwired schemes: Trinity Road	16
Bruford Close/Manor Drive	11
Harnell Close	8
Lyngford Place	11
Warwick Road	19
Plain Pond	13
Allenslade Flats	2
Enmore/Cheddon Road/Dinhams	31
Willie Gill Court	9
Leachesfield	14
Wyndhams	9
Richards Crescent	10
Fletchers Close	7
Langham Gardens/Chapman Court	22
<i>Total hard-wired properties</i>	162

Appendix 2

Categories of Service from Staff Exercise and Support Plans

Category	1	2	3	4	5
How data collected	3 calls and 2 visits a week	Variation on main service offered	Call via Piper equipment	Other, as specified	Emergency cover only
From staff exercise in 2003	65%	9%	8%	7%	11%
From Support Plans 2004	51%	9%	9%	14%	17%

Appendix 3

Results of Support Plans completed 2004

Scheme	3 pipe and 2 visits	Varying Services	Emergency Service only	Total
Bovet 73	2	30	9	41
Bovet 75	35	1	2	38
Broomfield	15		5	20
Bulford	32	45	28	105
Creedwell		9	11	20
Darby	20	12	4	36
Dorchester Rd	18	15	12	45
Dowell Close	19	7	5	31
Greenlands	19	4	6	29
Heathfield	31		1	32
Hope Corner	15	3	8	26
Middleway	17	15	8	40
Monmouth Rd	16	2	4	22
Moorland Place	18	12	10	40
Newton Rd	32	1	1	34
Normandy Dr	30	3	5	38
Parmin Close	28	2		30
Polkesfield	14	4	1	19
Robin Close	11	27	1	39
Roland Close	26	15		41
Tauntfield	5	37	2	44
Treborough	35	7	6	48
Victoria Gate	14	1	14	29
Wellesley St	20	13		33
TOTALS	472	75	143	*895

Examples of varying services include:

Weekly visit or call,
 2 pipes and 1 visit per week.
 Monthly visit

* this number varies from the number of properties in Sheltered Housing because there may be some tenants who refused to complete a Support Plan and as services are provided to individuals, there may be more than one person in the household.

Copy of letter sent to all tenants in Sheltered Housing Schemes.

26th November, 2004

Dear

SHELTERED HOUSING SERVICES

You may be aware from the Sheltered Housing Forum meetings, Scheme Managers/Support Workers or the local paper we are currently reviewing how we provide services to tenants who live in Sheltered Housing.

Over the past few months, you should have received a letter from either the Scheme Manager or Support Worker making an appointment to visit you to complete a Support Plan (4 pages printed on a sheet of A3) with you. I appreciate that some of you completed and returned the forms without any assistance and others took up the offer of help. Where you haven't previously been given a copy of your Support Plan it should be enclosed with this letter, but if not please do not hesitate to let me know.

The next phase of the review is to share our vision for the future of Sheltered Housing. We currently have 27 schemes, one is leasehold, two are Extra Care and the remaining 24 have historically had a resident Scheme Manager, previously known as Wardens.

Over the past eighteen months a number of Scheme Managers have left the service and their duties have been covered by Support Workers who are located at the same office in Broomfield House, although they also work from the Control Centre at Kilkenny Court. There has been some very favourable feedback to this change and it is proposed that this should be implemented at all schemes.

We are also reviewing the criteria for all Schemes and are recommending that some additional services could be provided and this is where we need your help.

The enclosed leaflet gives details of the proposed criteria for your consideration. I have also enclosed a questionnaire and it would be very helpful if you could complete and return this, using the enclosed SAE by Thursday 23rd December, 2004.

If you would like further information before you complete this questionnaire, I will be holding meetings to answer your queries at the times, dates and venues as shown on the attached leaflet. If you would like to attend and need transport please contact your Scheme Manager/Support Worker or myself.

If you are unable to attend any of the meetings and have any queries please do not hesitate to contact me on 01823 331635.

Yours truly,

**Christine Thompson,
Sheltered Housing Manager**

Enc. Questionnaire, Information on Criteria and Dates, Venues for meetings.

SHELTERED HOUSING QUESTIONNAIRE

TENANTS QUESTIONNAIRE

1. SUPPORT PLANS

Have you completed a Support Plan in the past 6 months? Yes No

Have you received a copy of your Support Plan? Yes No

Were you satisfied with the help, if any, you were given in completing your Support Plan? Yes No

If no, please state what help you would have liked.

.....

2. CHOICE OF SHELTERED HOUSING CATEGORY

Which category from the information provided on the back of this leaflet would you prefer for the scheme where you live?

Please add 1 for your first choice and 2 for second choice

- Non-Sheltered - *likely reduction in current service charges*
- Sheltered Housing - *similar charges to the current service charges*
- Extra Care - *increase in current service charges*

If there is an office based at the scheme where you live would you like to see a member of staff there on a regular basis?

Yes No If y please indicate your preference out of the following:

- an hour a day - Monday-Friday
- an hour a day, three times a week
- An hour a day, twice a week,
- an hour a day, once a week if any other, please specify.....

3. ASSISTIVE TECHNOLOGY

√ if you would be interested in any of the following:

Fall detector

Movement Sensor

Pendant (radio trigger alarm)

Would like more information about the above

.....

4. SUPPORT WORKERS

If you are currently contacted on a regular basis by Support Workers, please state what you like or dislike about the service:

.....
.....
.....
.....
.....
.....
.....
.....

5. ADDITIONAL COMMENTS, please add any comments about services that you think may help us to improve things for you.

.....
.....
.....
.....
.....

Thank you for taking time to complete this questionnaire, please add your name and address if you wish.

Name..... Address.....

Definition of Categories

Definition of category	Name of proposed Scheme
<p>Non-Sheltered Housing</p> <ul style="list-style-type: none"> • Accommodation specifically for older people, (pension age) or younger with a disability. • Specialist equipment including: call system, movement sensors and door entry systems. 	Bovet Street x 2 Creedwell Orchard Dorchester Road Dowell Close Monmouth Road Normandy Drive Polkesfield Treborough Close Victoria Gate
<p>Sheltered Housing</p> <ul style="list-style-type: none"> • Accommodation specifically for older people, (pension age) or younger with a disability. • Provision of meeting hall, laundry, office (with staff availability for core hours), • Specialist equipment i.e. call system (including regular contact calls if required) movement sensors/door entry systems. • Cleaning of communal areas 	Broomfield House Bulford Greenlands Hope Corner Lane Newton Road Robins Close Roland Close Wellesley Street
<p>Extra Care Housing</p> <ul style="list-style-type: none"> • Accommodation specifically for older people (pension age) or younger with a disability. • Provision of meeting hall, laundry, office, • Specialist equipment i.e. movement sensors/door entry systems, Call system (including regular contact calls if required). • Care provision co-ordinated and monitored and staff presence • Cleaning of communal areas 	Darby Way Heathfield Drive Middleway Moorland Place Parmin Close Taunfield Close

Appendix 7**Venue's, dates and times of meetings. To discuss proposals for Sheltered Housing In Taunton Deane.**

Meeting hall at:	Day	Date	Time
Bulford, Wellington	Monday	6 th December 2004	2.00-3.30p.m.
Darby Way, Bishops Lydeard	Friday	17 th December, 2004	10.30-12.00p.m.
Heathfield Drive, Monkton Heathfield	Tuesday	14 th December 2004	2.00-3.30p.m.
Lodge Close, Wellington	Monday	13 th December 2004	2.00-3.30p.m.
Middleway, Taunton	Tuesday	21 st December 2004	2.00-3.30p.m
Moorland Place Taunton	Wednesday	22nd December 2004	2.00-3.30p.m
Newton Road, Taunton	Wednesday	15 th December 2004	2.00-3.30p.m
Parmin Close, Taunton	Tuesday	7 th December 2004	2.00-3.30p.m
Tauntfield Close, Taunton	Monday	6 th December 2004	10.30-12.00

If you would like to attend any of the above meetings and need help with transport please let your Scheme Manager or Support Worker know.

FEEDBACK FROM QUESTIONNAIRE

Scheme	re si de nt s	TOTAL RET'D PER SCHE ME	Respons e as % of Scheme	S/Plan comple ted	Copy of S/Plan receiv ed	No. of comments received re Support Workers	No of general comments rec'd
Bovet/George St	34	14	41%	13	13	7	5
Bovet/Holyoak e*	39	11	28%	5	2	6	4
Broomfield Hse*	34	15	44%	10	11	9	
Bulford	90	36	40%	34	32	14	9
Creedwell Orchard *	14	8	57%	4	3	3	4
Dorchester Rd	25	13	52%	13	13	11	5
Darby Way	31	15	48%	15	15	4	5
Dowell Close	30	12	40%	10	11	7	4
Greenlands*	30	12	40%	8	7	11	6
Heathfield Drive	32	19	59%	3	2	8	11
Hope Corner Lane*	24	6	25%	5	5	2	3
Middleway	33	10	30%	8	8	4	5
Monmouth Road	30	13	43%	10	9	3	5
Moorland Place	39	7	18%	3	1	5	4
Newton Road	31	19	61%	18	18	4	2
Normandy Drive*	29	15	52%	14	12	9	6
Parmin Close	30	18	60%	10	9	9	5
Polkesfield	27	9	33%	6	0	4	5
Robin Close	30	9	30%	7	6	6	4
Roland Close*	28	9	32%	8	4	3	5
Tauntfield Close	42	12	29%	12	11	6	8
Treborough Close	33	24	73%	22	20	7	7
Wellesley Street	30	14	47%	11	10	4	4
Victoria Gate*	30	13	43%	10	8	6	5
*no resident staff		333	Avg 42%	259	230	152	121

Appendix 9

Details of meetings at Sheltered Housing Schemes

Venue	Date	No attended	TOTAL
Bulford, Wellington	6 th December 2004	18 from Bulford 2 George St 1 Holyoake, 1 Squirrel Crt	21
Darby Way, Bishops Lydeard	17 th December, 2004	16 from Darby Way	16
Heathfield Drive,	14 th December 2004	20 Heathfield Drive 3 School Road 1 Richards Crescent	24
Lodge Close, Wellington	13 th December 2004	NONE	NONE
Middleway, Taunton	21 st December 2004	2, Treborough Close 7 Middleway	9
Moorland Place Taunton	22 nd December 2004	1 Treborough Close 1 Crossway, 5 Moorland Place	7
Newton Road, Taunton	15 th December 2004	6 from Newton Road	6
Parmin Close, Taunton	7 th December 2004	17 Parmin Close, 1 Dorchester Rd, 2 Dowell Close, 2 Milton Close, 2 Normandy Drive, 1 Slapes Close, 1 Roland Close,	26
Tauntfield Close, Taunton	6 th December 2004	25 Tauntfield 1 Greenlands 1 Slapes Close, 1 Victoria Gate	27

Total number who attended meetings 136 = 17%

Information regarding rehousing of staff

Staff I.D. No.	Length of Service yrs	Under-occupation	No potential for future use	No urgent financial need to sell the property
1	2	1 bedroom	Not required for benefit of scheme	Not known
2	5	2 bedrooms	Not required for benefit of scheme	Not known
3	4	2 bedrooms	Not required for benefit of scheme	Not known
4	12	none	Not required for benefit of scheme	Not known
5	7	2 bedrooms	Maybe required	Not known
6	2	1 bedroom	Not required for benefit of scheme	Not known
7	3	2 bedrooms	Not required for benefit of scheme	Not known
8	14	2 bedrooms	Maybe required	Not known
9	3	none	Not required for benefit of scheme	Not known
10	4	none	Maybe required	Not known
11	27	2 bedrooms	Not required for benefit of scheme	Not known
12	10	2 bedrooms	Not required for benefit of scheme	Not known
13	5	1 bedroom	Maybe required	Not known
14	7	2 bedrooms	Not required for benefit of scheme	Not known
15	2	1 bedroom	Not required for benefit of scheme	Not known
16	22	2 bedrooms	Not required for benefit of scheme	Not known

Appendix 11

Comments added to the Questionnaire's

Comments about Support Workers:

1. Very helpful – I like seeing the different people and having a chat – if I have had any questions they have always given me answers – and find it a good service.
2. The service is excellent
3. Our Support Worker is very friendly and helpful
4. Well satisfied with current level of contact
5. The service is absolutely fine
6. I am very satisfied with the service carried out by the Support Workers. They really do a wonderful job.
7. Very good, cheerful and helpful service.
8. Support Workers by phone are very helpful and nice people to talk to, also by piper cord, the box
9. The previous Warden flat has now been converted to an office and I am quite satisfied with the service I receive. It is the same as I received when there was a resident Warden.
10. Excellent service
11. The service we have received in the past year when our Scheme Manager has been sick leave or holiday has been excellent. The reliability of the service has been appreciated.
12. Please continue the morning call by intercom to ensure all is well or to obtain help.
13. All of the Support Workers are extremely kind and considerate and much appreciated.
14. Excellent service from all employees of Kilkenny.
15. I have stress problems, therefore regular contact is very important.

General comments about improving the service:

1. A pleasant Scheme Manager
2. I am satisfied with the Support I get from the Scheme Manager and staff at Kilkenny Court
3. The daily calls gives my family peace of mind.
4. Its nice to know somebody cares and keeps an eye on you
5. I do feel that there should be no favouritism i.e. some residents being helped more than others which is the case in this particular area.
6. I feel that each resident should be treated on an equal basis
7. What services are currently on offer? What services are we currently charged for?
Some gaps in my understanding
8. Thank you for your very thorough attempts to access our needs, much appreciated.
9. By providing Central Heating as a cronic angina sufferer, storage heaters are no good.
10. Provide a guest room and meeting hall
11. Some kind of community transport to help me with keeping Dr's appts and collecting prescriptions.
12. Provide transport to help with shopping
13. Grass cutting poor
14. It would be helpful to have the leaves cleared
15. Would like stronger front doors with dead locks
16. Gardeners still not good enough, whole outside area could do with a good clean.

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 12th JANUARY 2005

REPORT OF THE FINANCIAL SERVICES MANAGER

This matter is the responsibility of Executive Councillor Williams (Leader of the Council)

TREASURY MANAGEMENT UPDATE 2004/05

EXECUTIVE SUMMARY

- The Bank of England base rate is currently at 4.75% with the expectation of downward movement to 4.25% by end of 2006.
- Investment income generated to end of quarter two, £110,000 over budget, with no further increases anticipated.
- £2m of debt externalised to take advantage of cheaper borrowing.
- Investments outstanding £24,700,000 on 04/01/05 (£19,025,000 on 07/06/04)
- Average return on investments remains in excess of 4.00%. (4.16% -5.40% June 2004)

1. Purpose of Report

- 1.1 To update the Executive on the current position for treasury management activities in 2004/05, and to raise any issues regarding the remainder of this financial year and into the next financial year.

2. Interest Rates

- 2.1 Since the last Treasury Management report in June 2004, the Bank of England, via the Monetary Policy Committee (MPC), has increased base rate from 4.50% to 4.75%, in August 2004, and maintained it at this level since then. The general consensus is that interest rates have now peaked and that any future movement should be downward. Sector, the Council's treasury management advisors, have indicated that this trend will commence early in 2005, moving towards a forecast level of 4.25% by the end of 2006.

- 2.2 As current rates are above original expectation, there has been an increase in investment income, as reported in quarter 1 budget monitoring (upward revision of £110,000). In line with 2.1, this trend is not expected to continue and no further increases are being forecast at this stage of the year.

3. External Debt

- 3.1 On the advice of Sector, and in order to take advantage of low borrowing rates coupled with a forecast increase in those same rates, in mid December, officers 'externalised' (replaced actual debt borrowed from our internal resources with borrowing from the Public Works Loan Board) £2m worth of debt, for a period of 25 years at 4.65%.

3.2 By doing this, the Council was able to reduce the interest cost of borrowing and ensures that actual external debt levels more closely match our underlying requirement to borrow for capital purposes.

4. Investment Transactions

4.1 As at 4th January 2005, sums totalling £24,700,000 were invested as set out in Appendix A.

4.2 At the end of 2004/5 it is expected that at least £6-8 million will remain invested, with the remaining investments drawn down to meet cash flow demands between now and 31/03/05.

4.3 The average rate of interest achieved on all new investments during 2004/05 to date still remains well in excess of 4.00%. This is in line with the levels stated in the last report of between 4.16% and 5.40%.

5. Effect on Corporate Priorities

5.1 Treasury Management impacts on all aspects of the Council's revenue and capital finances and therefore affects all Corporate Priorities.

6. Recommendation

6.1 The Executive is requested to note the treasury management position to date for 2004/05.

Background Papers: Executive 11th February 2004, Annual Investment Strategy; Executive 10th March 2004, Treasury Management Strategy Statement 2004/5; Executive 23rd June 2004, Treasury Management Update.

Contact: - Steve Murphy
Principal Accountant
Tel: 01823 331 448
E-mail: j.murphy@tauntondeane.gov.uk

Appendix A

Investments At 4th January 2005 (in Order of Maturity)

Borrower	Amount £	Rate of Interest %	Date of Investment	Date of Maturity
Leeds & Holbeck Building Society	1,000,000	4.85	01/10/04	06/01/05
Leeds & Holbeck Building Society	1,000,000	4.82	19/10/04	19/01/05
Stroud & Swindon Building Society	1,000,000	4.81	27/10/04	27/01/05
Derbyshire Building Society	1,000,000	4.81	01/11/04	01/02/05
West Bromwich Building Society	1,000,000	4.81	01/11/04	01/02/05
Dexia Banque a Luxembourg SA	1,000,000	4.77	04/01/05	04/02/05
Newcastle Building Society	1,000,000	4.77	15/12/04	15/02/05
Derbyshire Building Society	1,000,000	4.76	15/12/04	15/02/05
Skipton Building Society	1,000,000	4.75	15/12/04	15/02/05
Scarborough Building Society	1,000,000	4.79	22/11/04	22/02/05
West Bromwich Building Society	1,000,000	4.78	26/11/04	28/02/05
Dexia Banque a Luxembourg SA	1,000,000	4.55	05/03/04	04/03/05
Principality Building Society	1,000,000	4.79	04/01/05	22/03/05
Newcastle Building Society	1,000,000	4.70	15/04/04	14/04/05
Cheshire Building Society	1,000,000	4.90	15/10/04	14/04/05
Norwich & Peterborough Building Society	1,000,000	5.00	17/08/04	17/05/05
Cheshire Building Society	1,000,000	5.13	18/11/04	17/05/05
Nottingham Building Society	1,000,000	4.88	27/10/04	27/05/05
Nottingham Building Society	1,000,000	4.99	01/10/04	01/08/05
Stroud & Swindon Building Society	1,000,000	5.40	19/11/04	18/11/05
Abbey National Business Reserve	2,000,000	4.75	N/A	On Demand
Bank of Scotland Business Reserve	1,030,000	4.81	N/A	On Demand
Royal Bank of Scotland	1,670,000	4.00	N/A	On Demand
TOTAL	24,700,000			