

Report subject	Housing Management Model
Meeting date	13 April 2022
Status	Public Report
Executive summary	This report brings forward the recommendations required to establish the new operating model for council housing services. It will recommend the cessation of the management agreement for services delivered from Poole Housing Partnership and set out the new operating model and approach to service delivery under BCP Homes. The recommendations will enable the ending of legacy approaches for housing the creation of new service models embedded within the council and operating under new refreshed service models.
Recommendations	<p>It is RECOMMENDED that:</p> <ul style="list-style-type: none"> i. Cabinet approves the Termination Agreement to describe and novate all current assets and liabilities from PHP into BCP Council ii. Cabinet approves the termination of the PHP management agreement and delegates authorisation for the final decisions in relation to the closure of PHP and the establishment of BCP Homes to the Chief Operating Officer in consultation with the Cabinet Member for People and Homes iii. Cabinet approves the establishment of a Housing advisory board to oversee delivery of all HRA funded activities and the establishment of, and ongoing development of the resident involvement structures as described in the paper iv. Cabinet approves the new Housing Management operating model
Reason for recommendations	These recommendations will enable the required actions which will dissolve the current legacy arrangements and create the new operating model for housing services.

Portfolio Holder(s):	Councillor Karen Rampton
Corporate Director	Jess Gibbons
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Wards	Council-wide
Classification	For Decision

Background

1. The council owns approximately 9,500 properties that make up its social housing stock and services to these are funded and managed through its Housing Revenue Account (HRA). These homes are situated across multiple wards and deliver general need, sheltered and extra care homes, as well as some shared ownership properties. There are also a further 1,139 leasehold homes that fall within the management responsibility of the HRA. There are no council owned properties in Christchurch as these were transferred to a Housing Association many years ago.
2. The management arrangements for these homes currently reflect the legacy approach of the previous councils. The homes in Bournemouth are managed “in house” within the officer structure of the housing service unit. The homes in Poole are managed by Poole Housing Partnership which is a council owned company but has a management agreement that sets out roles and responsibilities for delivery of services across Poole.
3. The approach to the delivery of housing services for those living in council owned homes has seen much discussion in recent years. The Grenfell tragedy in 2017 has focused discussion around how to ensure buildings are safe and fit for purpose as well as how residents can influence landlords and shape how services are delivered, as well as complain and seek redress when unhappy about issues. These discussions have culminated in the Building Safety legislation that is expected to become law in the summer of 2022 and the Housing White Paper that will transform into a Housing Bill to be introduced sometime in 2022.
4. Both pieces of legislation will place extra duties on councils with regards to the homes that it owns. There will be a requirement to identify accountable officers for Building Safety, Consumer Standards and Complaints. Councils will be required to report against national Tenant Satisfaction Measures and will also see a national inspection regime introduced similar to that already in place for Housing Associations. The focus will be on ensuring that homes are safe but also that local residents are engaged and involved in decision making and supporting wider neighbourhood development in their areas. The approach is designed to mark a sea change in current delivery methods.
5. The increased focus on housing and changing demands for councils made it pertinent that BCP Council focus on its own delivery approaches. It was also recognised that continuing with the legacy approaches was not sustainable and

it was essential to bring together operating models to ensure BCP Council could meet the challenges moving forward. During 2020 and early 2021 BCP Council considered a range of approaches that could be used to deliver services and in July 2021 considered the recommendations arising from this work. This set out that the councils preferred operating model was one delivered from within the council but that drew on best practice from both legacy approaches. Cabinet also approved these specific recommendations;

- a) The proposed objectives of a new combined service within the council
 - b) The preferred governance model for a new combined service within the council overseen by an advisory board
 - c) The outline principles of governance arrangements for the advisory board
 - d) The commencement of extensive consultation with all council housing tenants/leaseholders and other stakeholders on the preferred model and the future nature of services to be delivered.
6. Since this date further work has been undertaken to support this approach and to be able to bring forward recommendations for the delivery of the new combined service setting out how this will work and where it will sit within the council.

Consultation

7. Following the Cabinet decision to consider a new delivery model, BCP consulted with all 10,000 (approx.) households that live in council owned properties. This consultation took place between August and November 2021 and asked for views on the following areas
- a. Whether households agreed or disagreed with the proposal to bring the housing landlord services into 1 service run from within the council?
 - b. Whether households agreed or disagreed with the proposed objectives of this new service?
 - c. How satisfied were residents with current services?
 - d. What currently works well and what could be improved?
 - e. Which 5 service areas were most important to households?
 - f. How do households wish to be communicated with and how can they be better involved in services?
8. Just over half (51%) of residents agreed with the proposed way forward with slightly more agreement in Bournemouth (56%) than in Poole (46%). However, another 27% neither agreed nor disagreed giving confidence that the proposed way forward is supported by residents. There was little commentary regarding the proposed objectives with most households responding they agreed with them.
9. 78% of households reported that they were satisfied with their current service with only 6% very dissatisfied. Within this level of satisfaction there were varying results for different service areas. Overall satisfaction with the quality of their home and satisfaction with the safety and security of their home scored highly; 86% and 82% respectively. However only 44% reported being satisfied with the way ASB is handled, 52% were satisfied with opportunities to be involved and 55% were satisfied that they felt part of their community. 75%

were satisfied with the repairs and maintenance service which was reassuring as this service was rated the top priority for 90% of residents.

10. Questions around communication channels gave important feedback on how best to give and receive information. Only 63% of households reported that they had internet in their homes, and this dropped to 38% for those households in the 75+ age range. The telephone remained the 1st choice for all respondent groups when looking for information (86%) with only 21% reporting that they would look on the website.
11. Full details of the consultation results can be found in Appendix 1 which provides a further breakdown of responses and key issues raised. The consultation however provides confirmation that the proposed change in landlord delivery is supported by residents and the council can bring forward recommendations based on the approach described in the July 2021 report.

Recommended Approach

12. This report sets out a number of recommendations that will establish the new operating and governance approach, which builds on the consultation feedback, and has been influenced and supported by a joint resident liaison group of Bournemouth and Poole residents. The recommended approach will set out a service structure that reflects and builds on the wider council operating model, ensuring that benefits from the smarter structures and wider transformation changes are achieved across housing as well as delivering benefits for front line services. The management of the approach will be brought together under a new advisory board and underpinned by a new approach to resident involvement that will support and challenge service delivery across all areas.
13. The operating model brings together services in an in-house team that will be branded as “BCP Homes”. It was felt important to give the service a specific name as this ensures that it has a distinct identity, supporting the culture of this new service delivery model while set within the wider context of the council. The development of the name included several stakeholders across BCP including officers, residents, the BCP Communications Team and councillors.
14. Departmental names that were considered were believed to be confer elements of stigmatisation around social housing and this was strongly resisted by residents. All stakeholders felt that it was important to reference the area abbreviation of ‘BCP’ for Bournemouth, Christchurch, and Poole, to reinforce that this is an in-house service and not a move to another model, such as a Housing Association. Consideration was given to a range of options but the preferred option for most stakeholders was BCP Homes. This was felt to give a distinct identify, contained BCP in its title and used the term “homes” to reflect the nature of the service being provided.
15. BCP Homes will contain the main housing management teams that support the delivery of services as well as being supported by several other teams across the council to bring together a coherent resident-centric service. This approach is in line with the wider councils operating model and recognises the ongoing development of the business partner model that will ensure that the right service is provided in the right place for each resident.
16. Table 1 sets out the proposed operating model and how key resident related services are expected to be delivered.

Table 1	BCP Homes	Other BCP Teams	Notes
Tenancy Management (General Needs and Older People)	√		
Rent and Service Charge collection	√		
Low / medium level support and sustainment	√		
High Level support for residents with complex issues		√	Via Housing Options & Partnerships
Neighbourhood inspections	√		
Resident Involvement	√		
New Tenancy Sign Up and Management	√		
Complex Anti Social Behaviour Management		√	Via BCP Communities
Resident Engagement		√	Via BCP Communities
Customer Contact / Triage / Repairs Helpdesk		√	Expect to transition to wider BCP customer team as work develops
Complaints		√	Expect to transition to wider BCP complaints team as work develops
Emergency and Response Repairs		√	Via BCP Repairs Team
Health & Safety Compliance		√	Via BCP Facilities Management
Cyclical Maintenance		√	Via BCP Facilities Management
Planned Maintenance		√	Via BCP Facilities Management
Major Capital Projects		√	Via BCP Facilities Management
Strategic Asset Management		√	Via BCP Facilities Management
New Build		√	Via BCP Development Team
Accountable Officer for Consumer Standards and Housing Ombudsman	√		
Accountable Officer for Building Safety		√	

17. All corporate services will be delivered from the BCP corporate teams already in place. This is no change for Bournemouth services but will mean that PHP officers currently employed in corporate roles will transition across. The expected establishment numbers of BCP Homes is estimated to be 117.42 FTE officers, of which 50.25 FTEs will transfer from the current BCP in house service and 67.17 FTEs from PHP. An additional 34.35 FTE officers will transfer from PHP to other teams across the council and this reflects that there are already 40.26 FTE BCP officers funded by the Housing Revenue Account within other teams. It should be noted that these numbers may vary slightly following the TUPE discussions which will take place in May and June prior to the change.
18. HRA services outside of housing management will be delivered from wider BCP teams, reflecting the councils operating model. The largest team that will be required to support the operation of the BCP Homes objectives and to support the Advisory Board is the Corporate Facilities Team and this will be delivered via the corporate partner approach under development.
19. The council is required to identify accountable officers for Housing Consumer Standards, all Housing Ombudsman issues and Building Safety. The first of these two roles will be held by the lead officer for BCP Homes and will provide oversight and challenge for the Advisory Board to discharge the duties required in this role. The accountable officer role for Building Safety will be delivered by the Director responsible for Facilities Management who will ensure that all legislative measures are in place.
20. The delivery of these changes will be managed under agreed HR processes already in place. For PHP officers TUPE considerations will apply and this work is expected to take place during May 2022 to enable the go live date of July 1st.
21. BCP Homes will be a core service within the council and will be managed within the Operations Directorate reporting to a defined Director. The final structure to deliver this will be consulted upon with the final operational decision delegated to the Chief Operating Officer in consultation with the portfolio holder for People and Homes as part of the establishment of BCP Homes.
22. It is recognised that the creation of BCP Homes is the start of a wider transformative journey for the service. The approach to service change is expected to mirror that used for local government reorganisation in 2019. Staff will transfer into the new arrangements in a "lift and shift" approach that will place similar teams working alongside each other but delivering the same service, but within a core team that reflects the new council operational model. This will enable further transformational change to be delivered.
23. In addition to the work that the service teams will deliver to bring together service delivery, the service will also be shaped and developed by the wider transformation approach being delivered across the council with KPMG. The delivery of new operating models and platforms will allow housing to truly transform how it works and deliver services to residents. The change agenda will be closely monitored to allow the delivery of change in the right way and hearing the right voices to ensure that services are aspirational and meet the national requirements enshrined in the white paper.

24. The delivery of service within BCP Homes as well as the wider BCP teams will be overseen by a new Housing Advisory Board. This Board will bring together discussions on housing services funded through the Housing Revenue Account and provide a strong focus for the delivery of the housing white paper requirements. Cabinet is recommended to approve the establishment of this Board as part of this approach.
25. The shape and nature of the Advisory Board is set out in Appendix 2 and can be summarised as set out below
- a. The Role and Purpose of the Board –
 - to provide oversight of services funded and delivered by the Housing Revenue Account (HRA), providing assurance to the council that these are being managed appropriately and providing a clear line of sight into the council decision making processes for residents as required by the housing white paper
 - b. Services within the remit of the Board –
 - all services funded by the HRA, with particular focus on housing management and housing maintenance services
 - c. The formal links with the council and the constitution –
 - An annual report is expected to be provided to Cabinet and CMB describing issues considered and assurance given, with the opportunity for officers or councillors to highlight any emerging issues through normal routes outside of this
 - d. Scheme of delegation –
 - noted that the Board is advisory, and that officers and councillors would hold delegated authorities as set out in the wider scheme of delegation with no decision making powers passed to the Advisory Board.
 - e. Membership of the Board – The Board will comprise of the following
 - 3 councillors (the portfolio holder for housing + 1 councillor from the governing group and 1 from the opposition)
 - 4 independents
 - 4 residents (2 from Bournemouth and 2 from Poole)
 - f. Arrangements for Chair and co-Chair –
 - the portfolio holder will chair the Board and Board members will elect a co-Chair from across the independent or resident members of the Board
 - g. Code of Conduct –
 - a formal code of conduct will be developed setting out expected behaviours and training
26. The Board will be supported by the lead officer for BCP Homes who will agree with the Chair and co-Chair the annual programme of work for the Board and ensure this programme is planned and delivered appropriately.

27. In addition to the Advisory Board, it is recommended that the Council formally adopt an enhanced approach to resident involvement and scrutiny. This approach will ensure that the aims of the Advisory Board are supported and has access to a range of resident views to discuss how and when service are delivered. The recommended approach has been developed by the “Joint Resident Group” which has representatives from across Bournemouth and Poole and is supporting the delivery of the wider project. The Group looked at the current models in place and how these can be developed to ensure that residents are involved in service development, design and scrutiny across the new arrangements. This approach is separate to wider engagement although will use much of the same approaches and will seek to complement this wider role.
28. It is recommended that Cabinet approves the following approach to resident involvement –
- a. Inclusion of 4 resident representatives on the BCP Homes Advisory Board (as described in 22e above)
 - b. Creation of a formal Resident Committee made up of 14 residents that consider strategic issues facing BCP Homes, providing these views to the Advisory Board
 - c. Creation of 4 Panels or engagement opportunities focused on housing management, asset management, communication approaches and resident scrutiny that will incorporate wider resident views
29. There is further work to do to deliver an approach that is inclusive and reflective of the local population, but this sets out the overarching themes within which it is believed that further developments can be delivered. The approach is in line with the national standards of good practice as set out by TPAS (national tenant participatory service) and is designed to ensure that the council can show strong engagement and discussions as required within the housing white paper.
30. It is anticipated that all the changes will take place following the decision to be made by full Council at the end of April. There are several pieces of work that can only start after the Council has approved the recommendations to establish the new service and these include the novation of assets and liabilities from Poole Housing Partnership, the TUPE discussions with staff as well as recruitment to the new Advisory Board. A high-level timetable of the actions required is held by the project team and these further actions mean that the expected go live date for the new service is 1st July 2022.
31. The transfer of the service will mean that the council will end its current management agreement with its arm's length management organisation (ALMO), Poole Housing Partnership (PHP) at the same time. The council currently holds a 30-year management agreement with PHP but it can issue a 6 month notice period outside of the designated 5 year break clause built into the agreement. It is recommended that as part of this process the council issues the 6-month notice period to the PHP Board as soon as possible, and no later than 10th May 2022.

32. To support the closure of the ALMO advice has been sought from Trowers & Hamlin who are specialists in council housing matters. It is proposed that the ALMO will seek a voluntary dissolution following the transfer of the service to the new operating model. This approach will require the delivery of a Termination Agreement between BCP Council and the PHP Board that will set out that the council agrees to honour all current assets and liabilities of PHP as well as agreeing the novation of these to the council as part of the establishment of the new service. It is recommended that the Council approves the Termination Agreement and presents this to the PHP Board. It is anticipated that on receipt of such Termination Agreement the PHP Board will consider a vote to waive the 6-month notice period, facilitating the go live date of 1st July 2022.
33. A key element of this discussion will be the treatment of the PHP pension liability currently held within the Dorset County Pension Fund. In line with several other public sector organisations there is a currently a deficit pension liability for PHP staff within the Fund. The council will require confirmation that this can be moved into the wider council scheme without any additional contributions being required made by either PHP or the council. These discussions have started and will need to conclude prior to any transfer.
34. While the new service is expected to go live on 1st July it is proposed to keep the ALMO in place until the end of July. This will allow any outstanding issues to be resolved and for the PHP Board to receive the audited accounts for 2021/22. The Board will then vote for a voluntary dissolution. Following this decision, it must not trade or have any activities for 3 months and at the end of that period BCP can request Companies House to formally strike it off.

Options Appraisal

35. The July 2021 cabinet report considered several options for service delivery. These included the following
 - a. Do nothing
 - b. Collapse the PHP service into the Bournemouth in house model
 - c. Collapse the Bournemouth service into the Poole model, renaming the current council owned company
 - d. Disband both current services and create a new local authority company with a board of directors and distanced from either of the 2 legacy services
36. Consideration was given to each of the options with a full options appraisal set out in the July 2021 Cabinet report. The conclusions can be summarised as follows;
37. The do-nothing option was not sustainable and to be able to maximise the benefits of local authority transformation there should be only one operating model for services delivered residents living in council owned homes.
38. Options b and c were rejected as both were a continuation of current service models when a sea change in requirements was required following the national debates around housing.

39. Option d was rejected as it did not provide the council with the desired clear line of sight to residents that is required under the housing white paper. It also did not allow the new company to access and benefit from the wider transformation programme being undertaken across the council, therefore excluding those residents from the benefits that would be seen elsewhere.
40. The option that was recommended was for a single new 'best of both worlds' service, clearly distinct from either of its predecessors, set up as a hybrid service with a form of 'advisory board', providing oversight, expertise and informed advice
41. This option was recommended as it was felt to deliver the following advantages.
- the 'tenants voice' would be closer to the landlord.
 - A clear line of sight/transparency and accountability for the council in the context of increasing regulation, accountability required by the landlord and an increased focus on safety.
 - connect, re-integrate and join-up with other council services to achieve better customer outcomes.
 - enable better delivery of the council's transformation journey to modernise and improve services.
 - greater control for the council of its assets.
 - no additional company overhead costs.
 - scope for securing further savings with economies of scale from operating in the wider council.
42. It was further noted that the recommended option should have a robust 'advisory board', providing oversight, expertise and informed advice as described in more detail elsewhere in the report. This reflected the approach taken by several other councils, including some which had recently changed from an ALMO model.

Summary of financial implications

43. The creation of the new management arrangements will bring together the current operating models that support the BCP Housing Revenue Account (HRA) already in place. This combined single account was created in April 2019 on the creation of the council and will continue in operation supported by a single operational business plan for the delivery of services.

Novation of PHP assets and liabilities

44. It is proposed that the PHP Board will approve the financial statements ending 31 March 2022 prior to its dissolution. The management accounts for the first 4 months of 2022/23 will be included in the management reporting for the council following the transfer.
45. All assets and liabilities held by PHP at the point of dissolution will be novated to BCP council (HRA and General Fund). PHP's audited balance sheet at 31 March 2021 is provided below (table 1) as an indicator of the type and scale of assets and liabilities that could be transferred.

PHP balance sheet 31 March 2021	£000	Comments
Fixed assets		
Investment properties (assured shorthold tenancies)	544	2 properties currently rented as assured shorthold tenancies. These properties will transfer to BCP council general fund ownership and then be leased to Seascope Homes & Property Limited for incorporation into their housing portfolio (subject to approval by Seascope Homes & Property Limited Board). It is assumed that the properties are of a good standard of accommodation. Annual rental income of around £20k for both properties, of which around 8% will be retained by Seascope Homes & Property Limited.
Beech House leasehold property improvements	166	This investment is currently depreciated on a straight line basis to the end of the lease. Will need to ensure this accounting treatment is consistent with the HRA fixed assets
IT equipment & FFE	75	This investment is currently depreciated on a straight line basis over 3 years for IT and 4 years for FFE. There are no PHP owned vehicles
Net fixed assets	785	
Debtors		
Amounts owed from BCP	212	Will novate - no issues
Trade debtors & prepayments	113	Will novate - no significant issues
Cash at bank	2,642	This bank account balance is already managed within the council's daily treasury management activities
Creditors		
Corporation tax on rental income	(8)	Will need advice re mechanism to pay liability after PHP dissolution
Other tax and social security	(336)	Will novate - no significant issues
Trade creditors, accruals and provisions	(1,374)	Will novate - no significant issues
Net current assets	1,249	
Net assets before pension liability	2,034	
Pension liability	(11,032)	This is PHP calculated share of Dorset County Pension Fund deficit (as calculated by actuaries and audited by PHP external auditors). Around 95 PHP employees. Pension Fund is revalued every 3 years - next valuation 31 March 2022 and will set contributions for the period 1 April 2023 to 31 March 2026
Net liabilities	(8,998)	

46. Assets and liabilities include ownership of two investment properties that are currently rented by PHP on assured shorthold tenancies. It is assumed that ownership of these will transfer from PHP to BCP council's general fund, and then subsequently leased to Seascope Homes & Property for annual rental. The general fund would therefore benefit from lease income from Seascope Homes & Property Limited. This approach will need to be approved by the Board of Directors for Seascope Homes & Property Limited.
47. Specialist advice regarding the pension liability may also be required including confirmation from Dorset County Pension Fund (DCPF) that PHP employees will be novated across into BCP council.
48. The council's external auditors will also need to be satisfied that the assets and liabilities novated from PHP are done so at a fair value and that all contingent liabilities are accounted for.

PHP management agreement

49. The HRA pays around £8.5 million to PHP to manage delivery of the Poole Neighbourhood HRA. This covers both repairs & maintenance and supervision &

management related spend. Post dissolution this HRA budget will be made available to fund staff transferred to and works directly commissioned through the HRA. The management fee 1 April 2022 to 1 July 2022 will need to be calculated separately.

50. In addition, BCP council recharges PHP around £375k of spend covered by service level agreements. These include ICT, HR and payroll, corporate finance and environmental (cleansing) services. It is expected that after PHP dissolution these charges will be made from the BCP general fund directly to (and be funded by) the HRA.

BCP Homes – single operating model

51. The creation of the new management arrangements will bring together the current operating models that support the BCP Housing Revenue Account (HRA) already in place. This combined single housing revenue account was created in April 2019 on the creation of the council and will continue in operation supported by a single operational business plan for the delivery of services.
52. The HRA is budgeted to receive £47.7 million income in 2022/23. By law, the HRA must set a balanced budget, and cannot be in a net surplus or net deficit position at year end. In any year all budgeted HRA revenue income is allocated to planned spend on delivering the housing revenue account's business plan and operating model. This includes planned investment in the repair and maintenance of the HRA's housing stock, supporting all officers working across housing properties, whether directly or indirectly supporting housing management and housing maintenance. It also includes the annual amortised cost of capital investment in housing stock (depreciation charge) as well as direct planned in-year funding contributions towards the cost of future capital investment in housing stock (revenue contribution to capital). Other capital aspirations around new build are funded via Homes England grants, Right to Buy receipts, borrowing and reserves. Current revenue and capital expenditure plans for 2022/23 are shown in table 2.

Table 2	£000
Repairs and Maintenance	10,449
Supervision and Management	13,179
Rent, Rates and Other Charges	427
Bad or Doubtful Debts	400
Capital related costs (including depreciation, interest on borrowing and contributions towards capital expenditure)	23,288
Total Revenue	47,743
Planned Maintenance – Capital	14,989
Major Projects – Capital	48,078
Total Capital	63,067

53. Separate workstreams have been established to align core policies and procedures across the two existing services (Poole and Bournemouth). These include alignment of depreciation methodology, move to single housing stock valuation and review of repairs and maintenance across the two neighbourhoods.
54. Corporation tax and potential VAT implications of PHP dissolution will also need to be fully understood.
55. Transactions currently accounted for within the separate PHP company accounting ledger will also need to be migrated onto the main HRA accounting ledger.
56. A review of recharges from BCP Council to BCP Homes will also be required to ensure that all recharges are robust and representative of actual spend. This review will also consider the scope for BCP Homes to potentially undertake more work for other areas of the council, for example with respect to sheltered housing funded by adult social care.

Opportunity for ongoing annual savings

57. The approach to lift and drop the current services into the new single operating model will mean that there will be minimal savings delivered on day 1. The full financial benefits of transition to a single operating model will take 12-18 months to be realised. This is line with the approach used under local Government Reorganisation (LGR) that saw a range of savings delivered over a period of time. Operating models must be streamlined and re-designed to deliver services across 10,000 homes rather than across 2 separate 5,000 'neighbourhoods'.
58. Any savings realised will be ringfenced to the HRA account in line with the legal framework that requires HRA income to be spent on HRA related expenditure. It will be used to help deliver the strategic ambitions of BCP Homes – including:
 - Maintaining 10,000 housing stock to a decent standard
 - Investment in current homes to deliver net zero carbon aspirations and reduction in ongoing running costs
 - Delivery of the housing white paper objectives and building on mechanisms to hear the resident voice across services
 - Ensuring the council delivers maintains and improves on building safety standards in line with emerging legislation
59. Potential savings that could start to be delivered over the 12-18 months post transition to single operating model are yet to be quantified but are expected to include the following areas of spend:
 - Immediate overall reduction in staffing costs as some of high-level staffing structures are brought together. Resulting one-off redundancy costs will need to be calculated and offset against these savings.
 - reduced third party spend from PHP dissolution including £12k annual external audit fee and other savings from services subsumed into BCP council models and contracts
 - Potential further staff savings as delivery teams are combined within single operating model

- economies of scale from delivering services across 10,000 homes rather than the 2 separate operating models. This larger scale will allow economies to be driven out from service delivery as well as sharing best practice across teams that will further support more effective and efficient delivery. Working on an indicative assumption of 5% efficiency savings from economies of scale, there is scope for around £750k potential savings per annum (driven mostly from capital spend)

60. The work to deliver the service transformation across the council and embed the new operating models will also lead to economies and reduced operating costs.
61. It is recognised that the capacity to generate ongoing savings from service delivery is impacted by how lean and efficiently services are currently provided. For example, the current cost per property for Poole Neighbourhood services is assessed as lower than average when compared with the medium cost of similar delivery models (see table 3). Information for Bournemouth services are not readily available in the same format but are believed to be slightly higher than Poole services. Performance standards for each area are also deemed to be higher than median performance from comparable HRAs. The current HRA dual operating models are therefore 'low cost but high performance'. This position is expected to be maintained as the HRA migrates to a single BCP Homes operating model.

Table 3	Poole Cost Per Property	Median Cost Per Property of Comparable Organisations
Housing Management	£260.96	£262.27
Rent Arrears and Collection	£51.60	£76.20
Response Repairs & Voids	£479.07	£684.64
Major Works & Cyclical Maintenance	£1,520.00	£1,695.00

Summary of legal implications

62. The advice sought from external legal specialists Trowers & Hamlin have determined an approach to terminate the agreement between BCP and the PHP, ending the management agreements and the novation of assets and liabilities in a safe and proper manner. Further independent advice is also being obtained with regard the accountancy treatment of the assets and liabilities which has so far concurred with the legal advice received.
63. There is no statutory duty to consult assured tenants under the Housing Act 1988 regarding disposing properties to another landlord or transferring the ownership to a different landlord. However, guidance from the Social Housing Regulator states that it expects Registered Providers landlords to consult with its tenants and this has been undertaken and the conclusions referenced in this report.
64. The Council has a statutory obligation to carry out repair works in the properties it lets under section 11(1) of the Landlord and Tenant Act 1985. The proposed model addresses these via the BCP Repairs and Corporate Facilities teams.

65. The Council is obliged to hold social housing provided or acquired under Part II of the Housing Act 1985 within the HRA pursuant to section 74(1) of the Local Government and Housing Act 1989 unless the Secretary of State gives specific consent to hold such properties outside the HRA section 74(3)(d). Under section 76 of the Local Government and Housing Act 1989, the Council has a duty to prevent a debit balance on its Housing Revenue Account. In October 2018, the government removed the HRA borrowing cap on local authorities and borrowing in the HRA is now subject to the similar prudential guidelines as the General Fund.

Summary of human resources implications

66. Consultation with PHP officers will be required to deliver the TUPE process. This has been planned and is due to take place in May and June 2022. Trade Union representatives have been briefed on the expected timeline and will be fully engaged throughout the process.
67. Appropriate support will be provided to colleagues to ensure a smooth transfer into BCP Home
68. A review of the current Housing Senior Leadership team will be necessary. This review will be led by the Chief Operations Officer and affected staff will be fully engaged in the consultation process.

Summary of sustainability impact

69. This decision has no direct impact on the sustainability approach for the council. In the longer term it should allow resources to be released from HRA capital funds to be reinvested in delivery of decarbonising current homes.

Summary of public health implications

70. The effective management and maintenance of council housing stock brings clear public health benefits to residents. Good health outcomes can be achieved by good housing provision. The housing management model review is aimed at ensuring excellent outcomes for residents

Summary of equality implications

71. EIQA for approach included as Appendix 3

Summary of risk assessment

72. The key risk for the service changes proposed is the continued delivery of excellent services from residents across the change. This is being managed through the proposed lift and drop of service delivery that proved successful under the local government review changes that took place in 2019. There will be continued focus on key service delivery areas to ensure that there is no critical business failure emerging from the change and an ongoing project team to support actions.

Background papers

Appendices

Appendix 1 – Housing Management Consultation Report

Appendix 2 – BCP Homes Terms of Reference

Appendix 3 – Equalities Impact Assessment