



# Agenda

Meeting: **Cabinet**  
Date: **19 February 2020**  
Time: **5.00 pm**  
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Cabinet**

All Councillors for information

The cabinet will consider the matters listed below on the date and at the time and place shown above. The meeting will be open to the press and public.

This meeting will be webcast live to the council's website at <https://folkestone-hythe.public-i.tv/core/portal/home>. Although unlikely, no guarantee can be made that Members of the public in attendance will not appear in the webcast footage. It is therefore recommended that anyone with an objection to being filmed does not enter the council chamber.

1. **Apologies for Absence**
2. **Declarations of Interest (Pages 5 - 6)**

Members of the Council should declare any interests which fall under the following categories:

- a) disclosable pecuniary interests (DPI);
- b) other significant interests (OSI);
- c) voluntary announcements of other interests.

3. **Minutes (Pages 7 - 12)**

To consider and approve, as a correct record, the minutes of the meeting held on 22 January 2020.

**Queries about the agenda? Need a different format?**

Contact Jemma West – Tel: 01303 853369  
Email: [committee@folkestone-hythe.gov.uk](mailto:committee@folkestone-hythe.gov.uk) or download from our  
website  
[www.folkestone-hythe.gov.uk](http://www.folkestone-hythe.gov.uk)

4. **Transformation update (Pages 13 - 20)**

This report gives an update to Cabinet on the Council's Transformation programme as it enters its delivery phase.

5. **General Fund Budget and Council Tax 2020/21 (Pages 21 - 32)**

This report sets out the final General Fund budget and council tax requirement for 2020/21, including that part of the local tax covering district and parish services.

6. **Housing Revenue Account Business Plan Update 2020 - 2050 (Pages 33 - 44)**

The Council is required to produce a comprehensive Business Plan for its housing stock. The Business Plan is focused on improving the quality of the Council's landlord services and sets out the investment priorities for its existing Council housing stock. The document also provides details of the council's new build and acquisition housing programme. In view of policy changes implemented by the Government in 2018 to abolish the HRA borrowing cap, it was possible for the Council to increase its delivery target for new builds and the Business Plan was revised to deliver up to 300 homes by 2024/25. Following further reviews of the HRA financial position, its borrowing capacity and the Council's priorities the Business Plan has been updated to deliver a further 1,000 homes over the 10 year period from 2025/26 to 2034/35. The revised Business Plan also includes capital investment of £10m into existing housing stock. This report provides the details supporting the updated plan.

**Adjournment of meeting**

**PLEASE NOTE, AT THIS POINT IN THE AGENDA, THE MEETING WILL BE ADJOURNED AND RECONVENED AT THE CONCLUSION OF THE MEETING OF COUNCIL AT 7PM.**

7. **Housing management options appraisal - outcome of formal consultation (Pages 45 - 90)**

An options appraisal was completed in October 2019, reviewing the delivery of housing management services provided by East Kent Housing (EKH) on behalf of Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council. The four councils agreed that the preferred option for future service provision to the four councils' tenants and leaseholders is that it should become an in-house service, subject to consultation. This report sets out the outcomes from the formal consultation exercise undertaken with EKH tenants and leaseholders. It proposes that officers from across the four councils be instructed to negotiate ending the agreement with EKH and to make preparations for the housing management service to be brought in-house.



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## **Declarations of Interest**

### **Disclosable Pecuniary Interest (DPI)**

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

### **Other Significant Interest (OSI)**

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

### **Voluntary Announcement of Other Interests (VAOI)**

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

#### **Note to the Code:**

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

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# Minutes

## Cabinet

Held at:	Council Chamber - Civic Centre Folkestone
Date	Wednesday, 22 January 2020
Present	Councillors John Collier, David Godfrey, Mrs Jennifer Hollingsbee (Vice-Chair), David Monk (Chairman), Stuart Peall and David Wimble
Apologies for Absence	Councillors Ian Meyers
Officers Present:	Andy Blaszkowicz (Director of Housing and Operations), Gavin Edwards (Performance and Improvement Specialist), Amandeep Khroud (Assistant Director), Susan Priest (Head of Paid Service), Charlotte Spendley (Director of Corporate Services) and Jemma West (Committee Service Specialist)

NOTE: All decisions are subject to call-in arrangements. The deadline for call-in is Friday 31 January 2020 at 5pm. Decisions not called in may be implemented on Monday 3 February 2020.

**56. Declarations of Interest**

There were no declarations of interest at the meeting.

**57. Minutes**

The minutes of the meetings held on 11 and 20 December were submitted, approved and signed by the Chairman.

**58. Quarter 2 performance report 2019/20**

The report provided an update on the Council's performance for the second quarter of 2019/20, covering 1<sup>st</sup> July 2019 to 30<sup>th</sup> September 2019. The report enables the Council to assess progress against the approved key performance indicators for each service area.

Key performance indicators will be monitored during 2019/20 and reported to CLT and Members quarterly.

Proposed by Councillor Monk,  
Seconded by Councillor Peall; and

**RESOLVED:**

- 1. That report C/19/62 be received and noted.**
- 2. That the performance information for Quarter 2 2019/20 be noted.**

(Voting figures: 6 for, 0 against, 0 abstentions)

**REASONS FOR DECISION:**

Cabinet was asked to agree the recommendations because:

- a) The Council is committed to monitoring performance across all of its service areas to ensure progress and improvement is maintained.
- b) The Council needs to ensure that performance is measured, monitored and the results are used to identify where services are working well and where there are failings and appropriate action needs to be taken.

**59. The Step Short commemoration Memorial Arch**

The report sought Cabinet agreement to take on the responsibility for maintaining the Step Short commemoration Memorial Arch, including paying for its maintenance.

The report had also been considered by the Overview and Scrutiny Committee at their meeting held on 21 January 2020. Their comments had been circulated to Cabinet Members at the meeting.

Proposed by Councillor Wimble,  
Seconded by Councillor Collier; and

**RESOLVED:**

- 1. That report C/19/56 be received and noted.**
- 2. That the transfer of the commemoration Memorial Arch asset to the Council be agreed, and financial responsibility for the maintenance costs which are estimated at £6k per annum, be assumed.**

(Voting figures: 6 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

The Step Short charity is seeking to divest itself of the commemoration Memorial Arch asset and has requested that the District Council takes on this asset and assumes responsibility for its maintenance. On transfer of this asset the charity proposes to wind itself up.

**60. Proposed Disposal Of Fernfield Lane**



In December 2018, Folkestone & Hythe District Council (“FHDC” / “the Council”) was granted outline planning permission for 19 houses at its development site at Fernfield Lane, Hawkinge. The report sought approval for the disposal of the whole of the site, recommending that marketing of the site commences at the start of 2020 aiming to obtain capital receipts in the 2020/21 financial year.

The report had also been considered by the Overview and Scrutiny Committee at their meeting held on 21 January 2020. Their comments had been circulated to Cabinet Members at the meeting.

Proposed by Councillor Collier,  
Seconded by Councillor Mrs Hollingsbee; and

**RESOLVED:**

- 1. That report C/19/63 be received and noted.**
- 2. That the Director – Housing & Operations be authorised to proceed with the disposal and achieve best value for the Council.**

(Voting figures: 6 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

The site at Fernfield Lane was considered to be surplus to current requirements. Capital receipts identified can be used under the flexible capital receipts guidance.

**61. Draft Housing Revenue Account Revenue and Capital Budget 2020/21**

The report set out the draft Housing Revenue Account Revenue and Capital Budget for 2020/21 and proposed an increase in weekly rents and an increase in service charges for 2020/21.

The report had also been considered by the Overview and Scrutiny Committee at their meeting held on 21 January 2020. Their comments had been circulated to Cabinet Members at the meeting.

Proposed by Councillor Godfrey,  
Seconded by Councillor Peall; and

**RESOLVED:**

- 1. That report C/19/60 be received and noted.**
- 2. That the Housing Revenue Account Budget for 2020/21 (set out in paragraph 2.1 and Appendix 1 of the report) be recommended to Full Council.**
- 3. That the increase in rents of dwellings within the HRA on average by £2.22 per week, representing a 2.7% increase with effect from 1 April 2020 (set out in paragraph 3.2 of the report) be recommended to Full Council.**
- 4. That the increase in service charges (set out in section 3.5 of the report) be recommended to Full Council.**

**5. That the Housing Revenue Account Capital Programme budget 2020/21 (set out in paragraph 4.1 and Appendix 2 of the report) be approved.**

(Voting figures: 6 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

Cabinet was asked to agree the recommendations as the Local Government Housing Act 1989 requires the Council, as a Local Housing Authority, to keep a separate Housing Revenue Account and to produce estimates to ensure that the account does not go into deficit. The authority also has a duty to set and approve rents in accordance with government guidelines that are outlined in the self-financing determination. The Constitution requires that the annual Budget and any variations to the Budget are approved by Council.

**62. HRA Budget Monitoring Quarter 3**

The monitoring report provided a projection of the end of year financial position for the Housing Revenue Account (HRA) revenue expenditure and HRA capital programme based on net expenditure to 30 November 2019.

Proposed by Councillor Godfrey,  
Seconded by Councillor Peall; and

**RESOLVED:**

**That report C/19/61 be received and noted.**

(Voting figures: 6 for, 0 against, 0 abstentions).

**REASON FOR DECISION:**

Cabinet was asked to agree the recommendations because Cabinet needed to be kept informed of the Housing Revenue Account position and take appropriate action to deal with any variance from the approved budget and be informed of the final 2019/20 position.

**63. Update to General Fund Medium-Term Capital Programme and Budget Monitoring 19/20**

The report updated the General Fund Medium Term Capital Programme for the five year period ending 31 March 2025. The report provided an updated projected outturn for the General Fund capital programme in 2019/20, based on expenditure to 30 November 2019. The General Fund Medium Term Capital Programme is required to be submitted to full Council for consideration and approval as part of the budget process. The report also set out the Minimum Revenue Provision Statement for 2020/21 to be approved by full Council.

The report had also been considered by the Overview and Scrutiny Committee at their meeting held on 21 January 2020. Their comments had been circulated to Cabinet Members at the meeting.

Proposed by Councillor Monk,

Seconded by Councillor Godfrey; and

**RESOLVED:**

1. That report C/19/58 be received and noted.
2. That the updated General Fund Medium Term Capital Programme as set out in appendix 2 to the report, be recommended to Full Council.
3. That the Minimum Revenue Provision (MRP) Policy Statement for 2020/21 set out in appendix 3 to the report be recommended to Full Council.

(Voting figures: 6 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

Cabinet was asked to agree the recommendations because:

- a) It needs to be kept informed of the existing General Fund Medium Term Capital Programme position and take appropriate action to deal with any variance from the approved budget.
- b) Proposed extensions to existing schemes are required to be considered and approved before being included in the council's Medium Term Capital Programme.
- c) The proposed Medium Term Capital Programme needs to be considered before it is submitted to full Council for approval as part of the budget process.
- d) The Council must also have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities when carrying out its duties under Part 1 of the Local Government Act 2003.
- e) The Council is required to approve a Minimum Revenue Provision statement for 2020/21 in advance of the start of the financial year.

**64. General Fund Revenue Budget Monitoring - 3rd Quarter 2019/20**

The monitoring report provided a projection of the end of year financial position of the General Fund revenue budget, based on expenditure to the 30 November 2019.

The report had also been considered by the Overview and Scrutiny Committee at their meeting held on 21 January 2020. Their comments had been circulated to Cabinet Members at the meeting.

Proposed by Councillor Monk,  
Seconded by Councillor Peall; and

**RESOLVED:**

1. That report C/19/64 be received and noted.
2. That up to £400k be utilised to provide interim capacity for the delivery of Corporate Priorities that meet the conditions outlined in paragraph 2.3 of the report, to be agreed by the Head of the Paid Service in consultation with the Leader of the Council.

(Voting figures: 6 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

Cabinet was asked to agree the recommendations because it needed to be informed of the council's General Fund Revenue Budget position and take appropriate action to deal with any variance from the approved budget.

65. **Treasury Management Strategy Statement 20/21**

The report set out the proposed strategy for Treasury Management for 2020/21 including Treasury Management Indicators.

The report had also been considered by the Overview and Scrutiny Committee at their meeting held on 21 January 2020. Their comments had been circulated to Cabinet Members at the meeting.

Proposed by Councillor Monk,  
Seconded by Councillor Peall; and

**RESOLVED:**

1. **That report C/19/59 be received and noted.**
2. **That the strategy for Treasury Management in 2020/21 set out in the report be adopted.**
3. **That the Treasury Management Indicators for 2020/21 set out in the report be approved.**

(Voting figures: 6 for, 0 against, 0 abstentions).

**REASONS FOR DECISION:**

Cabinet was asked to agree the recommendations because:-

- a) The Council must have regard to CIPFA's Code of Practice for Treasury Management in the Public Services when carrying out its duties under Part 1 of the Local Government Act 2003, including approving an annual Treasury Management Strategy Statement in advance of the financial year.
- b) The Council's Financial Procedure Rules require an annual plan and strategy for treasury management to be approved in advance of the financial year.

This Report will be made public on 11 February 2019



Report Number: **C/19/65**

**To:** Cabinet  
**Date:** 19 February 2020  
**Status:** Non Key Decision  
**Director:** Tim Madden, Transformation and Transition  
**Cabinet Member:** Councillor David Monk, Leader of the Council

**SUBJECT:** Transformation Update

**SUMMARY:** This report gives an update to Cabinet on the Council's Transformation programme as it enters its delivery phase.

#### **REASONS FOR RECOMMENDATION:**

Cabinet is asked to agree the recommendations set out below because:-

- (a) FHDC are currently in phase 3 (Implementation) of its ambitious transformation programme. This document provides the conclusions of work through phases 1 and 2 and updated expectations of redesigned Council services and organisational model supported by Cabinet at its meeting in June 2017 and approved by Council at its meeting of February 2018.

This report includes, details of the future operating model and the supporting organisation model, along with the high-level implementation strategy and governance. It also outlines that by adopting the refreshed ICT Strategy and making an investment in its ICT infrastructure and changing its business operations, the Council can achieve improvements in services for residents and deliver genuine efficiency without cutting services.

#### **RECOMMENDATIONS:**

**Cabinet is asked to:**

1. Receive and note Report C/19/65.

## 1. Introduction

- 1.1 At its meeting of 28 February 2018, the Council agreed report A/17/24 (Transforming Shepway) which proposed a Council wide transformation programme and presented the case for investing in a significant modernisation of the Council, the use of technology and how this related to the relationship with its customers. The case for investment was underpinned by the need to meet increased expectations whilst needing to deliver financial savings. The report can be found at:

<https://www.folkestone-hythe.gov.uk/moderngov/documents/s26561/Council%20Report%20Transformation%20FINAL.pdf>

- 1.2 Following the agreement of the report, the programme has been progressed and developed. The purpose of this report is to provide members with an update of key activities and achievements to date. The original blueprint (attached as an appendix to the aforementioned report) was produced with the support of the Ignite consultancy. Following a competitive tendering exercise, the programme was advanced with the support of the Iese consultancy. However, at present the programme is largely being managed internally with the support of an external programme manager.
- 1.3 The programme itself consisted of 4 delivery phases. Phase 1 (Design and Blueprint) and phase 2 (Analysis and Strategy) have been completed. Phase 3 (Implementation) is currently being undertaken. The final phase 4, is Continuous Improvement and represents the move to an organisation which is constantly developing in the face of changing needs and demands.
- 1.4 The current phase 3 has the most direct impact upon the staff of the organisation and represents the widest change in the operation of the council.
- 1.5 The aim of this programme is to design a new model to deliver services which will make the council more flexible and customer focussed. This will give the customer a better experience from the council and also allow them to be more in control of their demands of the council. The new model will fundamentally change service delivery, improve business processes and reduce costs whilst investing in our frontline services to meet the demands of customers and communities

## 2. Objectives of Transformation

- 2.1 The aim of the transformation programme, as identified above, is to broadly modernise the operation of the council, take advantage of the opportunities provided by new digital technology and to change the relationship between the council and its customers. The key objectives which have been developed are to:

- Improve service delivery
- Improve resilience
- Improve efficiency

- Deliver financial savings

It is important to note that while financial savings have been an element of the programme, they are only one part of a wider modernisation for the council to deliver its services differently and are not the sole driver.

- 2.2 The programme itself aims to modernise the Council, enabled by ICT, putting the customers at the heart of what it does and designing services around them. This will help improve the level of service to both existing and new customers and will build the capability of the council to engage with an ever increasing technology capable population while maintaining the option to provide tailored services to our most vulnerable customers.
- 2.3 The programme development has identified a number of project deliverables which include:
- A new model of public service delivery
  - Improved customer processes enabled by digital technology
  - A year on year reduction in net expenditure
  - Implement new methods of service delivery including changing behaviours of customers
  - Continue to be ambitious and deliver high quality services and major projects
  - Enable a workforce with the skills, behaviours and abilities essential to delivering high-quality public services
- 2.4 Underpinning the objectives are 13 principles or “ground rules” which articulate how the new model operates. These reflect the principles for any developments within the model and underpin the delivery of the key objectives mentioned above. The principles are:
1. Focus on the customer experience
  2. Fewest steps for the customer
  3. Keep customers informed
  4. Digital by default
  5. Resolve first time
  6. Collect less and tell us once
  7. Use skills and expertise effectively
  8. Efficient working
  9. Use technology to ensure compliance
  10. Real-time measurement to improve
  11. Supporting customers to do more
  12. Proactively prevent and shape demand
  13. GDPR

These design principles help people to understand where the Council is heading and what should be expected with any developments in the model. They are used throughout the proposed implementation to support decision making in the service redesign work stream.

- 2.5 The overall objectives as identified above underpin and inform the Future Operating Model (FOM). This was set out within the original Council report however has been developed to reflect the more detailed and organisation appropriate work undertaken to date. This has informed the new structure

of the council which has been approved by Personnel Committee at its meeting of 15 November 2019.

### **3. Progress to Date**

- 3.1 The transformation programme has been set out over 4 delivery phases (see paragraph 1.3 above). The current phase is the implementation phase (3) which is divided into 3 stages. The first stage covers strategy and democratic services, support services, strategic projects and economic development and was launched as a “go live” on the 18 November. The second phase, covering the Place and Housing and Operations directorates is currently out to consultation which ends on the 10 February. The new structures will become effective from the 20 April. The third stage covering IT, HR Communications will take place and conclude during the summer with Development Management forming the fourth stage to be concluded in the autumn of 2020.
- 3.2 Once this is complete, the final phase (4) is continuous improvement and embedding this throughout the organisation is a key part of ensuring the transformation objectives are successfully met.
- 3.3 The implementation stage is progressing well and, as outlined above, will be completed during summer 2020. However, to deliver the key objectives and changes needed for the organisation a number of other actions have been taken which will have a significant impact upon the organisation. Some of these are set out below:
- A high level structural change reducing senior management costs by 27%
  - The introduction of a new People Strategy which was presented to Personnel Committee as part of the HR Annual Review in June 2019. This is to ensure the future workforce has the skills and culture to deliver the transformation programme and to continue embedding continuous improvement and includes areas such as training and development, performance and reward and recognition,
  - The development of role families across the council to provide greater opportunities for staff and to provide greater clarity and equity across staff groups
  - Introduction of the behaviour framework to embed positive values and behaviours for the future. Each employee has an individual assessment and a Personal Development Plan based on that assessment.
  - Development of a new Communications and Engagement Strategy including the “Place” campaign.
  - A new digital strategy to recognise the importance of implementing a digital infrastructure and culture across the council
  - Implementing a new case management approach which is customer focused



- Delivering a major change in the ICT infrastructure of the council (see more detail below)
- Establishment of area officers with a view to enhance and strengthen their roles in future stages

These actions have cut across the whole council and are changing the way it operates and will be completed by summer 2020

3.4 A major part of the programme has been work undertaken in the technology work stream. The success of the programme relies upon a sound technology solution. However, it should also be noted that the technology is a means to an end and supports the delivery of the key objectives and the design principles. The primary technology investment required to implement the future operating model is in the integrated, customer focused technology solution that will underpin and enable the new ways of working. Much of the necessary upgrading of existing ICT infrastructure would be needed without the transformation programme in order to meet modern day standards and expectations. The investment being made will provide a platform for the future and greater flexibility moving forward and will replace outdated technology.

3.5 A fully integrated technology platform is needed to support the improvements in the following elements of the transformation programme:

- Customer enabling
- Customer self-serve
- A single view of the customer
- Automate work flow
- Document management
- Mobile solutions

3.6 The initial priority for implementation of system has been identified as:

- The implementation of a new Customer Relationship Management (CRM) and Digital Services platform and the implementation of a new information management /collaboration platform. These will provide the single view of the customer an customer journey
- The replacement of the existing contact centre technology platform with a new multi-channel contact centre platform
- A range of improvements to the Web Content Management System
- Mobile working.

A full procurement exercise has been carried out and Arcus Global was selected as the Salesforce partner to deliver platform environment and several apps that will replace current back office systems.

3.7 The technology work stream has been progressing well and some key systems are now in place. In particular, the following has been delivered:

- The introduction of a new multi-channel contact centre platform. This provides significantly enhanced technology for the contact centre, enhances mobile communication (through Skype) and has

enabled savings through the removal of desk handsets and a reduction in the number of mobile devices

- Windows 10 laptops being rolled out to all staff
- Replacement mobile phones for all staff
- Delivery of the internal staff hub to support internal case management
- Delivery of the new Planning, Building Control and Land Charges systems which are collectively known as the “Built Environment”. These provide better functionality and will, over time, link in to provide part of the whole customer wide view
- Customer Services will be going live with the Customer Management (CRM) module in March. This system will allow us to build a profile of our customers and the services they are requesting over time.
- A new citizen self-service portal is also being delivered alongside the Customer Management module. Through the use of ‘My Account’, both residential and business customers will be able to look up their information, trace the progress of their requests and carry out transactions fully online without having to contact us via other channels.
- The new regulatory services module is due to be implemented in March which will replace the current Northgate M3 module
- There has been an ongoing move from premise based systems to cloud based systems in line with the agreed strategy. This will improve resilience and will also save in resource for ongoing updates and future capital cost replacement.

Although not directly linked to the transformation programme, Cabinet has also agreed to bring the existing external Steria contract back in house ideally from 1 April 2020. This is on track and once complete it will give the council the capacity and control to design the service in a way which is most appropriate to the demands moving forward. The benefits for this were discussed at the Cabinet meeting of 20 November 2019.

### **Benefits Realisation**

- 3.8 The original proposal and blueprint model identified savings of “up to £1.8 million”. Following the “deep dive” work by Ise, it was recognised there were issues which meant this target needed to be revised. These included the ongoing reinvestment back into key staffing areas, including Area Officers, strategic communications and strategic projects. Additionally, the revenues and benefits team was transformed as part of the council’s digital transformation programme. This meant that the team had already sufficiently transformed its processes and reduced staff and therefore any additional efficiencies in this area are negligible. Following this analysis a revised saving of £1 million per annum ongoing is proposed as a realistic but challenging target.
- 3.9 The main drivers of the benefits realisation are remodeling how the Council works, putting in place demand management, achieving channel shift and using technology to achieve efficiencies. Redesigning the council’s operating model has identified savings to date of £500,000 per annum. It is

planned that by December 2020, through the phase 2 and phase 3 restructurings, additional savings will be found which will meet the £1 million target which is accelerated from the original proposal where the savings had a longer “tail”. It should be noted that as processes and practices are developed and improved, greater efficiencies are expected to be identified over the medium term. As these occur, decisions can be taken at the appropriate time as to whether these will be taken as savings or be used to invest in other services.

- 3.10 At the original proposal, a budget of £5.9 million was agreed for transformation. At present the forecast spend for the programme is £3.476 million which is significantly below that anticipated. This is largely due to the significant under spend on the sums allowed for redundancies (budget £2 million; spend £529,000). This has been a result of a conscious attempt to assimilate staff rather than to have wholesale redundancies.
- 3.11 Whilst the overall programme is underspent, it should be noted that any further funding is dependent on asset sales to take advantage of the government’s Flexible Capital Receipts guidance. Cabinets recent decision to dispose of the Fernfield site will allow any further investment in this programme should that be required. As further asset sales are received those decisions can be taken as to how to invest those funds.

## **Conclusion**

- 4.1 Overall the transformation programme is undertaking its delivery phase. A number of elements within the programme have been delivered and significant ongoing savings have been identified with more expected. It should be noted that the “end” of the transformation programme will result in an embedded culture of service improvement which will make the organisation more fit for purpose and agile to respond to future challenges. This final “stage 4” will embed ongoing Continuous Improvement to ensure the council is able to respond to future challenges.

## **5 LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

### **5.1 Legal Officer’s Comments (NE)**

There are no legal implications arising out of this report.

### **5.2 Finance Officer’s Comments (TM)**

These are contained within the body of the report.

### **5.3 Diversity and Equalities Implications (TM)**

There are no issues arising from this report.

## **6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

*Tim Madden, Director, Transformation and Transition*

*Tel: 01303 853371 E-mail: [tim.madden@folkestone-hythe.gov.uk](mailto:tim.madden@folkestone-hythe.gov.uk)*

The following background documents have been relied upon in the preparation of this report:

Council Report A/17/24 – 28 February 2018

This Report will be made public on 11 February 2020

Report Number **C/19/66**

**To:** Cabinet  
**Date:** 19 February 2020  
**Status:** Key Decision  
**Head of Service:** Charlotte Spendley, Director of Corporate Services  
**Cabinet Member:** Councillor David Monk, Leader

**SUBJECT: GENERAL FUND BUDGET AND COUNCIL TAX 2020/21**

**SUMMARY:** This report sets out the final General Fund budget and Council Tax requirement for 2020/21, including that part of the local tax covering district and parish services.

**REASONS FOR RECOMMENDATIONS:**

Cabinet is asked to agree the recommendations set out below because:

- a) The District Council's General Fund budget and Council Tax requirement must be approved to enable Full Council to set the budget and the council taxes for 2020/21 in accordance with the Local Government Finance Act 1992.

**RECOMMENDATIONS:**

1. To receive and note Report C/19/66.
2. To recommend to Council to approve the final 2020/21 General Fund budget, as set out at paragraph 4.
3. To recommend to Council to approve a council tax requirement for 2020/21 of £13,044,673.

## **1. BACKGROUND**

- 1.1 This report sets out the final general fund budget and council tax requirement for 2020/21, including that part of the local tax covering district and parish services. The council tax requirement determines the transfer from the Collection Fund in accordance with the Local Government Finance Act 1988.
- 1.2 It follows on from previous reports approved by Cabinet:
- 16 October 2019 - Medium Term Financial Strategy for the period 2020/21 to 2023/24
  - 13 November 2019 - Budget Strategy 2020/21 and Fees & Charges 2020/21
  - 11 December 2019 - Draft General Fund Original Revenue Budget 2020/21
  - 22 January 2020 - Update to the General Fund Medium Term Capital Programme
- 1.3 Areas of the budget that remained to be confirmed when the Draft Budget was approved by Cabinet in December 2019 included:
- The Local Government Finance Settlement for 2020/21
  - The council's share of the Collection Fund surplus or deficit
  - Town and parish precepts, and
  - The council tax base and business rates income forecast.
- 1.4 Cabinet's budget recommendation for 2020/21 will be considered at a meeting of Full Council (also taking place on 19 February 2020) when it will set the 2020/21 council tax after taking into account:
- Precepts from Kent County Council, Kent Police & Crime Commissioner and Kent & Medway Fire & Rescue Service
  - The special expenses in respect of the Folkestone Parks and Pleasure Grounds Charity
  - Individual town and parish council precepts.
- 1.5 The budget proposals have been subject to public consultation and review by Overview and Scrutiny Committee.

## **2. COUNCIL TAX 2020/21**

- 2.1 The budget has been prepared on the basis that the District Council's element of council tax (including the special expenses for Folkestone Parks and Pleasure Grounds) is increased by 1.91%. This is the increase that is monitored by the Government when determining whether any increase in council tax is excessive, and would require a referendum. The maximum increase permitted for the financial year 2020/21 without referendum is 1.99%, therefore the proposed increase of 1.91% is below this threshold.

## **3. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2020/21**

- 3.1 The provisional 2020/21 settlement was announced on 20 December 2019. This followed on from Spending Round 2019 which was announced in September 2019 as a one year spending round covering the financial year 2020/21. The main changes are outlined below.

### Local Government Funding Reform

- 3.2 Due to the recent political turbulence, the “Fair Funding Review” has been deferred until 2021/22. The government is expected to issue a further consultation in Spring 2020 seeking views on the methodologies and detailed funding formulas, with the results being introduced from April 2021.

### Folkestone & Hythe Core Spending Power

- 3.3 Core Spending Power is a headline figure used by Government to represent the key revenue resources available to local authorities; it includes an estimate of actual and potential council tax.

	2019/20	2020/21
	£M	£M
<b>Core Spending Power</b>	<b>15.620</b>	<b>16.051</b>
Comprising:		
Settlement Funding Assessment	3.673	3.732
Assumed Council Tax	10.285	10.747
Other Grants	1.662	1.572
<b>Change in Core Spending Power</b>		
Annual Change		2.8%
<b>Other (not part of Core Spending Power)</b>		
Levy Surplus Returned	0.056	0

### Folkestone & Hythe Settlement Funding Assessment

- 3.4 Settlement Funding Assessment (SFA) is the revenue received by local authorities in the form of (i) Revenue Support Grant from Government and (ii) the share of business rates retained locally.

	2019/20	2020/21
	£M	£M
<b>Settlement Funding Assessment</b>	<b>3.673</b>	<b>3.732</b>
Comprising:		
Revenue Support Grant	0.000	0.000
Baseline Funding Level	3.673	3.732
<b>Change in Settlement Funding Assessment</b>		
Annual Change		1.6%

Nationally, the cumulative SFA decrease for district councils between 2015/16 and 2020/21 is 30.4%.

### Folkestone & Hythe Retained Business Rates

- 3.5 The Baseline Funding Level is the share of the Settlement Funding Assessment that Government intends to be funded via locally retained business rates. It is Government’s projection of the authority’s share of business rates assuming there has been no change in the tax base since the start of the scheme. It increases each year in line with the small business rates multiplier.

The Spending Round 2019 announcement confirmed that the business rates baseline reset will be deferred until 2021/22.

	2019/20	2020/21
Baseline Funding Level (£M)	3.673	3.732
Baseline Business Rates (£M)	9.778	9.937
Tariff/Top Up (£M)	-6.105	-6.204
Levy Rate (pence in the pound)	50	50
Levy Surplus Returned (£M)	0.056	0

#### Kent Business Rates Pool

- 3.6 The settlement confirmed the continuation of the Kent and Medway business rates pool for 2020/21 which will operate under the 50% retention scheme.

#### Folkestone & Hythe New Homes Bonus

- 3.7 The provisional settlement announcement included no changes to the New Homes Bonus scheme methodology or distribution. A prudent approach had been taken regarding this funding in the draft budget, so this announcement has had a positive impact on the budget for 2020/21. The 2020/21 allocation is 'in year' only and will not have future years' legacy payments as in previous years. This assumption had already been made in the MTFs.

#### Council Tax

- 3.8 In 2019/20, local authorities were able to apply an increase of less than 3% or up to £5, whichever was higher for the authority. The settlement announced that the referendum limits for 2020/21 would be up to 2% or £5, whichever is higher, for district councils. The government also announced that it will continue to defer the setting of referendum principles for town and parish councils.

#### Final Local Government Finance Settlement 2020/21

- 3.9 The final local government finance settlement is expected to be released in early February. It is not anticipated that there will be any significant changes from the provisional settlement position.

### **4. GENERAL FUND REVENUE BUDGET 2020/21**

- 4.1 Cabinet considered and approved the Draft General Fund Original Revenue Budget for 2020/21 on 11 December 2019. This took into account the £1,152k savings proposals which included a review of fees & charges, £816k growth, £454k Transformation ICT costs and use of Reserves for one-off growth items of £230k as detailed in the Budget Strategy report that was approved in November 2019, along with the forecast 2020/21 budget changes from the Medium Term Financial Strategy.
- 4.2 Following the provisional settlement and final budget updates the revised Original Budget is set out below.



2019/20		2020/21 Draft	2020/21 Updated
Original Budget £		Original Budget December 2019 £	Original Budget February 2020 £
<b>SUMMARY OF NET EXPENDITURE</b>			
<b>Service Heads</b>			
354,240	Director of Corporate Services	236,790	<b>270,790</b>
700,370	Leadership Support	589,150	<b>689,150</b>
5,983,150	Governance, Law & Service Delivery	6,410,390	<b>6,462,720</b>
597,040	Human Resources	656,840	<b>662,840</b>
7,578,480	Finance, Strategy & Support Services	7,810,230	<b>7,869,250</b>
925,840	Strategic Development	818,300	<b>1,258,840</b>
596,480	Economic Development	544,060	<b>1,012,470</b>
513,400	Planning	504,060	<b>504,060</b>
2,544,140	Environment & Corporate Assets	1,433,590	<b>1,562,330</b>
(1,980,500)	Recharges	(1,900,500)	<b>(2,000,500)</b>
(340,000)	Net Unallocated Employee Costs	(24,000)	<b>65,000</b>
<b>17,472,640</b>	<b>TOTAL HEAD OF SERVICE NET EXPENDITURE</b>	<b>17,078,910</b>	<b>18,356,950</b>
461,830	Internal Drainage Board Levies	471,067	<b>474,089</b>
431,000	Interest Payable and Similar Charges	486,000	<b>486,000</b>
(848,000)	Interest and Investment Income	(793,200)	<b>(793,200)</b>
(1,542,740)	New Homes Bonus Grant	(1,195,675)	<b>(1,422,422)</b>
(1,815,160)	Other non-service related Government Grants	(1,815,608)	<b>(1,791,912)</b>
<b>14,159,570</b>	<b>TOTAL GENERAL FUND NET OPERATING EXPENDITURE</b>	<b>14,231,494</b>	<b>15,309,505</b>
2,110,247	Net Transfers to/(from) Earmarked Reserves	(2,488,080)	<b>(3,613,107)</b>
(3,000,000)	Contribution from General Reserve		
373,370	Minimum Revenue Provision	874,000	<b>874,000</b>
138,000	Capital Expenditure funded from Revenue	1,909,000	<b>1,678,710</b>
<b>13,781,187</b>	<b>TOTAL TO BE MET FROM REVENUE SUPPORT GRANT AND LOCAL TAXPAYERS</b>	<b>14,526,414</b>	<b>14,249,108</b>
2,313,103	Town and Parish Council Precepts	2,359,365	<b>2,548,751</b>
(3,495,940)	Business Rates Income	(3,576,117)	<b>(3,753,186)</b>
<b>12,598,350</b>	<b>TOTAL TO BE MET FROM DEMAND ON THE COLLECTION FUND AND GENERAL RESERVE</b>	<b>13,309,662</b>	<b>13,044,673</b>
(12,598,350)	Council Tax - Demand on Collection Fund	(12,953,256)	<b>(13,044,673)</b>
<b>0</b>	<b>(SURPLUS) / DEFICIT FOR YEAR</b>	<b>356,406</b>	<b>0</b>

#### Final Budget Changes

4.3 Reasons for changes since the draft budget was reported in December 2019 include:

- (i) Head of Service Budgets - final updates to Otterpool budgets and anticipated spend on High Street Regeneration following approval of funding bids (both to be funded from reserves) and emerging issues
- (ii) New Homes Bonus income - updated for the provisional settlement notification
- (iii) Other non-service related Government Grants - updated for the latest business rates forecasts

- (iv) Net transfers to/from earmarked reserves have been amended following a review of planned earmarked reserve use
- (v) Capital Expenditure funded from Revenue – updated based on the latest Medium Term Capital Programme
- (vi) Updates for town and parish precepts which had not been confirmed when the December report was prepared
- (vii) Updated Business Rates income based on the latest forecasts
- (viii) Council Tax Demand on the Collection Fund – updated for:
  - forecast income based on the council tax base for 2020/21
  - confirmation of the special expenses for the Folkestone Parks and Pleasure Grounds Charity and
  - a 1.91% increase in the district council's council tax in 2020/21 to keep in line with current inflation rates.

## **5. FOLKESTONE & HYTHE BAND D EQUIVALENT COUNCIL TAX 2020/21**

- 5.1 The Local Government Finance Act 1992 (as amended) requires the Council to determine its council tax requirement for 2020/21.
- 5.2 The legal determinations in respect of the budget and council tax setting are set out in the General Fund Budget and Council Tax 2020/21 Report that is being considered at the 19 February 2020 meeting of Full Council, following this Cabinet meeting.
- 5.3 The amount to be raised by this authority from council tax payers comprises the council tax - demand on collection fund of £13,044,673.
- 5.4 This is divided by the tax base (39,109.15 Band D equivalent properties) to calculate the average district council tax, including town and parish precepts. The council tax base was approved by Corporate Director – Customers, Support and Specialist Services on 10 December 2019 via delegated authority through the constitution and is recommended to Full Council as part of the General Fund Budget and Council Tax 2020/21 Report that is being considered on 19 February 2020, following this Cabinet meeting.  

$$£13,044,673 \div 39,109.15 = £333.55$$
- 5.5 The average District council tax for Band D properties, including an amount for town and parish councils, will be £333.55. This is an increase of £10.99 (3.41%) over 2019/20. This sum will vary by parish and only represents an average, there is no referendum limit placed on town or parish councils by central government.
- 5.6 The impact of town and parish precepts is excluded when comparing the increase against what the Government regards as an excessive increase.

	2020/21 £	2019/20 £	Increase / (Decrease) %
Band D Council Tax - including town and parish precepts	333.55	322.56	3.41%
Band D equivalent of town and parish precepts	(65.17)	(59.22)	10.05%
Band D Council Tax - excluding town and parish precepts	268.38	263.34	1.91%

The average council tax to finance Folkestone & Hythe's net spending plans in 2020/21, including special expenses, is proposed to be increased by £5.04 (1.91%) to £268.38. The Council is therefore not at risk of having to hold a referendum because the increase falls well below the Government threshold.

Excluding the special expenses, Folkestone & Hythe's council tax rate is £254.16; an increase of £4.95 (1.99%) from the 2019/20 rate.

## 6. SPECIAL EXPENSES – FOLKESTONE PARKS AND PLEASURE GROUNDS CHARITY

- 6.1 The average 2020/21 council tax for Folkestone & Hythe District Council of £268.38 includes an amount that the Council has identified is in respect of special expenses i.e. the Folkestone Parks and Pleasure Grounds Charity.
- 6.2 When council tax bills are issued, the council tax (and % change in tax) for special expenses is disclosed separately from the council tax (and % change in tax) for Folkestone & Hythe District Council excluding special expenses.
- 6.3 Subject to Full Council's consideration and final approval of the budget and council tax, the following amounts will be disclosed separately on the council tax bill for a Band D property:

Based on a Band D average	Council Tax 2020/21 (Band D) £	Increase (Band D) £	Increase + /Decrease ( )	Council Tax payers that receive this information
Folkestone & Hythe District Council element of Council Tax - excluding Special Expenses	254.16	4.95	+1.99%	All Folkestone & Hythe District council tax payers
Special Expenses - Folkestone Parks and Pleasure Ground Charity	33.93	0.36	+1.07%	Folkestone and Sandgate council tax payers only

## 7. MAJOR PRECEPTS

- 7.1 Local taxpayers will also receive information in their council tax bill regarding the amount payable in respect of:
- their town or parish council

- Kent County Council
- Kent Police & Crime Commissioner, and
- Kent & Medway Fire and Rescue Service.

7.2 The Adult Social Care precept levied by Kent County Council will be itemised separately on council tax bills.

7.3 Precept details are set out in the General Fund Budget and Council Tax 2020/21 report to Full Council on 19 February 2020.

## 8. GENERAL FUND RESERVES

8.1 The forecast reserves position for 2019/20 and 2020/21 is shown below:

Reserve	1/4/2019 Balance £000	2019/20 Movement £000	31/3/2020 Balance £000	2020/21 Movement £000	31/3/2021 Balance £000
<b>Earmarked Reserves:</b>					
Business Rates	5,496	329	5,825	(4,426)	1,399
Carry Forward	723	(401)	322	0	322
Corporate Initiatives	404	454	858	(136)	722
IFRS <sup>1</sup> Reserve	38	(7)	31	(23)	8
Invest to Save	366	0	366	(366)	0
Leisure	197	50	247	(100)	147
New Homes Bonus (NHB)	2,524	(164)	2,360	(18)	2,342
VET <sup>2</sup> Reserve	637	(370)	267	(50)	217
Economic Development	2,901	1,326	4,227	(2,239)	1,988
Otterpool	2,129	(1,394)	735	(735)	0
Maintenance of Graves	12	0	12	0	12
Community Led Housing	437	(20)	417	(52)	365
Lydd Airport	9	0	9	0	9
Homelessness Prevention	319	0	319	0	319
High Street Regeneration	0	3,000	3,000	(468)	2,532
Climate Change	0	0	0	5,000	5,000
<b>Total Earmarked Reserves</b>	<b>16,192</b>	<b>2,803</b>	<b>18,995</b>	<b>(3,613)</b>	<b>15,382</b>
<b>General Reserve</b>	<b>6,513</b>	<b>490</b>	<b>7,003</b>	<b>0</b>	<b>7,003</b>
<b>Total General Fund Reserves</b>	<b>22,705</b>	<b>3,293</b>	<b>25,998</b>	<b>(3,613)</b>	<b>22,385</b>

<sup>1</sup> IFRS = International Financial Reporting Standards

<sup>2</sup>VET = vehicles, equipment and technology

8.2 The General Reserve is forecast to be £7.0m by 31 March 2021 and total General Fund Reserves (General Reserve plus Earmarked Reserves) are forecast to be £22.4m at 31 March 2021.

8.3 These forecasts are based on the current projected outturn position for 2019/20 and on the assumption that in-year budget variances are contained within the overall approved 2020/21 budget. Any emerging issues in 2019/20 which have a revenue impact will affect the forecast position of the General Reserve.

## 9. BUDGET CONSULTATION

9.1 The objectives for consultation on the 2020/21 budget proposals were to:

- Engage with key stakeholder groups and local residents;
- Seek feedback on specific budget proposals for 2020/21; and

(iii) Seek feedback on general spending and income generation priorities

9.2 Information was placed on the website, promoted via social media and feedback through email encouraged. Additionally some specific groups such as the Business Advisory Board and Joint Parish Council Committee received presentations.

#### Budget Consultation Responses

9.3 Public budget consultation ran online from late December to the end of January. Three pieces of direct feedback were received through these means. We will seek to explore options to obtain a more representative sample of residents' views in future years, however significantly more promotion was undertaken this year with minimal response.

9.4 In addition, in order to meet statutory responsibilities for consulting with the business community, a presentation on the Council's financial strategy to members of the Business Advisory Board was undertaken in the autumn and they were also invited to participate through the online consultation form.

9.5 Parish councils were also briefed and invited to participate in the consultation at the meeting of Folkestone & Hythe District and Parish Councils Joint Committee on 16 January 2020.

### **10. BUDGET SCRUTINY**

10.1 The 2020/21 budget reports that have been approved by Cabinet have been subject to review by the Overview and Scrutiny Committee at the following meetings:

- 15 October 2019 - Medium Term Financial Strategy for the period 2020/21 to 2023/24
- 12 November 2019 - Budget Strategy 2020/21 and Fees & Charges 2020/21
- 10 December 2019 - Draft General Fund Original Revenue Budget 2020/21
- 21 January 2020 - Update to the General Fund Medium Term Capital Programme

Minutes of these discussions have been made available to Cabinet when considering the reports.

### **11. ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES**

11.1 The Local Government Act 2003 requires the Council's Chief Finance Officer to formally give an opinion on the robustness of the budget and adequacy of reserves.

11.2 The Chief Finance Officer's statement will be presented in the General Fund Budget and Council Tax 2020/21 report to Council on 19 February 2020.

## 12. CONCLUSION

- 12.1 Cabinet is asked to recommend to Full Council the approval of the final General Fund budget for 2020/21 and to determine the District Council's council tax requirement as £13,044,673.

## 13. RISK MANAGEMENT ISSUES

- 13.1 The risks in respect of the General Fund Budget 2020/21 have already been set out in detail in Report C/19/50 to Cabinet on 11 December 2019 but are repeated below (and updated where applicable).

Perceived risk	Seriousness	Likelihood	Preventative action
Deteriorating economic climate	Medium	Medium	Setting of a prudential budget and continuing strong financial control in the Council's decision making.
Business Rates Localisation Scheme	High	Medium	Significant degree of uncertainty means close monitoring and modelling of the impact will be required. Budget has been reviewed in light of final NNDR1 estimate in January.
Reduction in Government grant	Medium	High	Monitor closely Government announcements and identify early action to address any shortfall. Risk has been mitigated due to the shift away from reliance on government grants.
Budget strategy not achieved	High	Low-medium	Close control of the budget making process and a prompt and decisive response to addressing budget issues. Stringent budget monitoring and reporting during 2020/21 and future years.
MTFS becomes out of date.	High	Low	The MTFS is reviewed annually through the budget process.
Assumptions may be inaccurate.	High	Medium	Budget monitoring is undertaken regularly and financial developments nationally are tracked. Assumptions are regularly reviewed.
Incorrect assessment of	High	Low	Current position is based on known information.

Perceived risk	Seriousness	Likelihood	Preventative action
Local Government Finance Settlement impact.			

## 14. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

### 14.1 Legal Officer's Comments (NE)

The Council must consistently comply with the Local Government Finance Act 1992 (as amended) and associated legislation. All the legal issues have been covered in the body of this report.

### 14.2 Finance Officer's Comments (CI)

The Financial implications are detailed in the report.

### 14.3 Diversities and Equalities Implications (CI)

The Equality Impact Assessment will be presented in the 19 February 2020 Budget and Council Tax 2020/21 report to Council.

## 15. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

*Charlotte Spendley – Director of Corporate Services*  
 Telephone: 07935 517986  
 Email [charlotte.spendley@folkestone-hythe.gov.uk](mailto:charlotte.spendley@folkestone-hythe.gov.uk)

The following background documents have been relied upon in the preparation of this report:

- Budget working papers
- 16 October 2019 - Report to Cabinet and Council - Medium Term Financial Strategy for the period 2020/21 to 2023/24
- 13 November 2019 - Reports to Cabinet - Budget Strategy 2020/21 and Fees & Charges 2020/21
- 11 December 2019 - Report to Cabinet - Draft General Fund Original Revenue Budget 2020/21
- 22 January 2020 - Report to Cabinet - Update to the General Fund Medium Term Capital Programme

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This Report will be made public on 11 February 2019



Report Number **C/19/67**

**To:** Cabinet  
**Date:** 19 February 2020  
**Status:** Key Decision  
**Responsible Officer:** Tim Madden, Director of Transformation and Transition (Acting Director of Place)  
**Cabinet Member:** Councillor David Monk, Leader of the Council and Councillor Godfrey, Housing, Transport and Special Projects

**SUBJECT:** Housing Revenue Account Business Plan Update 2020 - 2050

**SUMMARY:** The Council is required to produce a comprehensive Business Plan for its housing stock. The Business Plan is focused on improving the quality of the Council's landlord services and sets out the investment priorities for its existing Council housing stock. The document also provides details of the council's new build and acquisition housing programme. In view of policy changes implemented by the Government in 2018 to abolish the HRA borrowing cap, it was possible for the Council to increase its delivery target for new builds and the Business Plan was revised to deliver up to 300 homes by 2024/25. Following further reviews of the HRA financial position, its borrowing capacity and the Council's priorities the Business Plan has been updated to deliver a further 1,000 homes over the 10 year period from 2025/26 to 2034/35. The revised Business Plan also includes capital investment of £10m into existing housing stock. This report provides the details supporting the updated plan.

#### **REASONS FOR RECOMMENDATIONS:**

Cabinet is asked to agree the recommendations below because:

- a) The Council is required by Government to have a comprehensive Business Plan in place for its Housing Stock and other assets within the HRA.
- b) The Council is required to properly plan the repayment of its debt within the HRA. It is essential that it has an effective Business Plan to properly resource its HRA activity.
- c) The Government has announced a number of policy changes in relation to the HRA accounts held by local authorities. It is vital that the council keeps its HRA Business Plan under ongoing review to ensure that it remains fit for purpose. These changes have significantly impacted on the scale of the council's new build and housing acquisition programme.

## **RECOMMENDATIONS:**

- 1. To receive and note report C/19/67.**
- 2. To agree the Council should increase the number of homes delivered through its HRA new build and acquisition programme to up to 1,200 homes over the period from 2020/21 to 2049/50 based on the updated Business Plan.**
- 3. To agree the Council should invest £10m into existing housing stock.**
- 4. To agree that an update to the text of the HRA Business Plan be considered by Full Council in June.**

## **1. BACKGROUND**

- 1.1 The Council is required to have a comprehensive HRA Business Plan in place to set out its proposals for financing and maintaining its housing stock and other assets held within the HRA.
- 1.2 The Council's HRA is a ring-fenced account held by the Council. It contains all the expenditure and income relating to the 3,395 properties and other assets owned and managed by the Council in its role as a landlord. East Kent Housing delivers the landlord role on behalf of the Council although this is currently subject to review.
- 1.3 Since 2012, the Council has been able to take greater control of the HRA and the rental income it receives from the rented homes it provides due to the introduction of self-financing within the HRA by the Government.
- 1.4 The key strategic objectives of the HRA Business Plan are:
  - To provide high quality affordable homes.
  - To provide an efficient and effective housing management service.
  - To achieve efficiencies in service delivery and invest in service improvement for tenants and leaseholders.
  - To maximise the recovery of rental income.
  - To continue the Council's new build and acquisition programme, delivering affordable homes for rent and shared ownership.
- 1.5 In October 2018 the Government announced the removal of the HRA borrowing cap to enable local authorities to build more homes. In view of this announcement the HRA Business Plan was reviewed and the Council was able to increase the number of additional affordable Council homes to be delivered through the new build and acquisition programme from 200 to 300. The programme includes units for affordable rent and shared ownership purchase.
- 1.6 In line with good practice, The HRA Business Plan is subject to ongoing review to ensure that it remains fully fit for purpose. Details of the overall HRA investment in the Council's existing housing stock, including the resources for the housing management and maintenance service, were reported to Cabinet in January as part of the overall HRA budget setting process for 2020/21. The review has also highlighted that there is potential to increase the number of properties that will be delivered through the Council's new build and acquisition programme.

## **2. New Build and Acquisition Programme**

- 2.1 To date the Council has delivered 100 additional homes through the Council's new build and acquisition programme, including homes for rent and shared ownership purchase.

2.2 Further sites are in the pipeline over the next 4 years which will enable the Council to continue to deliver its new build and acquisition programme. The pipeline sites at this time are as follows:

- Highview School - 35 units (completion subject to planning)
- Fernfield Lane - 6 units (completion date to be confirmed)
- Biggins Wood - 25 units (completion date to be confirmed)
- Ship Street - 30 units (completion date to be confirmed)
- Princes Parade - 30 units (completion date to be confirmed)
- Littlestone - 14 units (completion date to be confirmed)
- Total units 140**

Subject to overall viability within the programme it is envisaged that approximately 37 of the homes above will be provided for shared ownership purchase.

2.3 Following a further review of the current financial position within the HRA and the projections going forward in light of the removal of the borrowing cap, there is an opportunity for the Council to expand its new build programme to significantly increase the number of new homes in the district. The programme will include units for affordable rent and shared ownership purchase.

2.4 The updated Business Plan models delivery of 1,200 homes within the period up to 2034/35. For the purposes of modelling the profiled delivery of these units is as follows:

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Units	65	26	55	40	14

	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
Units	100	100	100	100	100

	<b>2030/31</b>	<b>2031/32</b>	<b>2032/33</b>	<b>2033/34</b>	<b>2034/35</b>	<b>Total</b>
Units	100	100	100	100	100	<b>1,200</b>

2.5 In order to fully deliver the programme, it will be necessary for the Council to identify a number of additional sites or properties for conversion. Whilst in principle it is possible to deliver the 1,200 homes over the next 15 years, it is not possible to provide a precise timeframe as this will be subject to the Council securing the necessary sites/properties for conversion.

2.6 If the proposed increase in the number of homes is agreed by Cabinet, the text within the Council's HRA Business Plan will be updated to reflect this change. Any minor interim changes to the text will be approved by the Cabinet Member for Housing, Transport and Special Projects and the wider business plan document will be reviewed and reported back to Full Council in June.

### 3. Capital Investment

- 3.1 Following a consultation with tenants around the future of East Kent Housing, it is likely that the housing management service will be brought back in-house. It may be necessary to make a significant investment in the existing housing stock.
- 3.2 The updated plan includes additional funding of £10m to be made available from 2020/21 to be spent on an enhanced capital programme over the three years up to 2022/23, the first £3.5m of this has been identified in the HRA 2020/21 Budget paper.

### **3. Resourcing the Business Plan**

- 3.1 The main source of income within the HRA is the rents paid by the Council's tenants. In 2016 the Government announced that Council landlords were required to reduce their general need housing rents by 1% from 2015/16 levels each year for a four year period from 2016/17. The required period of rent reductions will come to an end from April 2020 when councils can increase rents by CPI plus 1% for a period of 5 years. This increase in income has supported the increase in new build expenditure.
- 3.2 The Council also receives income for services provided that are not already covered by its rental charges, such as communal area cleaning charges and heating charges.
- 3.3 The current agreed Business Plan includes external borrowing of £20.8m to deliver 300 homes. The revised Business Plan requires a total of £248.9m external borrowing over a 13 year period (starting in 2021/22) to resource the increased new build programme of 1,200 homes and capital investment into existing stock. This is an additional borrowing requirement of £228.1m. The Business Plan has assumed that this will be financed from new treasury loans which will be repaid upon maturity, ensuring that the HRA maintains a minimum reserve balance of £2m. The long-term debt will be managed as part of the Council's debt portfolio.

Actual loan amounts, interest rates and repayment dates will vary subject to actual new build schemes available to the Council.

- 3.2 Existing loans within the HRA will continue to be repaid upon maturity and approximately 50% of the total HRA debt will be repaid within the 30 year life of the plan (2049/50) and approximately 75% will be repaid by 2055/56.
- 3.3 Additional staffing capacity will be required to deliver the uplifted programme and costs for additional resources have been factored into the model.

### **4. Expenditure within the HRA**

- 4.1 The main costs for the council in terms of the management of its housing stock are:
  - The management fee paid to East Kent Housing
  - The insurance costs associated with the housing stock
  - The cost of grounds maintenance services

4.2 The council also incurs costs within the HRA for the provision of its responsive repairs service. An effective and efficient repairs service has a significant impact on overall levels of tenant satisfaction and is further priority of this plan.

4.3 In addition to this revenue expenditure, the council also has a programme of capital expenditure to maintain the condition of its housing stock on a programmed basis. The Business Plan includes details of the proposed capital expenditure programme based on the stock condition survey undertaken in 2016/17.

**5. RISK MANAGEMENT ISSUES**

5.1 A summary of the perceived risks to the Council is shown below:

<b>Perceived risk</b>	<b>Seriousness</b>	<b>Likelihood</b>	<b>Preventative action</b>
Insufficient resources within the HRA to deliver the new build and acquisition programme.	High	Low	HRA Business plan is subject to ongoing review to ensure that it remains fully fit for purpose and is developed in line with Government Best Practice.
The impact of further Government policy changes which impact on the delivery of this business plan.	High	Medium	The ongoing review of this business plan to ensure that it remains fit for purpose.

**6. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

**6.1 Legal Officer’s Comments (NE)**

The Council, as a local housing authority, must maintain a Housing and Revenue Account in accordance with s74 of the Local Government and Housing Act 1989. The HRA must include sums falling to be credited or debited in accordance with the category of properties listed in s74(1) which consists primarily of Council housing stock. HRA must include any capital expenditure on housing stock which a local authority has decided to charge to revenue. Save in accordance with a direction of the Secretary of State, sums may not be transferred between HRA or General Fund therefore HRA is ring-fenced and cannot be used to subsidise a budget deficit within

General Fund, neither can General Fund be used to subsidise a budget deficit in HRA. S76 of the 1989 Act requires local authorities to formulate and implement proposals to secure HRA for each financial year does not show a debit balance. If a debit occurs, this must be carried forward to the next financial year.

Cabinet must be aware that the implementation of the housing development programme anticipated by this report will be conditional upon receipt of unqualified planning permission.

## 6.2 **Finance Officer's Comments (CI)**

The financial issues and associated risks are addressed in the report.

## 6.3 **Diversities and Equalities Implications (AH)**

The HRA Business Plan is subject to ongoing review. No negative diversities and equalities impacts have been identified to date.

## 7. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Adrian Hammond (Housing Strategy Manager)  
Telephone: 01227 853392  
Email: [Adrian.hammond@folkestone-hythe.gov.uk](mailto:Adrian.hammond@folkestone-hythe.gov.uk)

The following background documents have been relied upon in the preparation of this report:

### ***Updated Folkestone & Hythe HRA Business Plan 2019 – 2049***

#### **Appendices:**

- Appendix 1: Detailed revenue and balance projections
- Appendix 2: Capital Expenditure Forecasts
- Appendix 3: Forecast Debt Profile
- Appendix 4: Forecast HRA Balances

# Appendix 1

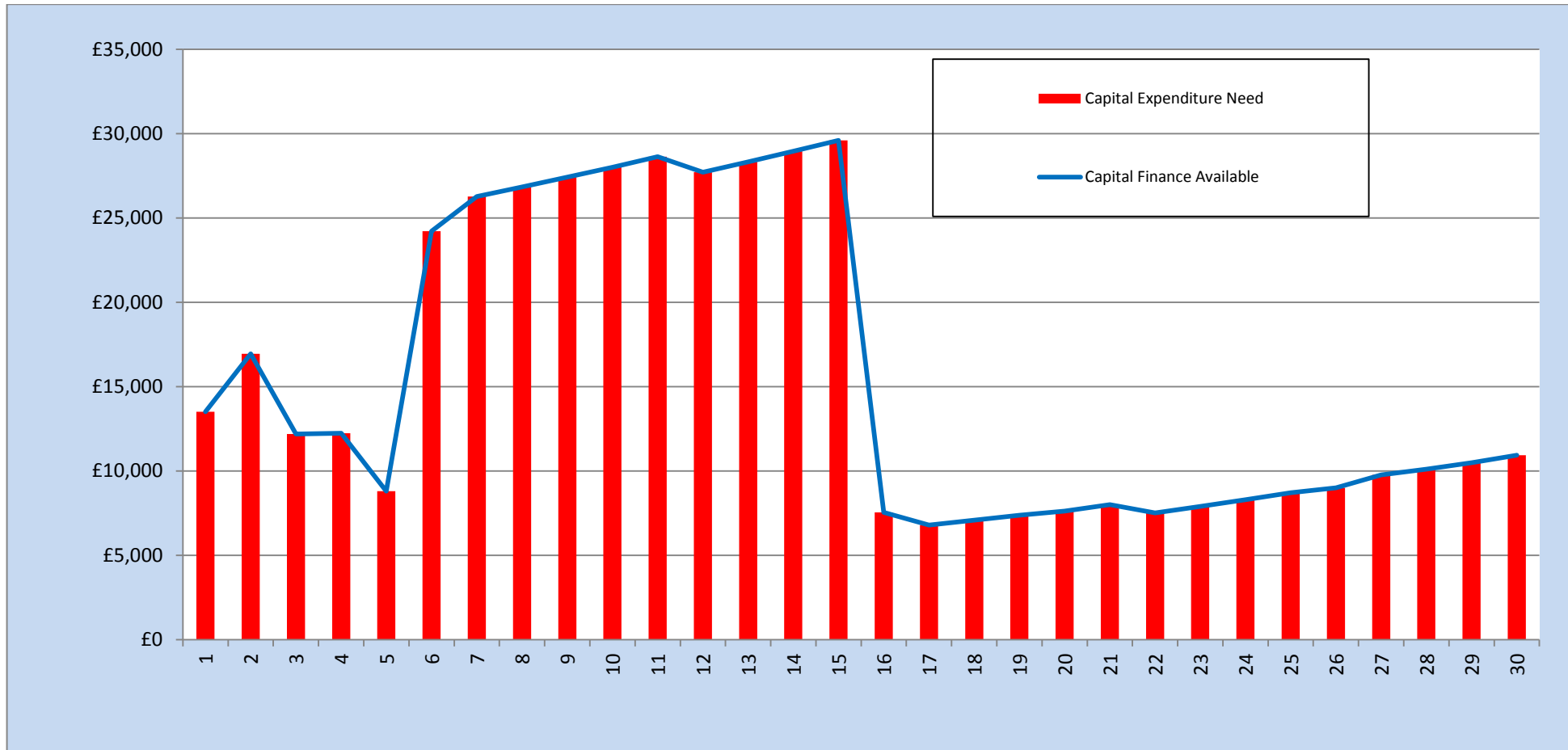
## HOUSING REVENUE ACCOUNT PROJECTIONS

Folkestone & Hythe District Council

Year	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2029-34	2034-39	2039-44	2044-49
£'000	1	2	3	4	5	6	7	8	9	10	11-15	16-20	21-25	26-30
<b>INCOME:</b>														
Rental Income	15,013	15,742	16,302	17,045	17,737	18,222	19,263	20,355	21,501	22,692	132,970	161,469	181,259	203,768
Void Losses	-75	-80	-84	-89	-94	-97	-105	-114	-124	-133	-828	-1,054	-1,185	-1,334
Service Charges	1,010	1,030	1,051	1,072	1,093	1,115	1,137	1,160	1,183	1,207	6,406	7,073	7,809	8,622
Non-Dwelling Income	342	349	356	363	371	378	386	393	401	409	2,172	2,398	2,648	2,923
Grants & Other Income	52	53	54	55	57	58	59	60	61	62	331	366	404	446
<b>Total Income</b>	<b>16,343</b>	<b>17,094</b>	<b>17,679</b>	<b>18,446</b>	<b>19,163</b>	<b>19,675</b>	<b>20,739</b>	<b>21,854</b>	<b>23,023</b>	<b>24,237</b>	<b>141,051</b>	<b>170,252</b>	<b>190,934</b>	<b>214,425</b>
<b>EXPENDITURE:</b>														
General Management	-4,080	-4,161	-4,245	-4,330	-4,416	-4,504	-4,595	-4,686	-4,780	-4,876	-25,881	-28,575	-31,549	-34,833
Special Management	-1,036	-1,057	-1,078	-1,100	-1,122	-1,144	-1,167	-1,190	-1,214	-1,238	-6,574	-7,258	-8,013	-8,848
Other Management	-22	-22	-23	-23	-24	-24	-24	-25	-25	-26	-138	-152	-168	-186
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-151	-157	-203	-162	-169	-174	-184	-194	-206	-217	-1,276	-1,554	-1,744	-1,961
Responsive & Cyclical Repairs	-3,787	-3,882	-3,979	-4,078	-4,180	-4,338	-4,469	-4,627	-4,777	-4,909	-27,878	-34,103	-39,577	-44,587
<b>Total Revenue Expenditure</b>	<b>-9,075</b>	<b>-9,280</b>	<b>-9,527</b>	<b>-9,693</b>	<b>-9,910</b>	<b>-10,185</b>	<b>-10,438</b>	<b>-10,723</b>	<b>-11,003</b>	<b>-11,266</b>	<b>-61,747</b>	<b>-71,641</b>	<b>-81,052</b>	<b>-90,414</b>
Interest Paid	-1,543	-1,391	-1,547	-1,688	-1,730	-2,171	-2,714	-3,172	-3,853	-4,736	-30,916	-35,823	-30,988	-23,814
Finance Administration	-4	0	-2	-3	-2	-7	-8	-7	-8	-12	-15	0	0	0
Interest Received	76	36	14	14	14	16	17	17	18	19	89	95	108	113
Depreciation	-2,565	-2,728	-2,853	-2,961	-3,035	-3,239	-3,450	-3,670	-3,899	-4,136	-24,518	-28,832	-31,716	-34,920
<b>Net Operating Income</b>	<b>3,232</b>	<b>3,731</b>	<b>3,765</b>	<b>4,115</b>	<b>4,501</b>	<b>4,090</b>	<b>4,145</b>	<b>4,299</b>	<b>4,277</b>	<b>4,105</b>	<b>23,943</b>	<b>34,052</b>	<b>47,287</b>	<b>65,389</b>
<b>APPROPRIATIONS:</b>														
FRS 17 /Other HRA Reserve Adj	195	195	199	203	207	211	215	220	224	228	1,213	1,339	1,478	1,632
Revenue Provision (HRACFR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contribution to Capital	-6,805	-10,224	-3,904	-4,296	-4,698	-3,974	-4,291	-4,532	-4,398	-4,134	-25,362	-34,919	-48,812	-66,646
<b>Total Appropriations</b>	<b>-6,610</b>	<b>-10,029</b>	<b>-3,705</b>	<b>-4,093</b>	<b>-4,491</b>	<b>-3,763</b>	<b>-4,076</b>	<b>-4,312</b>	<b>-4,174</b>	<b>-3,906</b>	<b>-24,149</b>	<b>-33,580</b>	<b>-47,334</b>	<b>-65,013</b>
<b>ANNUAL CASHFLOW</b>	<b>-3,378</b>	<b>-6,298</b>	<b>60</b>	<b>22</b>	<b>10</b>	<b>326</b>	<b>69</b>	<b>-13</b>	<b>103</b>	<b>200</b>	<b>-206</b>	<b>472</b>	<b>-47</b>	<b>375</b>
Opening Balance	11,665	8,288	1,989	2,049	2,071	2,081	2,408	2,477	2,464	2,568	2,767	2,561	3,033	2,987
<b>Closing Balance</b>	<b>8,288</b>	<b>1,989</b>	<b>2,049</b>	<b>2,071</b>	<b>2,081</b>	<b>2,408</b>	<b>2,477</b>	<b>2,464</b>	<b>2,568</b>	<b>2,767</b>	<b>2,561</b>	<b>3,033</b>	<b>2,987</b>	<b>3,362</b>

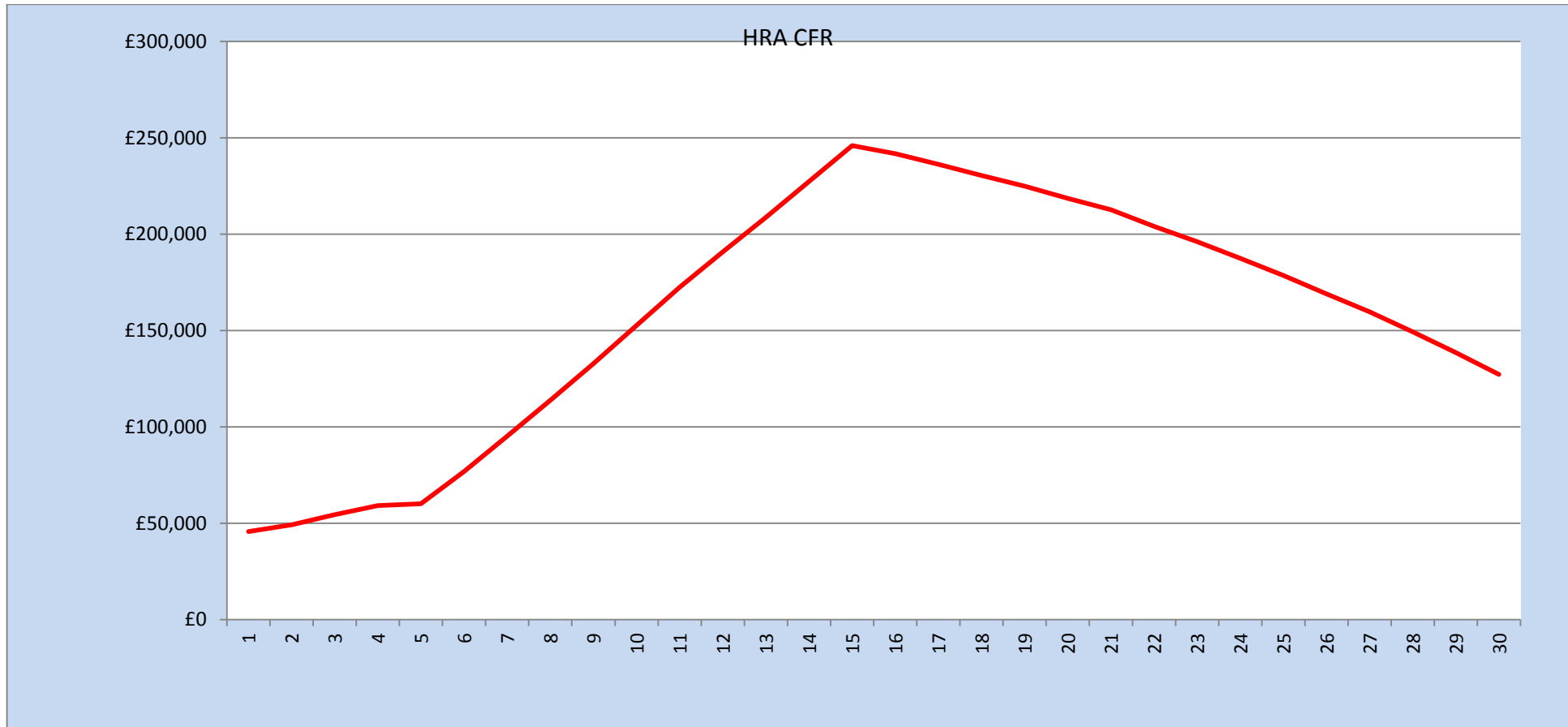


Analysis of Capital Expenditure Need v Capital Financing Allocated



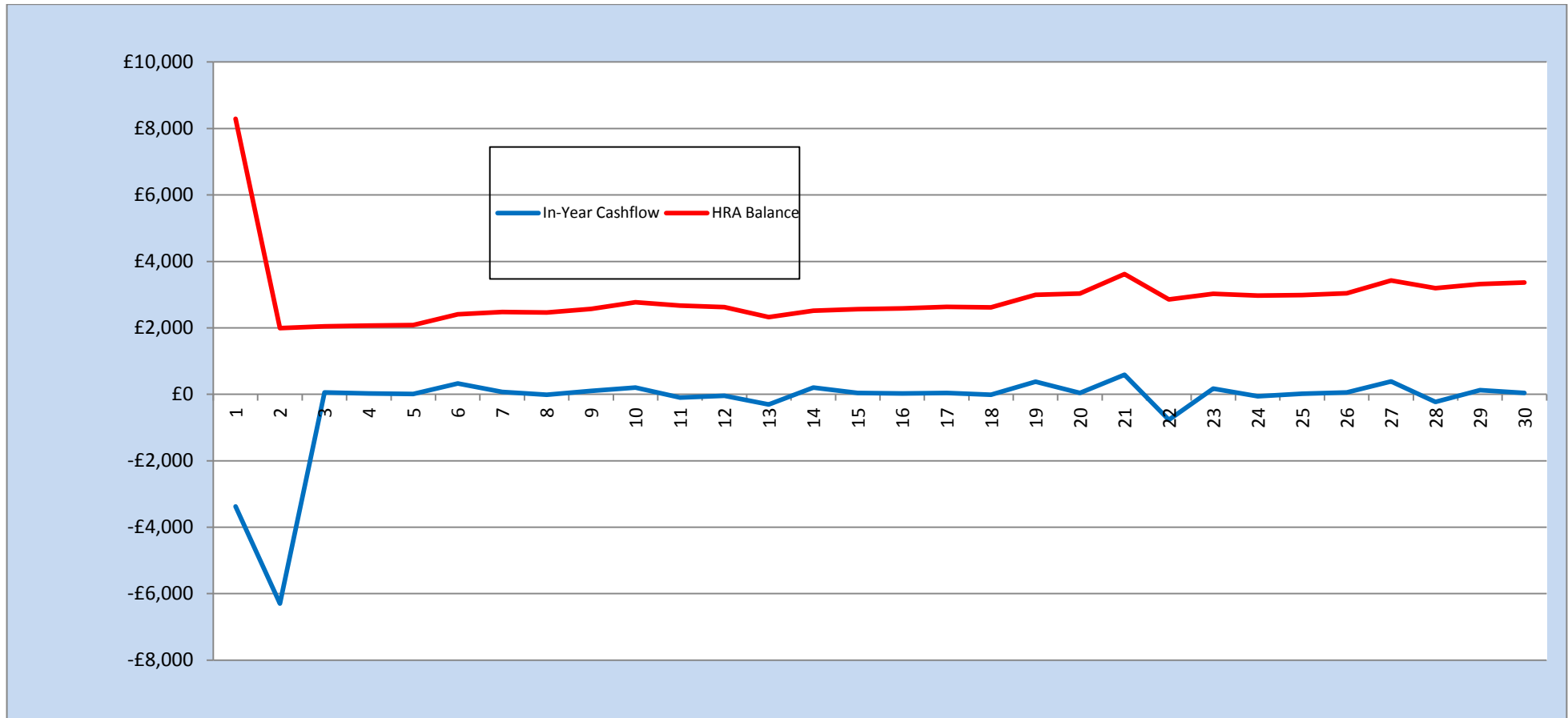
The above graph shows the amount of capital expenditure needed over the lifetime of the business plan and the necessary funding allocated. The graph shows that there is sufficient funding available to meet the needs of the programme.

Analysis of HRA Debt Profile



The above graph shows the level of debt required to enable the full programme to be delivered. The debt increases up to year 15 to support the period of new build delivery and then steadily reduces as loans start to mature.

Analysis of HRA Cash Flow over life of Business Plan



The above graph shows that the HRA balance is maintained above the minimum required balance of £2m throughout the life of the plan. Balances slowly begin to accrue within the HRA from year 18 (2037/38), when the new build expenditure has ceased and the loan portfolio begins to mature. This includes the repayment of the modelled additional loans.

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This Report will be made public on 11 February 2020



Report Number **C/19/68**

**To:** Cabinet  
**Date:** 19 February 2020  
**Status:** Key decision  
**Responsible Officer:** Tim Madden, Director of Transition and Transformation  
**Cabinet Member:** Councillor David Godfrey, Cabinet Member for Housing, Transport and Special Projects

**SUBJECT:** Housing management options appraisal – outcome of formal consultation

#### **SUMMARY:**

An options appraisal was completed in October 2019, reviewing the delivery of housing management services provided by East Kent Housing (EKH) on behalf of Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council. The four councils agreed that the preferred option for future service provision to the four councils' tenants and leaseholders is that it should become an in-house service, subject to consultation. This report sets out the outcomes from the formal consultation exercise undertaken with EKH tenants and leaseholders. It proposes that officers from across the four councils be instructed to negotiate ending the agreement with EKH and to make preparations for the housing management service to be brought in-house.

#### **REASONS FOR RECOMMENDATIONS:**

- EKH has experienced serious performance problems and health and safety non-compliance issues.
- Tenants and leaseholders have expressed their views clearly, that they would prefer their homes to be managed by the individual councils rather than retain the existing Arms-Length Management Organisation structure.
- It is in the best interests of tenants and leaseholders for the four councils to terminate the management agreement and transfer housing services back in-house.
- The integration of the housing management service with each council's remaining housing services would provide a more transparent and accountable structure for the housing service.

#### **RECOMMENDATIONS:**

1. To receive and note report C/19/68 and to present this report to Council for its consideration and comments.
2. That having noted the results of the tenant and leaseholder consultation, the cost/benefit analysis and the risk analysis, it is agreed that the management of the council's housing stock be brought back in-house.
3. That the Director of Transformation and Transition, in consultation with the Portfolio Holder for Housing, Transport and Special Projects be authorised to negotiate and conclude a termination of the management agreement with EKH as soon as practicable.
4. That the Director of Transformation and Transition, in consultation with the Portfolio Holder for Housing, Transport and Special Projects be authorised to take such decisions as may be necessary to facilitate the process of bringing the housing service in-house in discussion with the appropriate statutory officers..

## 1. BACKGROUND

- 1.1 The four councils of Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council are neighbouring district councils located in East Kent.
- 1.2 On 1 April 2011, the councils established EKH under section 27 of the Housing Act 1985, delegating the management of its housing stock of approximately 17,000 homes. EKH is an Arms-Length Management Organisation (ALMO), jointly owned, in equal share, by the four councils. EKH was managed by an independent board up until 12 December 2019, when it was replaced by a new board consisting of the chief executives of the four councils.
- 1.3 In early 2019, the four client councils raised concerns about a number of key areas of the services provided by EKH in relation to asset management, procurement and delivery of the capital programme, which were further exacerbated by serious health and safety compliance by EKH in relation to the internal control of health and safety, including fire safety, electrical safety, lift safety and legionella and limited assurance for gas safety.
- 1.4 The four councils agreed to self-refer to the Regulator for Social Housing (RSH), confirming that the councils, through EKH, had failed to meet statutory health and safety requirements across a range of areas. In September 2019, the RSH's investigation concluded that the four councils (under their statutory landlord responsibilities) were non-compliant, resulting in a Regulatory Notice being issued. The notice remains 'live' for 12 months or until full compliance is achieved. The council is currently in the final stages of agreeing a voluntary undertaking to give a clear plan of action for monitoring improvements. At this stage, it is expected that the council will work closely with the regulator over the next 12 to 18 months.
- 1.5 As a result of the above, the four councils have continued to present reports to their various governance groups explaining why they have concerns about the way in which EKH has been managing council owned homes.
- 1.6 In June 2019, the four councils endorsed a review of the potential future options for the management of the housing stock. On 16 October 2019, FHDC's Cabinet (report reference C/19/29) approved the report on future options for the future housing management arrangements for the district. The following recommendations were agreed:
  - To approve the recommendation that the council's preferred option is to withdraw from EKH and return housing management services back in-house under direct management of the council, subject to formal consultation with all tenants and leaseholders to satisfy the requirements of Section 105 of the Housing Act 1985.
  - To approve that council makes available up to £250,000 from the HRA in 2019/20 and 2020/21 (split to be determined) to support interim transition management costs, subject to option 2 being supported.

- To approve for any minor amendments to the options and consultation documents to be delegated to the Head of Paid Service in consultation with the Cabinet Member for Housing, Transport and Special Projects.
- To approve for the consultation results to be presented to Overview and Scrutiny Committee and Cabinet for consideration in early 2020.

- 1.7 Pennington Choices housing consultancy service was appointed by the four councils to investigate the circumstances leading to the compliance failures, the main underlying causes, the effectiveness of the recovery action plans put in place and to make recommendations to ensure that the identified compliance failures do not happen again. The final report was presented to members on 20 December 2019 (report reference C/19/54), with each council endorsing the production of an 'action plan' to implement the recommendations outlined in Pennington's report. The action plan, which is being compiled by Pennington Choices, will seek to bring improvements in the operation and performance of EKH, such that the RSH is in a position to remove the Regulatory Notices served on the four councils.
- 1.8 On 23 December 2019, EKH's Chief Executive stepped down from the role in light of the changes to the Board and the four councils' consultation with tenants and leaseholders. Interim measures have been put in place by the four councils, with an EKH Chief Executive appointed as a temporary time-limited resource as the councils conclude the important detailed work on compliance recovery, whilst still delivering housing management services.

## **2. TENANT AND LEASEHOLDER CONSULTATION**

- 2.1 All four councils provided their formal endorsement of the preferred option to withdrawal from EKH and return housing management services back in-house under direct management of each council, subject to consultation with all EKH tenants and leaseholders to satisfy the requirements of Section 105 of the Housing Act 1985.
- 2.2 The consultation exercise was administered by Canterbury City Council, running for 8 weeks from Tuesday 22 October to Friday 20 December 2019 and sought a test of opinion rather than a formal ballot in order to achieve consistency with the process used prior to the formation of EKH.
- 2.3 A programme of consultation was implemented across the four councils. All EKH tenants and leaseholders were written to by letter on 22 October 2019, informing them of the consultation survey and provided with a Frequently Asked Questions information sheet. Tenants and leaseholders were given the option to complete the consultation survey online or by post (using a pre-paid envelope).
- 2.4 Consultation drop-in sessions were organised and hosted in Canterbury, Dover, Folkestone & Hythe and Thanet between October to December 2019. The sessions were staffed and attended by council members and officers. All EKH tenants and leaseholders, including sheltered schemes, were invited and attendance was as follows:



<b>Local authority</b>	<b>No. of attendees (tenants and leaseholders)</b>
Canterbury City Council	167
Dover District Council	77
Folkestone & Hythe District Council	50
Thanet District Council	11

- 2.5 The Corporate Consultation Manager at Canterbury City Council dealt with 45 tenant and leaseholder enquiries across the four council areas during the consultation, providing help and support, for example if someone needed information in a different format or additional information regarding the consultation. Other enquiries included tenancy, leaseholder, performance and repairs issues.
- 2.6 The Council's Cabinet Member for Housing, Transport and Special Projects attended all of the Council's drop in sessions during the consultation period to hear the views of residents on the Council's Housing Services delivered by EKH and their aspirations for the service going forward. He also attended the Shepway Tenants and Leaseholders Board Meeting in December of last year and confirmed the Council's commitment to building on the tenant and leaseholder involvement processes put in place by EKH with residents. In addition, he has been involved in detailed casework and has gained a familiarity and knowledge of some of the issues facing tenants. He has also set out a commitment that should the housing service return in-house, residents will continue to be at the heart of the service, working with the Council to shape the service now and in the future.

### **3. RESULT OF THE TEST OF OPINION**

- 3.1 The purpose of the consultation was to gauge opinions and gather feedback from tenants and leaseholders, evaluate their attitudes towards the proposal and identify any concerns they might have. This is usually referred to as a test of opinion.
- 3.2 The test of opinion consultation closed on 20 December 2019. Tenants and leaseholders were asked to provide their level of agreement with the proposal to bring the service back in house. The consultation document is attached as Appendix 4.
- 3.3 At the close of the consultation, across the four districts, 17,201 questionnaires were issued and 2,603 completed and returned. 332 of these were submitted online and 2,271 were paper copies.
- 3.4 Canterbury City Council  
In total, 5,510 consultation surveys were issued. Of these, 843 were returned (15%). In terms of who has responded:
- 821 tenants and leaseholders
  - 4 other individuals
  - 18 respondents did not say in what capacity they were responding

### 3.5 Dover District Council

In total, 4,694 consultation surveys were issued. Of these, 731 were returned (16%). In terms of who has responded:

- 707 tenants and leaseholders
- 13 other individuals
- 11 respondents did not say in what capacity they were responding

### 3.6 Folkestone & Hythe District Council

In total, 3,575 consultation surveys were issued. Of these, 602 were returned (17%). In terms of who has responded:

- 588 tenants and leaseholders
- 4 other individuals
- 1 Shepway Tenants and Leaseholder Board
- 1 Age UK Hythe and Lyminge
- 1 shared ownership resident
- 7 respondents did not say in what capacity they were responding

### 3.7 Thanet District Council

In total, 3,422 consultation surveys were issued. Of these, 427 were returned (12%). In terms of who has responded:

- 403 tenants and leaseholders
- 17 other individuals
- 1 Addington Street Community Group
- 1 Newington Community Association
- 1 shared ownership resident
- 1 former tenant
- 3 respondents did not say in what capacity they were responding

3.8 Across the four councils, the majority of respondents strongly agree or tend to agree with the proposal to bring the housing service back in house. In Canterbury, 81% of respondents agree to some extent to the proposal, Dover 81%, Folkestone & Hythe 74% and Thanet 81%.

### 3.9 Canterbury City Council

	<b>All respondents</b>	<b>Tenants and leaseholders</b>
Strongly agree	60% (492)	60% (487)
Tend to agree	21% (171)	21% (167)
Neither agree nor disagree	12% (96)	11% (92)
Tend to disagree	4% (30)	4% (30)
Strongly disagree	4% (37)	4% (37)

### 3.10 Dover District Council

	<b>All respondents</b>	<b>Tenants and leaseholders</b>
Strongly agree	62% (445)	62% (433)
Tend to agree	19% (138)	19% (135)
Neither agree nor disagree	12% (84)	12% (82)
Tend to disagree	3% (20)	3% (20)
Strongly disagree	5% (36)	5% (33)

### 3.11 Folkestone & Hythe District Council

	<b>All respondents</b>	<b>Tenants and leaseholders</b>
Strongly agree	54% (323)	54% (316)
Tend to agree	20% (120)	20% (119)
Neither agree nor disagree	13% (76)	13% (75)
Tend to disagree	4% (21)	4% (21)
Strongly disagree	9% (53)	9% (51)

### 3.12 Thanet District Council

	<b>All respondents</b>	<b>Tenants and leaseholders</b>
Strongly agree	60% (257)	60% (243)
Tend to agree	21% (91)	22% (88)
Neither agree nor disagree	9% (37)	9% (35)
Tend to disagree	3% (12)	3% (11)
Strongly disagree	7% (28)	6% (25)

3.13 The full consultation report for Folkestone and Hythe is attached as Appendix 5. The detailed responses for other councils can, if required, be referred to at:

<https://www.folkestone-hythe.gov.uk/your-council/democracy/appendices>

However, a snapshot of comments made by respondents who strongly agree or tend to agree with the proposal is below:

- Lack of action by East Kent Housing to deal with repair and maintenance issues
- The council would be more responsive in dealing with issues
- The council would be more accountable than East Kent Housing
- The service provided by East Kent Housing has deteriorated in the last few years
- Lack of communication from East Kent Housing
- The council would be more accountable than East Kent Housing
- The council ran the service well before East Kent Housing was created
- Unhappy with the general standard of service provided by East Kent Housing

- Bringing the service back under council control would be more cost effective
- The council could build stronger relationships with its tenants

### 3.14 What the council should focus on for housing services

Respondents across the four council areas were asked what they feel are the three most important things for the council to focus on for housing services from the following list:

- Dealing with repairs and maintenance including monitoring outcomes
- Dealing with anti-social behaviour
- Providing value for money for your rent and service charges
- Building new council homes
- Estate services (such as grass cutting, cleaning communal areas etc)
- Dealing with customer enquiries and complaints
- Involving and listening to residents

Other:

- Maintain reasonable rent charges
- Improve efficiency
- Improve consultation with residents
- Improve dialogue with disabled residents
- Dealing with communal repairs

At the close of the consultation, respondents highlighted the three most important areas of focus for Canterbury, Dover and Thanet as (in order of priority):

1. Dealing with repairs and maintenance
2. Dealing with anti-social behaviour
3. Providing value for money for your rent and service charges

In Folkestone & Hythe, respondents highlighted the three most important areas of focus as (in order of priority):

1. Dealing with repairs and maintenance including monitoring outcomes
2. Dealing with anti-social behaviour
3. Dealing with customer enquiries and complaints

3.15 Should members make the decision to return the service in house, then these comments will provide a clear focus for improvements to the service. Where possible, immediate actions will be taken to address issues, however this will be along side both medium and longer term plans to improve the services to tenants and stakeholders.

### 3.16 Government guidance on ALMO consultation

Government issued guidance in 2011 to Local Authorities (see Appendix 1) considering the future of their ALMO housing management services. Councils are

asked to undertake a cost-benefit and risk analysis exercises before reaching a final decision. These exercises have been completed and the results are given in appendices 2 (cost/benefit analysis) and 3 (risk analysis). Cabinet is invited to consider the two documents before reaching decision on the report's recommendations.

#### **4. PROPOSED IMPLEMENTATION PROCESS**

- 4.1 At present, the Secretary of State is not required to consent to the transfer of landlord functions from the EKH ALMO to the council.
- 4.2 The four councils as joint owners of EKH, in accordance with the terms of engagement, will need to achieve a mutually agreed termination. Once the process has been concluded, it is proposed that an in-house service be established. The primary aim will be to ensure the service is safe and stable and to effect immediate improvements where possible. During the period of transition, it may be that there is a phased transfer of services back to the council depending on the appropriateness of the proposals. During this period the councils will be drawing up proposals for the future housing service, which will cover new governance arrangements, organisational structures, integration with existing council services (e.g. call handling, property and grounds maintenance, community safety, communications) and the priorities and plans of the new service.
- 4.3 Officers from the four councils will establish a Transition Board to co-ordinate the overall project. It is likely that officers within each council will also need to establish a corporate project management group to oversee the various work streams necessary to wind up EKH and to create a new in-house service.
- 4.4 A communications strategy will be of critical importance. The corporate project management group in each council will have responsibility for overseeing the communications necessary with tenants, leaseholders, staff, elected members and other stakeholders. There are many tenants and leaseholders who have expressed their views strongly at many of the consultation meetings, and it will be important to address the concerns that they raised at those meetings.
- 4.5 The Head of Paid service has been in contact with the Chair of the Shepway Tenants and Leaseholders group and has committed to regular meetings to discuss the future delivery of the Council's Housing Services. The Portfolio holder and officers will also continue to attend quarterly Shepway Tenants and Leaseholders Board meeting. The four East Kent Chief Executives have also agreed to engage with the local Tenant and Leaseholder Group when they meet as the EKH Board. Going forward it is essential that the Council also involves wider tenants in shaping its future housing service. Resident involvement is a key requirement of the standards set by the Social Housing Regulator. Details of this requirement are set out in the Tenant Involvement and Empowerment Standard 2017. The EKH board has also met with staff and trades unions and this engagement is planned to continue during the process.

#### **5. ISSUES NEEDING FURTHER DECISION**

- 5.1 The transition process set out above will give rise to the need for decisions on a number of key issues:
- The name or branding to be used for the new in-house service (if required).
  - The transfer / recruitment of staff
  - Arrangements for leadership and management of housing (both strategic and housing management) through the transition and beyond.
  - Decisions on the potential for the integration of EKH and council services which are currently provided separately.
  - The establishment of a new Tenant and Leaseholder Panel as quickly as possible to sustain resident involvement in key housing management decisions.
  - Decisions about the winding up of East Kent Housing as a separate company once the contract transfer has occurred (as required)
  - Decisions about the novation of any contracts currently held by EKH to the council, such as ICT contracts.

5.2 These issues are discussed further in Appendix 2, the Cost/Benefit analysis.

5.3 These decisions will either be taken by officers in consultation with the Portfolio Holder or reported to Cabinet for decision as appropriate.

## **6. CONCLUSION**

6.1 At the close of the tenant and leaseholder consultation, across the four districts 17,201 questionnaires were issued and 2,603 completed and returned. 332 of these were submitted online and 2,271 were paper copies. 2,037 (78%) respondents strongly or tend to agree with the proposal to bring the service back in house.

6.2 The level of responses to the consultation was very good and the considerably greater support amongst tenants and leaseholders for the preferred option to bring the service in-house is considered to be significant and decisive. However, independently of the consultation, joint work has already begun to improve the service, plan for a more fundamental transformation of the service and a smooth period of transition if the four councils decide to formally adopt the preferred option in February 2020.

6.3 The EKH Board, consisting of the four council chief executives, retains accountability for the service, but additional measures have been put in place to advance joint working to improve the service now, and to plan for the future. It also ensures that there is a collaborative and inclusive approach and that we communicate a single message to tenants, leaseholder, EKH employees and council officers and members.

6.4 Bringing the service in-house provides each of the four councils with the opportunity to re-position the housing service with the aim of improving a broad range of outcomes for over 17,000 households. This is not necessarily the lift and shift of a self-contained housing service into each council's structure. This option

provides the opportunity to engage the housing service with each councils' wider corporate agenda in order to secure improved outcomes for residents.

- 6.5 The four councils will each be able to redesign the corporate approach and consider afresh the opportunities that arise from having the housing management unit under direct council control. There is desire to progress an overarching plan for returning EKH in-house, which is being developed by council officers.
- 6.6 FHDC has appointed a Director of Transformation and Transition, who will oversee and plan for a smooth period of transition and a more fundamental transformation of the service, if the Cabinet decides to formally adopt its preferred option when it meets on 19 February 2020.
- 6.7 2020 would then be a transition year for EKH and the four councils. Establishing an in-house service, if agreed, is complex and will take time to set up, with an assumption that this would need to be completed and the new in-house service fully operational by 1 April 2021.

## **7. RISK MANAGEMENT ISSUES**

Please refer to risk analysis, see Appendix 3.

## **8. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

- 8.1 **Legal (NE)** – As required by the guidance issued in December 2011 by MHCLG, a risk analysis has been prepared. This document sets out the risks and their implications in detail and is given as Appendix 2. There will be the need to transfer supply and service contracts and other assets held by EKH as part of the process. While the Council will take the benefit of those agreements, it will also have the burden of them.
- 8.2 **Finance (CI)** – If the decision is taken to bring the service in house, then it is expected there will be transition costs over and above the existing management fee. EKH have requested an additional one off costs assessed at £900,000 (across all 4 councils) in 2020/21 to cover these. This has not been agreed at this stage however FHDC has set aside £250,000 for 2020/21 in order to meet any transition costs.

This sum is in addition to the EKH management fee of £2,480,260 for 2020/21 which includes items previously agreed by Cabinet to support the EKH improvement plan. As the proposals for the future service are developed, a close monitoring of costs will be undertaken and as the structures are developed and work programmes are defined, there will be a greater clarity as to the likely cost of the future service. As the detail develops, there will be appropriate reporting as to the estimated future cost of the service in order to ensure this achieves the objectives of the council.

As required by guidance issued in December 2011 by the Government, a cost/benefit analysis has been prepared and is given as Appendix 2.

As EKH approaches dissolution, the EKH and the four councils will want to ensure that EKH maintains adequate cash flow and cannot at any point trade whilst insolvent. The councils will want to ensure that steps are taken as is necessary to provide funding to EKH during this period. In order to respond quickly to such a scenario, it is necessary to monitor the position and for the S151 officer to allocate such funds as necessary and to agree with the other councils the apportionment of costs.

The HRA budget is used for the management and maintenance of the HRA stock and for the repayment of the HRA debt. The HRA is a ring-fenced account.

- 8.3 **Human Resources (CG/PR)** - A decision to bring the ALMO back in house may result in a TUPE transfer of staff from EKH to FHDC. This will be the case where, at the point of transfer, there is an organised grouping of staff whose main purpose is the provision of the housing service to FHDC residents. The main effect of TUPE is that staff employed or assigned to work in the areas of the relevant business transfer functions and services (e.g. all those employed or engaged at the point of transfer by EKH) will be covered under the Regulations. The TUPE regulations effectively provides that staff affected by relevant business transfers have their terms and conditions protected from change following the transfer.

In light of the above, the implications of TUPE for bringing EKH back in-house may be summarised in the following terms:

- All staff employed by EKH at the point of transfer may have a right to transfer under TUPE to the four council owners.
- Staff who transfer to FHDC under TUPE will have their EKH differential employment terms and conditions protected from harmonisation or standardisation that may be connected to the transfer of the service in-house.
- It is essential that relevant staffing information is gathered in regard to current terms and conditions (all formal and informal contractual terms) of relevant staff so that an assessment can be made of likely costs in preparation for moving towards a new delivery model for the eventual in house service.

Staff affected by TUPE will need to be determined. A HR work-stream will need to support the above to ensure that there is early identification of staff likely to be affected and appropriate consultation with all staff affected and trade unions.

Not all EKH staff are employed for the main purpose of providing services on behalf of a single council. Some staff are organised on a functional basis, providing services across all four councils. As a result, it is unlikely that TUPE will apply to all EKH staff. That said however, the councils will want to retain as many staff as possible with key specialist skills that will be required in the new in house services and local arrangements to facilitate the transfer of staff not protected by TUPE will be needed.'

- 8.4 **Property (SR)** - An assessment of the future staff accommodation requirements will need to be quantified. An Asset Management Strategy for the council's



housing stock will also need to be established, considering alignment and opportunities for efficiencies with our corporate property asset portfolio. The Director of Housing and Operations will lead on developing these two work strands.

- 8.5 **Equality (SR)** – Considerable efforts were made during the consultation to consult harder to reach groups. Of note, consultation meetings were held in the council’s sheltered schemes and responses to the consultation could be provided online, by telephone or by post. Therefore, we can be confident that all council tenants and leaseholders were given the opportunity to participate in the consultation. People on low incomes, older people and more vulnerable households are all over represented among council tenants. Therefore, any changes to the service which will deliver efficiencies and improvements will benefit these people and households with these protected characteristics. An Equality Impact Assessment is attached at Appendix 6.
- 8.6 **Communications (KA)** – This report outlines that good communication, informing and involving tenants and leaseholders, elected members, EKH, council staff and other stakeholders will be required. A communications strategy will be developed to support the corporate project management group.

## 9. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officers prior to the meeting:

Tim Madden  
[tim.madden@folkestone-hythe.gov.uk](mailto:tim.madden@folkestone-hythe.gov.uk)  
Adrian Hammond  
[adrian.hammond@folkestone-hythe.gov.uk](mailto:adrian.hammond@folkestone-hythe.gov.uk)

The following background documents have been relied upon in the preparation of this report:

Cabinet Report C/19/29: East Kent Housing - Housing management: future options appraisal (16 October 2019)

Cabinet Report C/19/54: East Kent Housing – Pennington Choices investigation and recommendations (20 December 2019)

### **Appendices**

- Appendix 1: CLG Updated guidance for councils considering the future of their ALMO housing management services (2011)
- Appendix 2: Cost/benefit analysis
- Appendix 3: Risk analysis
- Appendix 4: Tenant and Leaseholder consultation document
- Appendix 5: Analysis of consultation responses, Folkestone & Hythe District Council
- Appendix 6: Equality Impact Assessment

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## **Updated guidance for councils considering the future of their ALMO housing management services.**

### ***Purpose***

1. About half of all council housing is managed by ALMOs. ALMOs have successfully delivered much of the Decent Homes investment programme. ALMOs have proved very popular with tenants and residents and in many areas have become key local providers of neighbourhood services.
2. As a number of the original management delegations and funding contracts between councils and ALMOs are now drawing to a close, councils are considering how best they can deliver their ongoing housing investment and management services into the future.
3. The reform of the HRA subsidy system will also bring major changes to the system of council housing finance and to the way in which councils view stock management. It is therefore timely to remind those councils who intend to review their housing management of the need for thoroughness and openness.
4. Councils are continually having to reassess how best to deliver all their services, including the provision of housing management. ALMOs are not immune from the need to drive value for money savings and spend taxpayers money wisely.
5. When determining the future of their ALMOs, councils will need to consider a number of important and competing factors. These include the wider financial, organisational and local political landscape within their councils, alongside the views of tenants.
6. This document sets out the Government's guidance on the processes that councils should undertake when considering taking housing management functions back in-house. This note strengthens previous guidance issued by the Department.

### ***Current Position***

7. The Government believes that the decision to take ALMO housing management functions back 'in-house' should remain a local one. Councils in England are currently required to seek consent from the Secretary of State under section 27 of the Housing Act 1985 where it seeks to transfer all or part of its housing management functions to an ALMO. There is no requirement for a council to seek consent when taking ALMO housing management functions back in-house. Government does not propose to alter these

arrangements.

8. Guidance issued by the Department in 2004 was consolidated after the Review of Arms Length Housing Management Organisations issued in June 2006. The Review considered a number of scenarios for taking forward the work of ALMOs, including the process should a council decide to take housing management back in-house following a consultation with tenants.
9. The Review recommended that any change in housing management arrangements should be the subject of a test of opinion no less rigorous than the test undertaken on transferring housing management functions to the ALMO.
10. The document went on to emphasise the importance of consulting and working with tenants and outlined the possible consultation mechanisms, including questionnaires, telephone surveys and ballots. A combination of options rather than a single favoured option was considered to be appropriate. This remains the case.

### ***Future arrangements***

11. Government does not believe in imposing any unnecessary additional regulations or burdens on councils. The Government does not consider it necessary to impose upon all councils with ALMOs a mandatory duty to hold a ballot of their tenants when considering taking housing management functions back from their ALMOs.
12. However, in line with the principles set out in the Review document, Government considers that in the interests of fairness and consistency, councils that had held ballots to gauge tenant opinion before transferring their housing management functions to an ALMO should also similarly hold a ballot when considering taking housing management functions back from the ALMO. This is important as it allows tenants to express their opinion in a similar manner to the original ballot.
13. For those councils that did not hold a ballot to test tenants' opinions but chose to use an alternative method, they may of course choose to hold a ballot. There are no plans to require those councils to follow a particular course of action.
14. However, it is expected that the consultation exercises undertaken by all councils considering the future of their ALMOs should be as comprehensive as that undertaken when transferring those functions to the ALMO originally. This could be either through a ballot or a full survey or other locally appropriate method.

<sup>1</sup> Review of Arms Length Management Organisations DCLG June 2006 [Link]

15. Ballots and other tests of opinion should not however be seen as a “be all and end all” solution, but as part of an ongoing, process of engagement. Any council considering undertaking an options review of its housing management arrangements should notify the Department as soon as possible in the process, as part of its wider commitment to demonstrate the openness of the process.

### **Tenant Engagement & Consultation**

16. There are a range of steps that councils will need to consider and undertake when consulting their tenants on the future for their ALMOs. The list is not definitive and councils will wish to undertake the level of consultation which they consider is appropriate locally.
17. Councils should ensure that the information provided to tenants must be accurate and impartial. Tenants should have the opportunity to make a meaningful contribution to process leading to the final decision.
18. All tenants should have the opportunity to have a say in the final decision, either through a ballot or other comprehensive consultation process, and the process should be overseen by an external organisation, to ensure that it is fair and valid. Tenants could also be provided with an Independent Tenants Adviser (ITA) paid for by the ALMO/Council.
19. Councils should ensure that tenants have the opportunity to shape the options, and consulted from the outset. Tenants should be given the opportunity to be included in any project group leading the work and be allowed to scrutinise the council’s process.
20. The aims and objectives of the review, plus timescales, processes, and criteria for short listing options and the final decision making, should be clearly set out and be publicly accessible.
21. Councils should carry out a full cost-benefit assessment exercise and risk analysis of the implications for the councils’ wider housing service. Preferably, this should be externally validated. *(Risks should include potential loss of key staff and how that might affect implementation of self financing and major capital programmes, including decent homes, so that they fully understand the financial rationale for any decision they take).*
22. The council must clearly set out the pros and cons of the various options reviewed, demonstrate the potential impact on residents, and explain the reasons for recommending its final option(s).
23. The ALMO Board and employees should be allowed to contribute fully in any housing management review process. ALMOs and councils should work collaboratively towards an agreed outcome.
24. ALMO officers and their boards should cooperate fully with any review and assist their council to undertake any review in a timely and professional

manner. In that way, any call on costs and resources can be minimised.

## **Conclusion**

25. It is clear that the best run councils and ALMOs are those where both parties work together collaboratively on behalf of tenants to ensure that the services they provide are efficient and value for money. Undertaking a thorough consultation exercise on the future of an ALMO and housing management is no different.
26. The Department recognises that there will be local differences in the way councils and ALMOs undertake their tenant consultation exercises. It is imperative that the views of tenants should be at the centre of these considerations.
27. If the Council intends to support the ALMO going forward, then clear funding streams for this must be identified, and a council decision ratifying such expenditure should be included in any consultation material.
28. ALMO housing management option reviews should be transparent and tenants should have all the information available so that they have the opportunity to be fully engaged in the process from the outset. The underpinning rationale remains that the level of consultation and engagement should be at least as comprehensive and robust as undertaken to transfer the housing management functions to the ALMO originally.
29. The Department does not intervene directly in disputes between councils and their ALMOs but will provide assistance and support as appropriate to try to ensure that reviews are conducted satisfactorily.

**December 2011**

## Appendix 2:

### **An in-house housing management service: cost/benefit analysis of the options of creating an in-house service and retaining East Kent Housing (EKH), Arm Length Management Organisation (ALMO)**

An options appraisal was completed in October 2019, reviewing the delivery of housing management services provided by East Kent Housing (EKH) on behalf of Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council. The four councils agreed that the preferred option for future service provision to the four councils' tenants and leaseholders is that it should become an in-house service, subject to consultation. Between 22 October to 20 December 2019, EKH tenants and leaseholders were invited to express their views on the future of the council's ALMO, East Kent Housing, through a test of opinion.

The council has considered the establishment of an in-house service through a process involving three stages:

1. Taking the minimum legal and administrative action needed to close down EKH and pass responsibility to the council in a stable and effective manner.
2. Drawing up proposals for the future housing service, and consulting on the key issues. The plans will cover new governance arrangements, organisational structures, possible integration with existing council services (e.g. customer services, property and estate management, community safety, communications), and the priorities and plans of the new service.
3. Implementing change to the service, based on the outcome of the tenant and leaseholder consultation.

These stages may progress in parallel. This cost/benefit analysis focuses on those issues where there may be opportunities to review the way services are provided.

Issue	In-house service	Retention of EKH	Comments on benefits
1) Management arrangements cost and quality issues	If the service were brought in-house, a decision would need to be made as to which EKH posts are in scope and what process will be undertaken for those posts not in scope. For those staff that transfer to the four councils, there may be scope to review the arrangements for both the former EKH staff and council staff. This will give the ability to look at the arrangements and focus on the efficiencies of the service. .	<p>If EKH were retained the senior structure in EKH would remain as at present, including a Chief Executive, two Directors, three Operations Managers and a Head of Finance.</p> <p>The total cost of the current EKH senior structure is £477,000 (top of the scale, not including on-costs).</p>	For quality to be maintained housing will need highly skilled leaders in sufficient numbers to avoid overloading individuals. Leaders will need to be sufficiently rewarded to retain their services. The current separation of EKH from the council creates significantly more work for both EKH and council senior staff than would be the case in an integrated service..
2) Management arrangements: implications of leadership changes on staff teams	As noted above, if the service is brought in-house there is a danger of reduced senior manager input during the transition. This would coincide with a period when staff particularly need leadership. In order to prevent a drop in performance during the transition, additional resources may have to be put in. This may take the form of interim managers or acting up arrangements. The potential cost cannot be quantified at this stage.	If EKH were to carry on providing the service, there would be a concern over their ability to attract and retain good senior managers.	The danger of disruption and loss of performance is a feature of any major change process. The impact can be minimised by anticipating where leadership will be needed, and deploying the resources required.



3) Management arrangements, implications for HRA self-financing	The council employs a number of senior staff with expert knowledge of HRA self-financing. If the service is brought in-house this expertise will still be needed. It will be important to encourage key individuals to remain in the organisation.	The council currently and will continue to oversee management arrangements for the HRA.	Although it would be possible to replace key individuals if they left, the loss of their local knowledge should be avoided if possible. As this is already provided in-house, there are no additional costs.
4) Governance: cost and quality issues	If the service comes in-house, the EKH Board would cease to operate. Instead decisions would be taken by Members and senior council officers. This change would simplify the decision making process. This simplification would save staff time and contribute to any savings required.	If the service remained with EKH, the EKH Board and its committees would continue to operate. The EKH Board typically deals with a greater level of detail than Members deal with in the council. A significant proportion of EKH senior management time is spent reporting to the Board.	During the consultation on the future of EKH, some tenants and leaseholders expressed concern about the accountability of the EKH Board. They felt accountability through the local democracy would be preferable. Many tenants and leaseholders said they would prefer to take their individual issues to their ward Member than to an EKH Board Member. Bringing the service in-house has the benefit of meeting tenants and leaseholders wishes.
5) Governance: implications for tenants and leaseholder involvement	In order to sustain tenant and leaseholder involvement in an in-house service, it is proposed to create a new Tenant and Leaseholder Panel. This would give tenants and leaseholders a voice in housing management issues by giving them access to	If the service remained with EKH, tenants and leaseholders would continue to be involved in governance through their seats on the EKH Board and extensive participation in other meetings. The cost of servicing	The proposed new Tenant and Leaseholder Panel offers the advantage of direct access for a wider group of tenants and leaseholders to the Lead Member. It would however have the disadvantage of being an advisory body only, in contrast

	the Lead Member. The establishment of such a body may have modest cost implications.	the current governance structure would remain high.	to the decision making role undertaken by Tenant and Leaseholder Board members in the current EKH structure.
6) Client /contractor split	If the service is brought in-house the current complex arrangements for the management of the agreement with EKH will no longer be required. This would save senior staff time contributing to any savings required	If EKH were to be retained, the current complex client contractor relations would have to be sustained.	The removal of the client/contractor relationship would make it easier for senior managers to concentrate on delivering high quality services to tenants and leaseholders.
7) Integration of services	Bringing the service in-house service may enable us to simplify structures and eliminate duplications with existing council services in a number of areas. The detailed work on the extent and nature of potential integration has yet to be carried out, and so savings cannot yet be quantified. Redundancy and pension costs will need to be considered.	The existence of EKH as an independent body gives rise to separation of services such as call handling. If EKH were retained many of these duplications would continue.	Integration of services offers the potential for service improvements through faster decision making and a greater focus on outcomes. There is also the potential for savings.
8) Accountability	Bringing the service in-house would simplify and unify the way housing is governed. This would make for more transparent accountability at senior management and elected member level. No	The retention of EKH would mean continuing with the current division of responsibilities. This causes some confusion among tenants and leaseholders and leads to blurring of responsibilities.	There is evidence of a degree of confusion among tenants and leaseholders about responsibilities. Bringing the service in-house would assist considerably in addressing this.

	saving would be achieved but tenants and leaseholder wishes would be met.		
9) One-off costs	A decision to bring housing management in-house will create a number of one-off transition costs. Examples include: Legal, HR and IT work Changes to accounting structures Changing signage/stationary Project management	If the service is left with EKH there would be no transition costs. However, the four councils have and will continue to need to investment substantially into a programme to address performance and health and safety compliance issues.	The exact cost of these items has yet to be calculated, and it will depend to some extent on decisions about the new service which have yet to be taken.

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## Appendix 3

### Folkestone & Hythe District Council housing management service: Risk analysis of a decision to create an in-house service

An options appraisal was completed in October 2019, reviewing the delivery of housing management services provided by East Kent Housing (EKH) on behalf of Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council. The four councils agreed that the preferred option for future service provision to the four councils' tenants and leaseholders is that it should become an in-house service, subject to consultation. Between 22 October to 20 December 2019, EKH tenants and leaseholders were invited to express their views on the future of the council's ALMO, East Kent Housing, through a test of opinion.

The format of this document will ensure compliance with the Government guidance on the consideration of the future of local councils' ALMOs dated December 2011 (Appendix 1). The risks identified in the document reflect the guidance. The table below analyses the risks and shows the steps which need to be taken to mitigate them. (In the table 1 is low).

	<b>Risk</b>	<b>Likelihood 1-5</b>	<b>Impact score 1-5</b>	<b>Combined score 1-10</b>	<b>Mitigation</b>
1.	Short term loss of key executive level staff with impact on service quality.	2	2	4	New posts of Director of Transition and Transformation and Director of Housing & Operations approved. Appointment of interims if necessary.
2.	Short term loss of key technical staff with impact on stock condition.	3	4	7	Appointment of interims if necessary.  Where possible, EKH staff will TUPE transfer to the councils.  It has been identified that the councils need to introduce a strategy to deal with those staff not identified to TUPE, although this has not yet been agreed, hopefully this will also contribute to minimising staff losses.

3.	Loss of focus on services and reduction in performance during transition.	2	4	6	Implementation of an effective performance management and monitoring strategy / scrutiny arrangement.  Implementation of an effective communication strategy.
4.	Stability and therefore performance of EKH is affected by lack of staff / reliance on interims.	3	4	7	Each council continues to measure and manage performance, identifying a well-resourced package of specialised staffing support to address any issues arising.  Implementation of an effective staff communication and engagement strategy.
5.	Revised governance arrangements leading to less tenant and leaseholder involvement.	1	4	5	Early creation of Tenant and Leaseholder Panel.
6.	Loss of service quality arising from reduced staff morale.	3	4	7	Implementation of an effective HR strategy to support staff, ensuring necessary training and development is in place.  Implementation of an effective staff communication and engagement strategy.
7.	Loss of service quality arising from IT complications.	3	4	7	Early meeting with IT to identify issues (e.g. the full implementation of the single system) and develop a project action plan.
8.	Loss of service quality in strategic housing arising from overstretch.	3	4	7	Appointment of specialist interims if necessary.
9.	Cost of transition over-runs.	3	2	5	Adequate budget created and project management to include control.
10.	The council's consultation and decision making process are challenged.	2	1	3	Continue to comply with statutory guidance and good practice.
11.	Changes in Government guidance of statutory requirements during the transition.	1	2	3	None possible.

12.	Excessive short-term expectations from tenants and leaseholders.	4	3	7	<p>Manage expectations via published material and meetings with tenants and leaseholders.</p> <p>Implementation of a tenant and leaseholder communication strategy.</p>
13.	Unreasonable expectations of the future service arising from consultation.	3	3	6	<p>Manage expectations via published material and meetings with tenants and leaseholders.</p> <p>Implementation of a tenant and leaseholder communication strategy.</p>
14.	Insufficient senior staff capacity to support the transition project.	2	2	4	<p>New posts of Director of Transition and Transformation and Director of Housing &amp; Operations approved.</p> <p>FHDC approved £250,000 from its HRA in 2019/20 and 2020/21 (split to be determined) to support interim transition management costs, subject to option 2 being supported (Cabinet report reference C/19/29).</p> <p>Use external specialists if necessary.</p>
15.	Changes in the required extent of reintegration of services made after reorganisation has started.	2	4	6	Identify the risks clearly at the start of any reorganisation.
16.	One or more of the four councils begins an aggressive recruitment campaign from EKH prior to the transfer date.	2	3	5	<p>The four council Chief Executives currently and will continue to meet fortnightly to discuss EKH.</p> <p>Regular transition monitoring by the four council Chief Executives.</p> <p>Co-ordinated and effective implementation planning to pinpoint decisions points and milestones throughout the transfer.</p>
17.	Redundancy costs are unaffordable due to the pool of staff subject to	2	4	6	Regular transition monitoring by the four council Chief Executives and HR teams.

	TUPE being very small and many of the remaining staff are not interested in being recruited by the Councils.				Co-ordinated and effective implementation planning to pinpoint TUPE implications throughout the transfer.
18.	No/limited EKH staff want to work for the four councils.	2	3	5	<p>Comprehensive HR communication plan to keep EKH staff informed of the project timescales, job opportunities, staff benefits etc. if they chose to transition to one of the four councils.</p> <p>Talent management plan developed identifying key people and knowledge and puts measures in place to secure these key people.</p>



## Appendix 4: Consultation documents

### Document 1: Covering letter

Dear xxx (*personalise*),

#### **Have your say on how we look after your home**

Your home is currently looked after by East Kent Housing on our behalf. They carry out safety checks, manage repairs, collect your rent etc.

Earlier this year we discovered serious problems with a range of safety checks at some properties looked after by East Kent Housing. I am sorry if that caused you to worry.

I am pleased to say we have made an enormous amount of progress in fixing those problems.

To make sure the same thing does not happen again, we have asked a range of experts to look into what went wrong.

We have also looked at how we should manage our council housing in the future.

We have come up with four options:

**Option 1:** Keep East Kent Housing and improve the way they work

**Option 2:** Close East Kent Housing and create a team at each council to look after your home

**Option 3:** Close East Kent Housing and work with nearby councils to look after your home

**Option 4:** Ask an outside organisation such as a housing association to look after your home

We think **Option 2** is the best way forward which means closing East Kent Housing leaving council staff to look after your home instead.

The advantages and disadvantages that we see of each way of doing things is explained in the attached information sheet.

We want to know what you think about our proposal and would ask you to spend a couple of minutes taking part in our survey.

You have until Friday 20 December and the easiest way to reply is online at [canterbury.gov.uk/consultations](http://canterbury.gov.uk/consultations) (*link to be amended to be specific to each council*)

We have enclosed a paper copy and freepost envelope in case you prefer to do it that way.

If you want to find out more or have a chat about our proposals before making up your mind, we are holding some drop-in events:

- Add details of drop-in event 1 for the relevant district
- Add details of drop-in event 2 for the relevant district

If you need any help or support, for example if you need this information in a different format such as large print or Braille, or you'd like to talk to someone about the proposals over the phone or in person, please contact (name/job title) at [\(email address\)](#) or on 01303 853XXX who can arrange this for you.

We will tell Councillors, the people you vote for to run the council on your behalf, how you feel about the plans early next year before they make any final decisions.

When Councillors have taken those views on board and decided on what they think is the best way forward, we will write to you again.

We look forward to hearing from you.

Yours sincerely,

Head of Paid Service

## **Document 2: Information sheet**

### **What is East Kent Housing?**

East Kent Housing is a company that looks after council housing on behalf of Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council. It does not make a profit because it was designed to provide a service rather than make money for the councils.

The four councils jointly own East Kent Housing which manages approximately 17,000 homes.

East Kent Housing is overseen by an independent board which is made up of an elected councillor for each council area, a tenant from each council area and four independent members.

East Kent Housing was created on 1 April 2011 and is now in its ninth year of operation.

### **Why was East Kent Housing set up?**

The four councils felt it would provide better quality services for tenants and leaseholders, increase efficiency and save money.

### **Why are we thinking about the way the system works?**

Before the problems with safety checks were discovered, the four councils were worried about how East Kent Housing was performing.

Concerns included how they managed a number of contracts, how they were collecting rent and the progress they were making on getting a new computer system up and running.

The four councils and East Kent Housing all signed up to an improvement plan aimed at fixing these problems.

In May this year, it then became apparent gas safety checks were not being carried out.

This led to the discovery of problems with electrical checks, lift inspections, legionella checks and delays in fire prevention work being carried out. Action has been taken on all of these and they have been fixed or are in the process of being fixed.

By now, the four councils had reported themselves to the government body that oversees council housing, the Regulator of Social Housing. In September, the regulator issued formal notices against all four councils telling them improvements needed to be made.

### **Why are we saying East Kent Housing should be closed and the four councils should look after council homes themselves?**

This is what is known as **Option 2** in our covering letter. We think the advantages of the councils taking back control are:

- The councils would be able to make decisions about their council homes more quickly

- The councils would be able to rebuild the strong relationships they had with tenants before East Kent Housing was created and talk directly to their tenants again
- The decisions around council housing would be made locally
- There could be opportunities to increase investment in council homes
- There could be cost savings from removing duplicated jobs

We think the disadvantages are:

- Performance around repairs and maintenance might dip while the changes are made
- Key staff might not want to work for one of the councils

### **Why did we rule out the other options?**

**Option 1** involves East Kent Housing continuing to manage council housing on behalf of the councils with improvements to the way they work

We feel the advantages of this approach are:

- The risks are reduced if smaller changes are being made to the service being provided and this is the least complicated option
- There would be no need to ask tenants for their views
- There is the opportunity for East Kent Housing to improve

We think the disadvantages are:

- The councils, who are paying for East Kent Housing's services, would have less control than if they were running things themselves.
- The extra layer of management provided by East Kent Housing could get in the way of necessary changes
- Lots of people, including councillors, have lost trust in East Kent Housing carrying out safety checks when they need to
- East Kent Housing has struggled to carry out its work and manage the people carrying out work for it. It would cost money to put this right

**Option 3** is to close East Kent Housing and for some or all of the councils to work together to manage council housing.

In our view, the advantages are:

- The councils would have more control over the service being delivered
- The councils would be able to save money by not duplicating jobs and taking advantage of their greater buying power to reduce the prices of the goods and services they buy

We feel the disadvantages are:

- The councils would lose a little bit of control over buying decisions

- Disagreements between the councils could hamper efficiency and improvements

**Option 4** involves asking an outside provider like a housing association to manage council homes.

We think the advantages of this option are:

- An outside organisation might be more efficient because it operates more like a private company and might have more buying power to reduce the prices of the goods and services they buy
- Any extra money generated can be ploughed back into other council services

The disadvantages are:

- Any savings that are made might be lost if the council cannot persuade the outside provider to alter the way it delivers its services when things go wrong
- It will take the councils a lot of work to ensure the outside provider manages council housing in the way councillors, and ultimately, tenants want
- Tenants and councillors may not trust an outside provider
- An outside provider would be exposed to the same risks as a private company

**What happens if one or two of the four councils decide to stay with the current arrangements while the remaining councils take direct control of their housing service?**

If the majority of councils decide to close East Kent Housing, it will close. The remaining councils would have to consider their next steps.

**If the councils decide to bring the service back under their direct control, would this affect the service I receive?**

No, the intention is it would simply be delivered by staff at the council instead of at East Kent Housing. They may be the very same staff you deal with at the moment. You would still be able to access housing services at the council office, by telephone or via the council website.

**Would the proposal affect the amount of rent and service charges I pay?**

No.

**Would the proposal affect the work due to be done to my home?**

No, all programmed work will continue as planned. The council will continue to keep your home to a decent standard.

**Would staffing levels change?**

There is a chance that levels would change overall but staff would still be delivering services and work within the community. The big difference is their employer would change and they are likely to be based in the council's offices.

**Would the quality of housing provided change?**

The four councils are committed to providing high-quality housing services to all tenants and leaseholders. The aim would be direct management by the four councils would lead to improvements.

**Would the transfer affect how I report housing issues?**

No, each council has a customer contact centre to provide a single access point for council services including housing.

**When will you make a decision on whether to bring the service back under council management?**

Consultation closes on Friday 20 December 2019. What you tell us will be reported to councillors early next year. They will use your feedback to decide how your housing service should be delivered in future.

As soon as a decision has been made, we will write to you again to let you know.

**If you decide to bring the service back under direct council control, what happens next?**

If the council decides to do this, more work would need to be done to manage the process and keep any disruption to a minimum. We would keep you informed on progress.

**Document 3: Consultation questionnaire**

Add council logo

**Questionnaire**

**Have your say on how we look after your home**

You can either:

- Complete the questionnaire online at (website) *(link to be amended to be specific to each council)*
- Fill in this paper copy and either:
  - Send it back to us in the freepost envelope provided
  - Bring it to us at one of our consultation events
  - Bring it to the council offices at (address) *(to be amended to be specific to each council)*

**Please make sure you read the enclosed information sheet before filling in the survey.**

Questions that need a response are marked with a red asterisk (\*)

**1. Which of the following best describes you? \* Please tick one box only**

- Council tenant or leaseholder
- Other individual
- A business, organisation or community group, please provide the name: \_\_\_\_\_
- Other, please state: \_\_\_\_\_

**2. To what extent do you agree or disagree with the proposal to close East Kent Housing and leave it to people working at the council to look after your home (Option 2)? \* Please tick one box only**

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree

**2a. Please tell us why:**

**3. What do you feel are the most important things for the council to focus on for your housing services? \* Please tick up to three options**

- Dealing with repairs and maintenance
- Dealing with anti-social behaviour
- Providing value for money for your rent and service charges
- Building new council homes
- Estate services (such as grass cutting, cleaning communal areas etc)
- Dealing with customer enquiries and complaints
- Involving and listening to residents
- Other, please state: \_\_\_\_\_

**4. If you are a tenant or leaseholder, would you like to be more involved in the management of your council home? *(On the online version, this question only to appear to people who ticked "Council tenant or leaseholder" as their answer to Question 1)***

If you would, and you are happy for the council to contact you about becoming more involved, please tick the box to indicate your consent to your email address being used to contact you in this regard: *(insert tick box)*

Please provide your email address: \_\_\_\_\_

**5. Do you have any other comments on your housing services?**

**Thank you for taking the time to give us your views.**



**Future options for managing council housing  
Analysis of consultation responses**

**1. Introduction**

Consultation on future options for the management of housing services across East Kent took place between 22 October and 20 December 2019.

All council tenants and leaseholders across the district were sent a letter, information sheet and questionnaire inviting them to give their views, and an online version of the questionnaire was available on the council’s website.

Additionally, key stakeholders including district councillors, county councillors, MPs, Citizens Advice Bureaux, Kent County Council Social Services, Kent Police and the NHS were emailed directly inviting them to respond to the consultation.

**2. Questionnaire responses**

A total of 602 completed questionnaires were received. 72 of these were submitted online and 530 paper copies were returned.

In terms of who responded:

- 588 tenants and leaseholders (16% of all tenants and leaseholders)
- 4 other individuals
- 1 response from the Shepway Tenants and Leaseholders Board
- 1 response from Age UK Hythe and Lyminge
- 1 shared ownership resident
- 7 respondents did not say in what capacity they were responding

**2.1. Level of agreement with the proposal to bring the service back in house**

As shown below, 74% of respondents agree to some extent with the proposal:

	All respondents	Tenants and leaseholders
Strongly agree	54% (323)	54% (316)
Tend to agree	20% (120)	20% (119)
Neither agree nor disagree	13% (76)	13% (75)
Tend to disagree	4% (21)	4% (21)
Strongly disagree	9% (53)	9% (51)

The following comments were made by respondents who agree with the proposal:

- Lack of action by East Kent Housing to deal with repair and maintenance issues: 104 comments
- The council is more local so can deal with issues more quickly: 93 comments
- The council would be more accountable than East Kent Housing: 82 comments
- Unhappy with the general standard of service provided by East Kent Housing: 72 comments
- Lack of communication from East Kent Housing: 53 comments
- The service provided by East Kent Housing has deteriorated in the last few years: 50 comments
- The council ran the service well before East Kent Housing was created: 41 comments
- It would be easier for residents to deal directly with the council: 29 comments
- The council knows its own housing stock: 20 comments
- The council could build stronger relationships with its tenants: 20 comments
- East Kent Housing do not provide us with a dedicated Housing Officer anymore: 18 comments
- Any money saved from bringing the service under direct council control could be used to improve housing services: 11 comments
- Lack of action by East Kent Housing to deal with anti-social behaviour: 10 comments
- Bringing the service under direct council control would minimise the risk of an alternative provider seeking to make a profit: 9 comments
- Agree, providing a dedicated housing department is created at the council: 3 comments
- Agree, providing our existing Independent Living Manager is retained: 1 comment

Respondents who disagree with the proposal made the following comments:

- East Kent Housing provide a good service: 35 comments
- Concern that neither the council nor East Kent Housing would deliver a good service: 10 comments
- Concern the council would reduce service levels and/or staff if option 2 is implemented: 6 comments
- Concern it would be harder to contact the council than it is to contact East Kent Housing: 4 comments
- Concern the council would not provide front line staff with the support needed to deliver the service effectively: 3 comments
- Concern we would not keep our existing Independent Living Manager: 2 comments
- Concern bringing the service under direct council control would cost more money: 2 comments

General comments received regarding the proposal:

- No preference on who runs the service as long as it is delivered effectively: 17 comments

- Don't feel able to give an opinion as only recently became a tenant: 3 comments
- Don't feel there is any point giving an opinion as they feel it would not be listened to: 3 comments
- The decision should be made by experts: 2 comments
- Concern the council has already decided on its preferred option: 1 comment

## 2.2. What the council should focus on for housing services

Respondents were asked what they feel are the three most important things for the council to focus on for housing services. The following responses were received:

Dealing with repairs and maintenance	79% (473)
Dealing with anti-social behaviour	22% (130)
Providing value for money for your rent and service charges	40% (240)
Building new council homes	24% (142)
Estate services (such as grass cutting, cleaning communal areas etc)	21% (129)
Dealing with customer enquiries and complaints	36% (218)
Involving and listening to residents	24% (142)
Other: <ul style="list-style-type: none"> <li>• Improve dialogue with all residents x3</li> <li>• Maintain reasonable rent charges x1</li> <li>• Improve efficiency x1</li> <li>• Improve consultation with residents x1</li> <li>• Improve dialogue with disabled residents x1</li> <li>• Dealing with communal repairs x1</li> <li>• Listen to East Kent Housing x1</li> <li>• Be more accountable x1</li> </ul>	2% (10)

## 2.3. Resident involvement

Tenants and leaseholders were asked if they would like to be more involved in the management of their council homes. 89 tenants and leaseholders said they would, and provided their contact details.

## 2.4. Other comments

The following additional comments were received:

- The council needs to listen to tenants more: 25 comments
- Estate services need improvement: 22 comments
- Unhappy that East Kent Housing no longer provide rent statements: 10 comments
- The council needs to build more properties: 6 comments
- Problems with parking: 4 comments

- Problems with the way East Kent Housing have calculated leasehold service charges: 3 comments
- Would be happy to pay a higher leasehold service charge if it meant more repairs would be carried out: 2 comments
- Concern over the criteria for allocating properties to residents on the housing register: 1 comment
- Problems with items left in communal areas: 1 comment
- Would oppose the service being outsourced to a housing association: 1 comment

### **3. Events**

#### **3.1. Win Pine House, Hythe, 7 November 2019**

This event was staffed by Adrian Hammond, Sandra Sainsbury and Tasha Love and 21 residents attended. Five councillors also attended.

The main issues discussed were:

- Lack of communication from East Kent Housing
- Lack of action by East Kent Housing to deal with repair and maintenance issues
- Issues with parking bays
- Issues with recycling bins
- Sheltered tenants would like a greater Independent Living Manager presence

Additionally, all but one of the attendees stated their support for the service returning to the council.

#### **3.2. All Souls Church Hall, Cheriton, 9 November 2019**

This event was staffed by Adrian Hammond and Sandra Sainsbury and 11 residents attended. Six councillors and a tenant who is a member of the Shepway Tenant and Leaseholder Board also attended.

The main issues discussed were:

- Lack of parking bay markings at sheltered scheme, worried about vehicles being damaged
- Repairs not carried out even though contractor had visited to measure up
- Wished to downsize but could not get in touch with anyone

#### **3.3. Assembly Rooms, New Romney, 20 November 2019**

This event was staffed by Adrian Hammond, Sandra Sainsbury and Lizzie Norcott and 3 residents attended. Two councillors and a tenant who is a member of the Shepway Tenant and Leaseholder Board also attended.

The main issues discussed were:

- Lack of action by East Kent Housing to deal with repair and maintenance issues
- Concern over issues with contractors
- General lack of a good service from East Kent Housing
- Lack of communication from East Kent Housing
- Need for regular rent statements

### **3.4. Salvation Army, Folkestone, 4 December 2019**

This event was staffed by Adrian Hammond, Sandra Sainsbury and Lizzie Norcott and 5 residents attended. Three councillors also attended.

The main issues discussed were:

- Lack of action by East Kent Housing to deal with repair and maintenance issues
- Support for East Kent Housing
- Lack of communication from East Kent Housing
- Concern of rent increasing

### **3.5. Nailbourne Court, Lyminge**

This event was staffed by Sandra Sainsbury and 8 residents attended. One councillor also attended.

The main issues discussed were:

- Concerned about trees surrounding the building - very overgrown and move about a lot when windy
- Residents keep asking for things to be done, repairs are outstanding for months and when they are carried out, the problem is not always sorted
- Concerns over very elderly residents not receiving a daily call when the Independent Living Manager is on leave

### **4. Contact with the consultation team**

The consultation team dealt with enquiries from 8 Folkestone & Hythe residents:

- Repairs reported to EKH but not dealt with x4
- Tenant's son seeking clarification on how the consultation would affect his mother x1
- Tenant querying how the proposal would affect her x1
- Leaseholder querying whether both leaseholder names are recorded on the system x1
- Leaseholder querying why her deceased husband is still recorded on the system x1

*NB: One of these tenants also said she supports bringing the service back in house.*

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# Equality Impact Assessment

Topic	Housing Management Options Appraisal; Outcome of Formal Consultation
For decision by/project lead	Cabinet - 19 February 2020
Date of assessment (or date range if over a period of time)	6 February 2020
Author	Adrian Hammond, Housing Lead Specialist

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Introduction to the proposal and background	<p>Following a number of significant service failures in the housing services provided by East Kent Housing, the four owner councils of Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council completed an options appraisal in October 2019.</p> <p>The appraisal reviewed the delivery of housing management services provided by East Kent Housing (EKH). It concluded that the four councils' preferred option for future service provision to the four councils' tenants and leaseholders is that it should become an in-house service, subject to consultation.</p> <p>The formal consultation ran for 8 weeks from Tuesday 22 October to Friday 20 December 2019. The results of the consultation showed that 74% of respondents tended to agree (20%) or strongly agreed (54%) to the preferred option to bring the housing management service back in house.</p> <p>The Council's Cabinet will consider the outcome of the consultation at its meeting on 19 February 2020 and make a final decision about bringing the service back in house. The report concludes that this decision would be in the best interests of tenants and leaseholders.</p>						
	PSED Engaged by this topic (Select)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	If no, please explain your reasoning and provide evidence where possible.	
Protected Characteristic	Definitions	Positive Impact			Negative Impact	No specific impact	What will the impact(s) be? If there is a negative impact, can you mitigate it or suggest alternative options for the groups identified? Include detail of any consultation that has taken place with affected groups and any other relevant data that supports the points you make (see EIA Guidance).
		P	P	P			
		S	S	S			
		E	E	E			
		D	D	D			
		A	A	A			
		i	i	i			
		m	m	m			
		1	2	3			
							If there is a negative impact, please explain the 'legitimate aim you are trying to achieve' and provide evidence that no other options are available.
							Use this space to evidence your thinking if you believe there to be no impact on a particular protected characteristic. Ensure you assess each protected characteristic.

<b>Gender</b>	Men/Boys					✓	
	Women/Girls					✓	
<b>Gender Reassignment</b>						✓	
<b>Disability</b>	Physical		✓				An estimated 65% of the council's tenants and leaseholders are vulnerable or have a disability. The purpose of the proposed change in housing management arrangements include the need to improve the quality of service provision and ensure that the service is more locally accountable. It is likely that vulnerable tenants and leaseholders or those with physical disabilities are more likely to rely on these services.
	Mental Ill health/disability		✓				
	Learning difficulty/disability		✓				
	Sensory impairment		✓				
<b>Age</b>	Babies and children (0-16)					✓	
	Young adults (16-25)					✓	
	Mid-age adults (26-59)					✓	
	Older adults (60+)					✓	
<b>Race</b>	White British/white other					✓	
	Mixed race					✓	
	Asian/Asian British					✓	
	Black/Black British					✓	
	Arab/Arab British					✓	
	Gypsies/travellers					✓	
	Other ethnic group					✓	
<b>Sexual Orientation</b>	Heterosexual					✓	
	Gay man					✓	



	Lesbian					✓	
	Bisexual					✓	
<b>Religion or Belief</b>	Faith Groups					✓	
<b>Pregnancy &amp; Maternity</b>						✓	
<b>Marriage &amp; Civil Partnership</b>	<i>(Aim 1 of the PSED only)</i>					✓	
<b>Socio-Economic Background</b>	<i>(N.B not a protected characteristic but relevant to Thanet)</i>		✓				Around 75% of the council's tenants are in receipt of either housing benefit or the housing element of Universal Credit. The council's housing management service includes support for these residents to ensure that they are able to meet their rent payments and effectively maintain their tenancies. The purpose of the proposed change in housing management arrangements include the need to improve the quality of service provision and ensure that the service is more locally accountable. It is likely that households on low incomes need to access rent collection and welfare support services more frequently.

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Consultation with Information Governance & Equality Team				
<b>Date advice given</b>	6 February 2020			
<b>Summary of Advice – Key Points</b>	Proposals are a positive benefit to tenants and leaseholders with protected characteristics			
<b>Advice accepted by responsible officer?</b>	Yes	✓	No	<b>If no, please explain your reasoning.</b>

Approval and Sign off from Line Manager		
<b>Name</b>	Adrian Hammond	<b>Job Title</b> Housing Lead Specialist
<b>Date</b>	6 February 2020	

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