

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE – 4 APRIL 2007

REPORT OF THE HEAD OF HOUSING AND THE HOUSING ACCOUNTANT

This matter is the responsibility of Executive Councillor Edwards

RESTRUCTURE OF THE HOUSING SERVICE

EXECUTIVE SUMMARY

This report details the proposed restructure of the Housing service including the financial and operational impact. In total there are 16 redundancies proposed which will be funded from underspends within 2006/07 and the HRA working balance.

1 Purpose of this Report

- 1.1 To confirm the reorganisation of the housing service and the consequent redundancies, and to request approval from Full Council of a supplementary estimate from HRA reserves.

2 Background

- 2.1 Members will remember that the 2007/08 HRA budget included indicative budgets that covered the four years to the Decent Homes target date of 2010.
- 2.2 As part of the budget setting process the Housing Managers were required to find savings of £1.85m per year for each of these years to ensure that Decent Homes could be delivered.
- 2.3 The budget setting report, which went to the January Tenants Forum, Housing Review Panel and Review Board and the February Executive meeting, outlined how these savings would be achieved. This included an outline of a Housing restructure that would save the service some £550,000. It was also reported to members that full detail of the restructure including costs and savings would be reported to Executive at a later date.
- 2.4 The purpose of this report is to give these details to Members.

3 Savings from Restructure

- 3.1 Officers have carefully considered the structure of the Housing Service. We have recommended cuts in the management and support roles.
- 3.2 Officers are proposing to reduce the management team of the Head and five Service Unit Managers to three SUMs, one of who should be senior to the other two. Further cuts have been made in Asset

management (1 post), Building Management DLO (3 posts) and Housing Strategy (1 post). Please see attached Appendix 1 for detail of the proposed housing structure. The impact of these redundancies is to reduce management and support services but at the same time take on new Government initiatives and ensure that we have sufficient operational staff to deliver our services.

- 3.3 In total eight posts have been shed through natural wastage, voluntary redundancy and reorganisation. All staff have been informed of their situation. Additionally eight Deane DLO painters are taking voluntary redundancy and the costs of these have been reported to Executive through the budget monitoring process.
- 3.4 Members will be pleased to note that this reorganisation has allowed us to reinstate the post of Energy Efficiency Officer from 1 May 07, which will give the Council proper focus to this important area of work.
- 3.5 It has been calculated that the ongoing savings of these deleted posts equate to £550k per year.
- 3.6 Further detail of the savings is given as Appendix 2.

4 Cost Implications

- 4.1 We have now been able to calculate the costs involved in the redundancies.
- 4.2 In total there will be 16 redundancies and the total cost of these is £619k. This includes the upfront total capital costs involved in releasing pensions, where applicable, and the redundancy payments. Further detail of these costs has been included as Appendix 3. Members should note that as far as possible these redundancies have been mitigated through the removal of vacant posts and a total of 4 vacant posts have been deleted from the proposed new establishment. Appendix 4, which is confidential, and considered separately on this agenda details the specific one off costs attributable to each redundant officer.
- 4.3 Members should note that officers consider this restructure necessary in order for the Council to achieve the savings necessary to deliver Decent Homes. This restructure will enable the Council to make significant savings within the HRA of £550k per annum and this money will be diverted to fund the Decent Homes capital works. The overall payback period of the costs is 1.1 years, however of course this money will not be realised in the HRA until after the Decent Homes deadline. After that period it is anticipated that these monies will be repaid and this will be built into the HRA MTFP.
- 4.4 There will be ongoing costs involved in these redundancies, being the cost of our ongoing contributions to the pension fund. This cost has

been calculated as £8,700 p.a. and this cost has been offset against the savings reported in section 2 above.

- 4.5 As nine of the redundancies will have already taken place in 2006/07 the cost to be paid in that year amounts to £147k with the remaining £472k to be paid in 2007/08. The cost in 2006/07 has been verbally reported to the February Review Board via the Quarterly Joint Performance Report
- 4.6 As part of the budget monitoring process Members have been made aware of the estimated budget position for the HRA at the end of the financial year. It is proposed that the costs in the current year are funded from 2006/07 underspends which have been already reported. The costs in 2007/08 will be funded in part from these underspends and in part from the working balance.
- 4.7 The table below shows the impact of the restructure on the forecast working balance of the HRA:

	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000
Current Balance	1,982	2,321	2,225	1,872	1,413
Budgeted in year surplus/ (deficit)	0	376	(353)	(459)	(588)
Expected Underspend 2006/07	486	0	0	0	0
One off costs of redundancies/pensions etc	(147)	(472)	0	0	0
Revised Forecast Balance	2,321	2,225	1,872	1,413	825
Approximate Amount held per dwelling	£378	£364	£308	£233	£136

- 4.8 Members may note that the forecast balance available per property in 2010/11 falls to below the recommended amount specified by the Audit Commission of £150 per dwelling. Officers are reviewing options to ensure that the working balance is increased above the minimum amount – this includes reviewing the final 2006/07 outturn position once known and also considering the most effective way of financing the capital programme. The level of savings required is only £19k per annum and therefore officers do not consider this to be of particular concern at this time.

5 Corporate Priorities

- 5.1 Members should note that this restructure impacts upon the following corporate priorities:
- Delivery and Health. As the budget setting reports demonstrated, this restructure will enable the Housing

Service to deliver Decent Homes to all of its tenants by the deadline.

6 Recommendation

- 6.1 The Executive are asked to recommend to Full Council the proposed restructure of the Housing Service and a supplementary estimate from HRA reserves of £472k to fund one off costs in 2007/08.

Background Papers:

Executive 7 February 2007, Housing Revenue Account Revenue Estimates for 2007/08 – report of the Financial Services Manager.

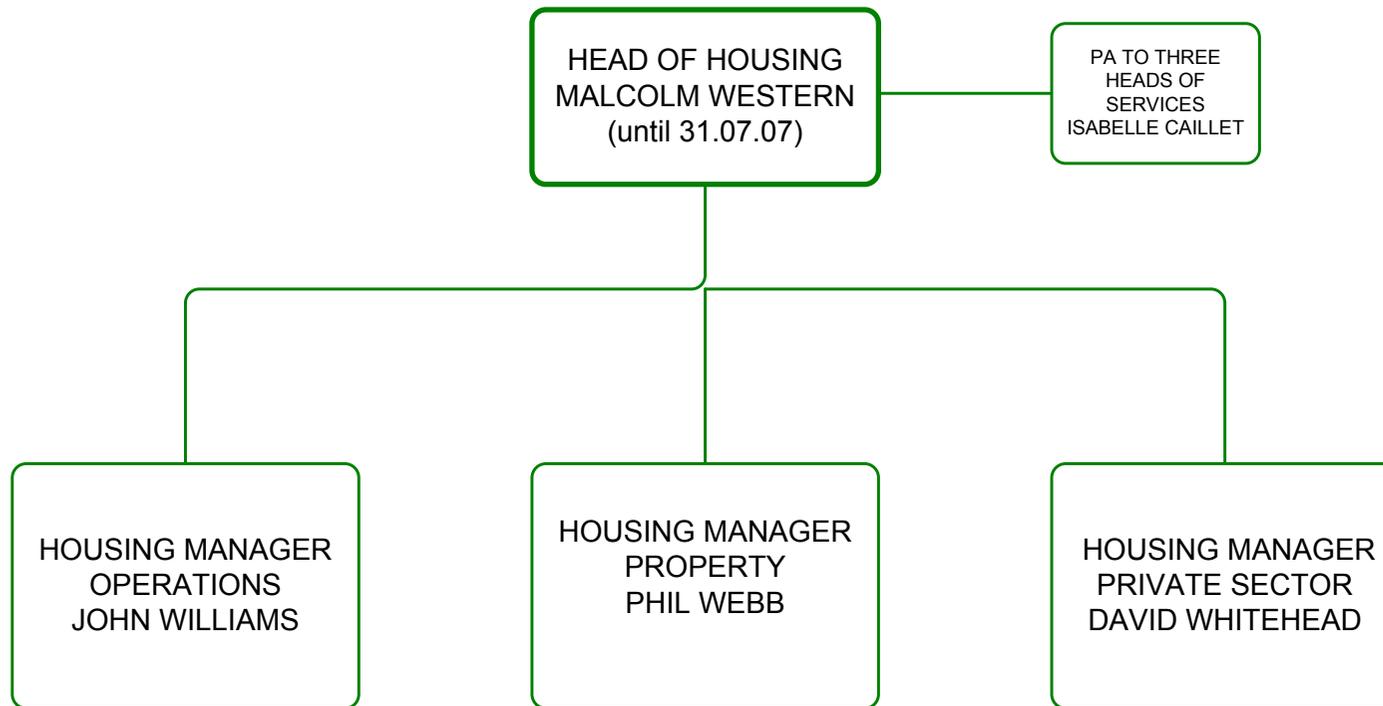
Contact Officers:

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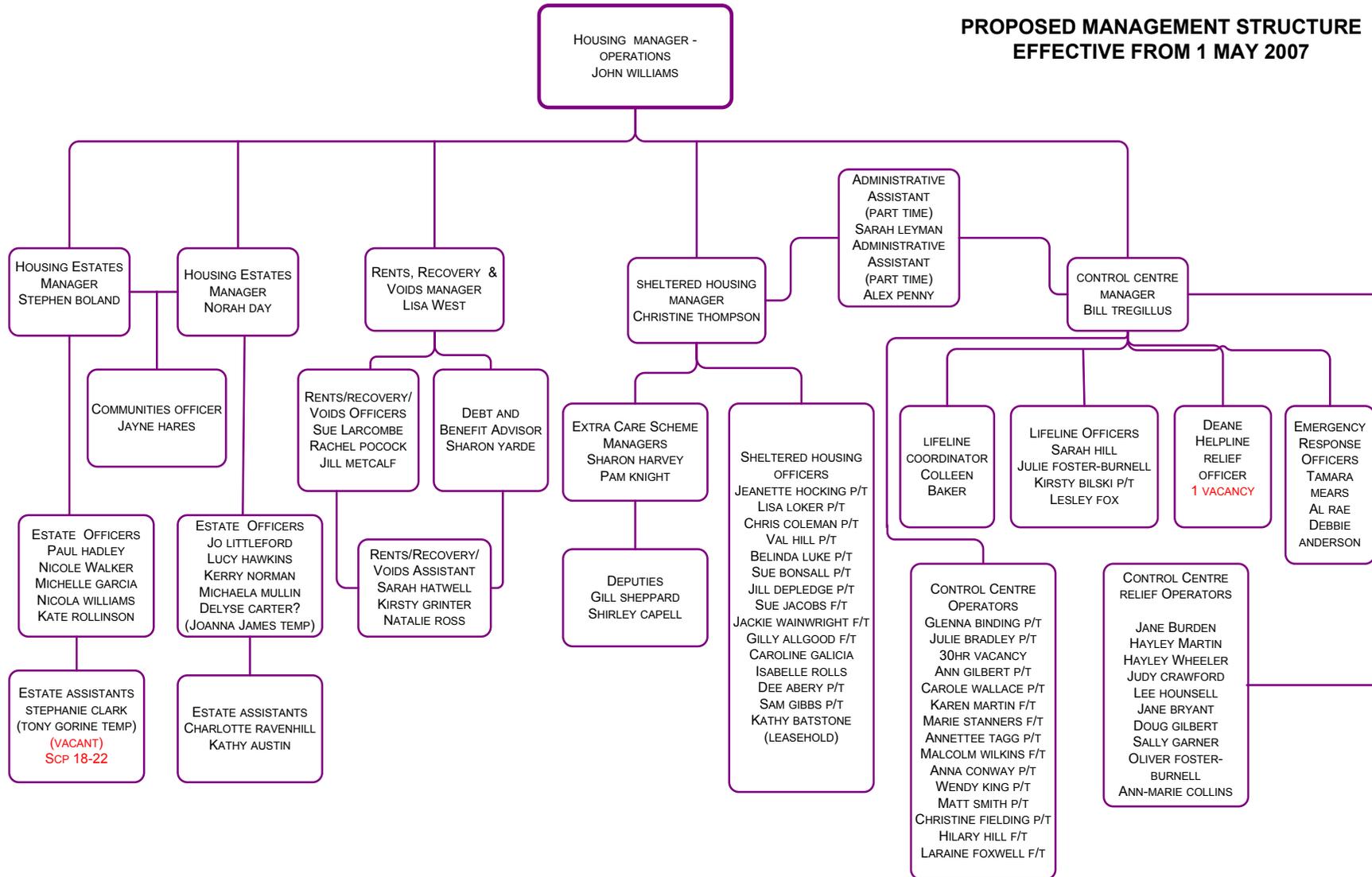
Simon Haskell, Housing Accountant, Tel: 01823 356421 Email: s.haskell@tauntondeane.gov.uk

PROPOSED MANAGEMENT STRUCTURE EFFECTIVE FROM 1 MAY 2007

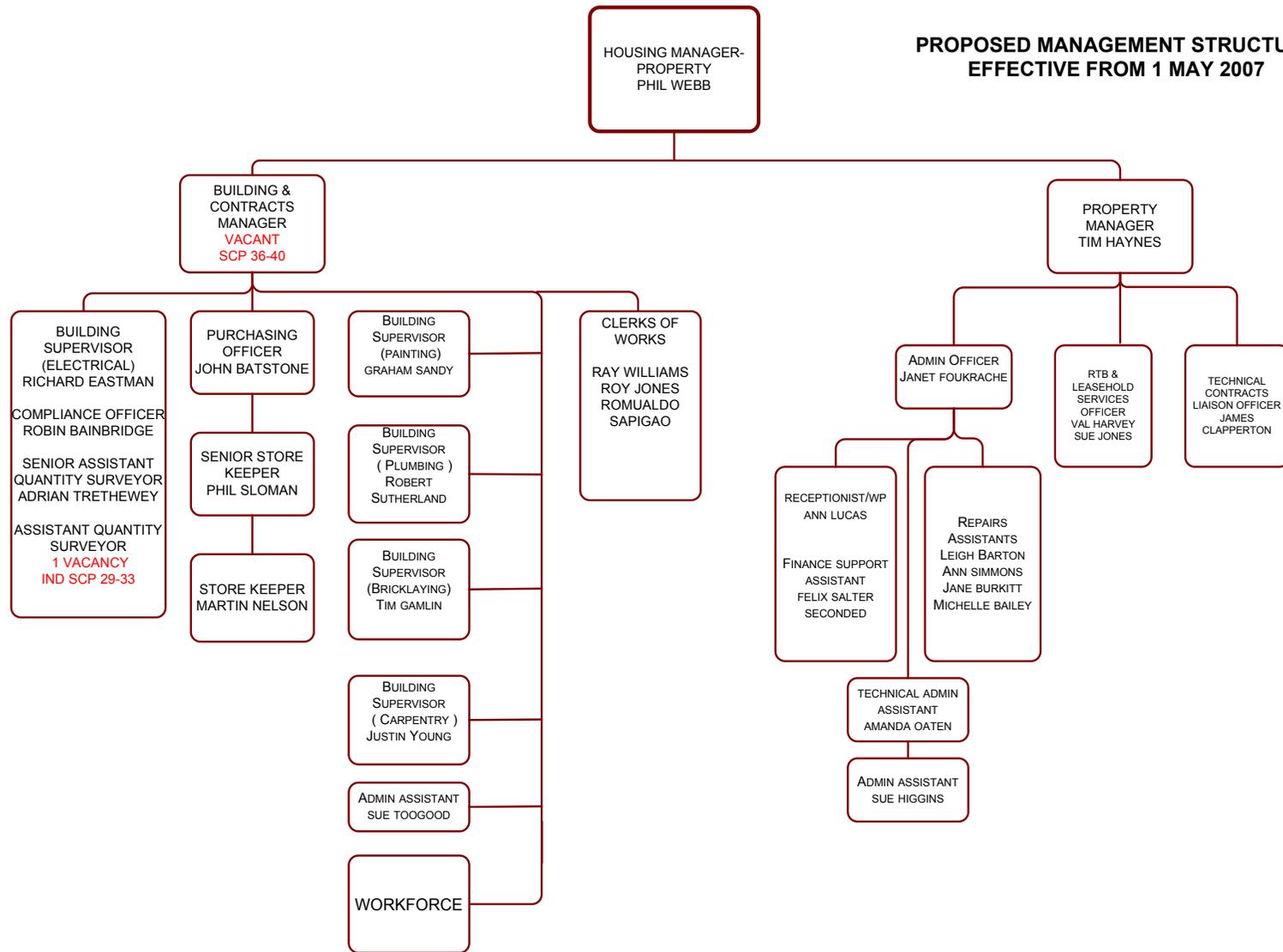
Taunton Deane Borough Council
Housing Services
Revised Management Structure



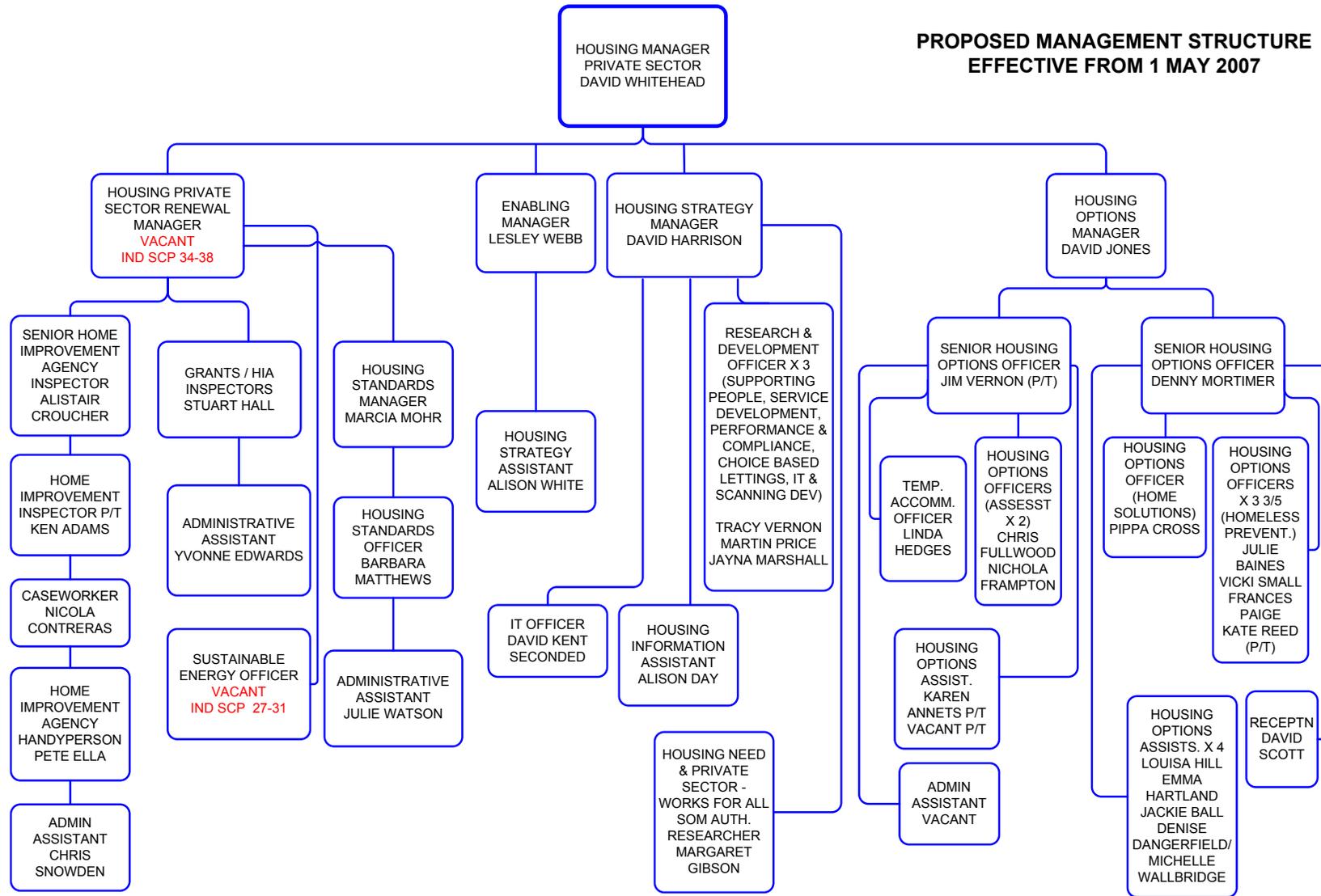
**PROPOSED MANAGEMENT STRUCTURE
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REPORT OF THE HEAD OF HOUSING

SAVINGS OF HOUSING RESTRUCTURE

Area of Restructure	Savings
	£
Property Services (including merger of Housing Asset Management and Building DLO Management)	433,000
Housing Operations	25,000
Elderly Services	33,000
Head of Housing	34,000
Housing Strategy	25,000
TOTAL SAVINGS	550,000

APPENDIX 3

COSTS OF HOUSING RESTRUCTURE

Area of Restructure	Cost
	£
Property Services (including merger of Housing Asset Management and Building DLO Management)	417,000
Elderly Services	80,000
Head of Housing	28,000
Housing Strategy	94,000
TOTAL SAVINGS	619,000