

Report Title: **(1) Homes for Haringey and Staff Matters (2) The Housing Service Restructure**

Forward Plan reference number (if applicable):

Report of: **Director of Housing**

Wards(s) affected: **All**

Report for: **Information**

1. Purpose



- 1.1. To advise Members on staffing matters relating to the establishment of Homes for Haringey, the Haringey ALMO (Arms Length Management Organisation).
- 1.2. To advise members on the restructure of the Housing Management and the Haringey Home & Building Services.

2. Introduction by Executive Member

2.1 Not applicable

3. Recommendations

3.1. That the report be noted

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4. Executive Summary

- 4.1. This report sets out the implications for housing staff as a result of the decision to establish Homes for Haringey, the Haringey ALMO, and the transfer of housing staff from employment with the Council to the ALMO.
- 4.2. It also gives an overview of the proposed changes to the structure of both the Housing Management Service and the Haringey Home & Building Service.
- 4.3. It provides information on the process and timetable for the restructuring of these services.

5. Reasons for any change in policy or for new policy development (if applicable)

- 5.1. The creation of the ALMO in April 2006 will involve the transfer of Council Housing Staff to the ALMO under the Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE).

6. Local Government (Access to Information) Act 1985

- 6.1. Guidance on Arms Length Management of Local Authority Housing- ODPM
- 6.2. Staffing implications of establishing ALMOs- Employers Organisation for Local Government
- 6.3. Framework for establishing the Haringey ALMO- Reports to Council Executive (26 July 2005, 4 October 2005 and 20 December 2005)

7. Background

- 7.1. The proposal to establish an arms length management organisation (ALMO) for the whole of Haringey's council housing stock, subject to a positive ballot of tenants, was the key recommendation of the resident-led Options Appraisal Steering Group which reported in November 2004. The Council endorsed the proposal in January 2005 and it received the backing of a majority of tenants in the ballot held in March/ April 2005. Further key decisions relating to the establishment of the ALMO took place in July, October and December 2005. Homes for Haringey will go live in April 2006.
- 7.2. The key purpose of setting up Homes for Haringey is to obtain funding (this could be up to £225 million) to enable the Council to meet its duty to achieve the Decent Homes Standard for all its housing stock by December 2010. To achieve this release of funds Homes for Haringey will need to improve its service delivery to achieve a 2 star (good) service when inspected in December 2006.
- 7.3. This report sets out the implications for housing staff as a result of the decision to establish the ALMO. The report also gives an overview of the proposed changes to the structure of both the Housing Management

Service and the Haringey Home & Building Service. This restructure is needed to provide residents with the services that they expect; to provide a more efficient and better value for money service, and to address the declining financial resources of the Housing Revenue Account. A restructure of the service would have been required even without the establishment of Homes for Haringey.

8. Description

- 8.1. Homes for Haringey will be a company wholly owned by the Council which will be responsible for the day-to-day operational management of council housing and the delivery of the decent homes programme. It will be funded by a management fee paid by the Council. It will have a board made up of 5 council nominees, 6 residents members and 5 independent experts. The Council will retain ownership of the housing stock and tenants will remain tenants of the Council.
- 8.2. Homes for Haringey will be responsible for operational management. The staff responsible for the operational management of the council housing stock will transfer under the Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE) to the ALMO. This will include those staff responsible for housing management, housing finance, day-to-day repairs and the capital programme. Housing Managers responsible for sheltered accommodation will also transfer. Approximately 710 staff will transfer, under TUPE, to Homes for Haringey.
- 8.3. The Council will retain responsibility for strategy, policy and setting the key targets and service standards that Homes for Haringey must meet. The Council will also be responsible for the monitoring of Homes for Haringey's performance against these standards. The Anti-Social Behaviour Team which is currently based in the Housing Management service will remain with the Council, reporting to the Head of the Safer Communities Unit within the Chief Executives Service with effect from 1st February 2006.
- 8.4. The Government and the Council are both committed to safeguarding the interests of the staff who will be working for Homes for Haringey. It is a condition for the establishment of an ALMO that transferred and new staff should have comparable terms and conditions. Homes for Haringey will employ staff directly and those staff who transfer will do so under TUPE. The contracts of employment (apart from terms relating to occupational pensions schemes) of relevant staff and all the local authorities rights, powers, duties and liabilities under or in connection with those contracts will transfer to Homes for Haringey. All staff transferred under TUPE will continue to be employed on the same terms and conditions. There is no qualifying period of time that staff have to be employed with the Council in order to be protected by the TUPE regulations. All staff working for the council in a team transferring on the day before the transfer will be transferred to Homes for Haringey. This applies equally to staff on temporary contracts with the Council.

- 8.5. The future terms and conditions of employment for Homes for Haringey staff, after transfer under TUPE will be determined by the Homes for Haringey board. The Office of the Deputy Prime Minister (ODPM) expects that ALMOs will ensure that staff terms and conditions are at least as good overall as local authority terms and conditions, although this does not mean that Homes for Haringey has to match any future improvements to national local authority terms and conditions. No variations to terms and conditions are allowed by law under TUPE, if the reason for the variation is transfer related. Changes can only be made if they are related to an economic, technical or organisational reason. Any local changes to terms and conditions will be negotiated between Homes for Haringey and its staff. The ODPM has stated that ALMOs should not offer to automatically match future improvements negotiated by staff of its local authority, irrespective of circumstances and affordability, as this would risk jeopardising its arms length status and a could result in the ODPM refusing to allow the transfer of the management of the Housing Stock to the ALMO.
- 8.6. Upon transfer Homes for Haringey will adopt the Councils existing employment procedures. The only exceptions to this will be where current procedures allow for an appeal to Members, for example Member Appeals relating to the disciplinary code of practice. New procedures in these areas will need to be developed and negotiated between Homes for Haringey, the trade unions and staff. Following transfer any changes to employment procedures will be determined by the Homes for Haringey board, through negotiation with trade unions and staff.
- 8.7. If an employee from local government is transferred to Homes for Haringey under TUPE their continuous service is protected. The Governments view is that if individuals voluntarily leave the ALMO and return to local government then even though their transfer protection ceases their continuous service will be protected for redundancy purposes.
- 8.8. The TUPE regulations do not themselves extend to the transfer of occupational pension schemes such as the Haringey Pension Scheme. However ALMOs are registered under the Local Government Pensions Scheme Regulations with the result that employee's pensions automatically remain within the Haringey pension scheme at the point that employees transfer to the employment of Homes for Haringey. New Homes for Haringey employees will also be able to join the scheme.
- 8.9. Some of the benefits that the Council may grant within the pension scheme, such as early retirement and redundancy payments are discretionary. The discretion to award these benefits will be transferred to Homes for Haringey but there can be no guarantee that Homes for Haringey will operate these benefits.
- 8.10. The Councils pensions manager will provide separate updates to the Pensions Panel to advise on the more detailed implications for the Haringey Pension Fund, the Council and Homes for Haringey that will result from the establishment of Homes for Haringey.

8.11. Homes for Haringey will need to determine what trade unions will be recognised within the new organisation. If the current recognition agreements transfer then there may be a period of time during which existing trade union representatives will need to assist Homes for Haringey even though those representatives may not themselves transfer to Homes for Haringey.

9. The restructure of the Housing Management Service and the Haringey Homes and Building Service (HHBS)

9.1. There is a need to carry out a restructure of the Housing Management and Haringey Home and Building services in order to achieve the following changes:-

- To deliver improved 2/3 star services to residents
- To create a structure able to deliver decent homes
- To create a structure comparable with other top performing Housing Services
- In order to become more efficient and provide better value for money services
- A need to balance the Housing Revenue Account

The restructure would be needed even without the establishment of Homes for Haringey.

9.2. This restructuring will take place in line with Haringey's standard procedures, including full consultation with trade unions and staff. Any changes relating to the restructure which take place following the transfer to Homes for Haringey will also use the same procedures. Any new posts in the structure that are not initially ring fenced to protect existing staff will be filled through the Council's/ Homes for Haringey's, standard recruitment and selection processes. Local authority/ Homes for Haringey employees will have the opportunity to apply for these posts in competition with external applicants.

9.3. A separate report to the Council Executive on 4th October 2005 agreed that the agreements for the detailed structure including post designations be delegated to the Director of Housing in consultation with the Executive Member for Housing.

9.4. The overall shape of the organisational structure has been agreed. Reporting to the Homes for Haringey Chief Executive will be four Directors - Finance, Housing Management, Building Services and Business Support.

9.5. **The new Director of Finance will be responsible for a single co-ordinated finance service for both Housing Management and Building Services.** There is a need to strengthen the top tier finance management to deliver improved financial planning and to achieve joined

up and improved financial management accounting. The Director of Finance will also be responsible for the Housing information Team.

- 9.6. **The new Director of Business Support will be responsible for support services to both Housing Management and Building Services.** This new central support division will improve and raise service standards throughout the organisation allowing the Directors of Housing Management and Building Services to focus on the operational delivery of services and the delivery of the Decent Homes programme. The division will be responsible for the following functions
- Resident participation and Communications
 - Service Development
 - Governance and Company Secretary functions for the Homes for Haringey Board.
 - Best Value, Performance and Clienting
 - Training, Staff Development and People Planning
- 9.7. **Changes in Housing Management.** We will create specialist teams in Housing Management to deal with income recovery, tenancy management and estate services. These will replace the current generic delivery of Housing Management services where staff and senior managers cover a range of functions. The creation of these new teams will increase the specialist expertise of staff and managers in these areas leading to better customer focus, improved services to clients and improved value for money. The wide range of functions that are presently carried out by generic staff can lead to a lack of specialist expertise and difficulties in managing the delivery of key priorities in all three of these business areas. There will also be reductions in Administrative support as a result of the closure of Area Office receptions.
- 9.8. Whilst the restructure of Housing Management services could potentially result in 8 redundancies, the opportunities for staff in other ring fences and through redeployment mean that the anticipated level of redundancies will be significantly less than this number.
- 9.9. The Housing Management Service will also be responsible for the services to leaseholders through the Home Ownership Team with the provision of a dedicated 3rd tier manager to raise the profile of leaseholder issues at the Senior Management Team, improve service delivery and increase the satisfaction levels for leaseholders.
- 9.10. **Changes in the structure of Haringey Homes and Building Services (HHBS).** The Director of Building Services will be responsible for the functions carried out by the existing Haringey Homes and Building Service. Reporting to the Director will be third tier managers responsible for the following functions
- Repairs Operations (general repairs, empty homes and specialist works)

- Design and Engineering
- Asset Management (including delivery of the Decent Homes programme.)

- 9.11. For the Repairs Operations Service there is a need to drive through greater efficiency to enable repairs spend to stay within a budget the Housing Revenue Account can afford, resulting in a planned 10% reduction in costs. There is also a need to make the service more competitive in view of the Council's decision to market test the repairs service during 2006. This will result in the anticipated deletion of 59 posts within repairs operations with 16 staff identified as under threat of redundancy.
- 9.12. The Councils Procurement Committee have agreed that the work to deliver the Decent Homes programme in the Councils housing stock should be delivered through modern partnering arrangements. The ALMO will work in partnership with external constructors to deliver the programme by 2010/11.
- 9.13. The head of procurement and project management will steer the establishment of a new client side management structure. Commencement of the new working arrangements are anticipated between April and June 2006. This will ensure an adequately resourced team to deliver a strong and robust client management function for the delivery of Decent Homes.
- 9.14. The new procurement arrangements will impact on the work of the stock investment, project management, design and engineering, and surveying teams within HHBS. A range of opportunities for existing staff are envisaged, some may be selected to take on a client function within the ALMO and some may move under TUPE to the new partnering providers. A third option may be for staff to seek transfer to other departments within Haringey. It is envisaged that the architects section will be closed resulting in 5 staff being under threat of redundancy. This is because there is little requirement for building design under the decent homes programme (which is largely repetitive work) and there is insufficient demand for architectural services from other corporate clients.
- 9.15. Staff have already been briefed and further updates will be provided once more detailed work has been completed on the design of the client function. A formal communications plan will be evolved in the near future.

10. Consultation

- 10.1. **TUPE transfer.** There is a duty on both the Council and Homes for Haringey to inform and consult employees over the transfer, through the trade unions. As well as the formal process there will be regular consultation with employees individually. A schedule of meetings have been established between the Trade Unions and the Director of Housing

to discuss ALMO related issues. These meetings will continue up to and beyond the establishment of the ALMO regular meetings with staff to explain the changes that are taking place as a result of the establishment of the ALMO.

- 10.2. Monthly newsletters to staff provide updates on progress and a “frequently asked questions” guide has been produced in response to queries raised by staff and managers. A team of “ALMO Champions” made up of a cross section of housing staff, are assisting both with the provision of information to staff and also ensuring that any staff concerns are raised and addressed. An effective staff communications strategy ensures that no staff communication issues are overlooked. The level of consultation with staff will increase as we move towards the date for the establishment of the ALMO.
- 10.3. Individual staff who will be transferred to the ALMO will be identified and advised that they will be subject to transfer. They will be provided with appropriate advice and assistance at all key stages of the process.
- 10.4. **Housing restructure.** Full consultation has started with trade unions and staff over the proposed restructure of Housing Management and Building Services. Each of the Divisions in the new structure will provide separate details on their own restructure and information will be provided to staff and the trade unions as soon as the proposals for each division are available.
- 10.5. The consultation packs will show structure charts, provisional timetables, estimates of potential redundancies, proposals for change, new job descriptions, ring fences and selection methods.
- 10.6. The consultation process for Housing Management commenced on 13 December 05 and for the Finance and Business Support divisions the consultation process commenced on 9th January 06.
- 10.7. Consultation on the Building Services restructure will commence on 24th January 2006. No consultation period will be for less than 30 days and each consultation process starts with a meeting with trade unions, where they are briefed on the proposals. This is followed by briefing meetings with affected staff groups to which the trade unions are also invited.
- 10.8. Details of the top level structures are attached as appendix 1
- 10.9. Implementation of the restructure including the start of the initial ring fenced recruitments will commence following the completion of the Building Services consultation which is anticipated to end on 24 February. Following the interviews for ring fenced positions staff will take up their new post from April 2006. This means that the majority of those staff affected by the restructure will take up their new posts after the establishment of Homes for Haringey and that any redundancy notices that may need to be served are likely to be served following the transfer of

staff to Homes for Haringey. Appendix 2 gives details of the anticipated timetable for the restructure.

- 10.10. Because of the anticipated level of redundancies within the Building Services division it is expected that a Notice under Section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 will be required. There are not expected to be significant levels of redundancies within other divisions. Decisions relating to the service of a section 188 Notice will be reached before the meeting with trade unions on 24th January 2006.
- 10.11. Every attempt will be made to redeploy staff at risk of redundancy. Staff will be supported and assisted by line managers and Human Resources if they enter the redeployment process. A skills matching exercise will be carried out with all staff threatened with redundancy. On this occasion only it has been agreed that any staff threatened with redundancy can be considered for redeployment both within the Council and within Homes for Haringey.
- 10.12. The process for restructuring will be as simple as possible and conducted in an open and transparent manner with due regard to the Council's and Homes for Haringey's Equal opportunities Policies.
- 10.13. The Homes for Haringey Shadow Board and the Council's Executive Member Working Group have been briefed on the staffing matters relating to the establishment of Homes for Haringey. They have also been briefed on the restructure of the Housing Management Service and the Haringey Home and Building Service.
- 10.14. Consultation with residents on the restructure will take place through briefings to the Housing Management Board on 23 January 2006 and to the Residents Consultative Forum on 1st February 2006.

11. Summary and Conclusions

- 11.1. Provisional figures indicate that 712 staff will transfer from the existing Housing Service to employment with the ALMO. These staff will have their terms and conditions of service protected on transfer through the TUPE regulations.
- 11.2. The report to Council Executive on 4th October on the "Framework for establishing the Haringey ALMO" agreed that decision on the detailed structure be delegated to the Director of Housing in consultation with the Executive Member for Housing.
- 11.3. There is a need to restructure the Housing Management and Haringey Home and Building Services in order to deliver improved services and to close the short/medium term HRA business gap. The HRA business planning process will provide further details on the efficiency saving

measures that will be implemented to ensure the necessary savings are delivered in 2006/7 and beyond.

- 11.4. This restructuring will take place in line with Haringey's standard procedures, including full consultation with trade unions and staff

12. Recommendations

- 12.1. That this report be noted

13. Comments of the Director of Finance

There is a clear financial incentive to implement structures that will deliver both an improved service for residents and the additional investments in the HRA stock which could be in excess of £200 million.

The proposals for the restructure of Housing Management, Business Support and Finance have been costed and can be accommodated within the anticipated level of growth allowed for within the ALMO Pre Business Plan Review of £250,000

There is a need to restructure the Housing Management and Haringey Home and Building Services in order to deliver improved services and to close the short/medium term HRA business gap. The restructure of the Repairs Operations service are targeted to result in a 10% reduction in costs (£1.184 million in 2006/7) enabling the repairs service to stay within budget.

The cost of the restructured Design and Engineering Service, including an appropriate target for a surplus, will be met by income from fees.

The cost of the new Asset Management structure in 2006/7 will be kept within the existing base budget for this service with any minor adjustments either up or down being managed within the capital budget. For 2007/8 onwards there will be a planned expansion to accommodate the major increase in programme activity to achieve Decent Homes. These costs will be met by additional capitalisation charged against the new capital provision resulting from a successful ALMO bid which is planned to be in excess of £200 million.

14. Comments of the Head of Legal Services

- 14.1. The Head of Legal Services has been consulted on this report, and makes the following comments.
- 13.2 The provisions of the Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE) will apply to the transfer of staff to the ALMO as the report quite rightly states. The Regulations are due to be revised and

issued in April 2006, and the initial indications of the proposed changes have been taken into account in these legal comments.

- 13.3 A restructuring of the type envisaged in this report to be undertaken before transfer will be carried out under the provisions of the Council's policies and procedures regarding organisational change. Any employee displaced as a result will be entitled to be considered under the terms of the Council's redeployment and redundancy procedures. Those terms from the redundancy and redeployment procedures that have contractual effect will transfer under TUPE with each employee. The size of and timescale for the potential number of dismissals due to redundancy may require formal consultation with trade union representatives under the provisions of Section 188 of the Trade Union and Labour Relations (Consolidation) Act 1994, where these dismissals would occur in one establishment. In any event such consultation on a less formal basis would constitute good practice even if not required statutorily.
- 13.4 All employees assigned to the undertaking to be transferred will transfer to the employment of the ALMO. This will include temporary staff specifically assigned and appointed to the undertaking. However, those employees who are temporarily placed in the undertaking, but whose substantive role is elsewhere, could be excluded.
- 13.5 The terms of the contracts of employment of the employees involved will transfer as if made with the ALMO as their employer. Service with the Council will count as continuous service with the ALMO. Variation of contractual terms after transfer is a notoriously difficult area in law due to the effect of decided cases in both the UK and European Courts. Variation is generally unlawful (even if consensual) if the variation is for a reason connected with the transfer, unless it is itself for an "eto" (economic, technical or organisational) reason, which is unconnected to the transfer..
- 13.6 Trade union recognition arrangements will transfer under TUPE to the extent that they exist with the Council.
- 13.7 The timetables for implementation of the various restructuring exercises and the deadline for the establishment of "Homes for Haringey" indicate that a significant proportion of those exercises will not have been completed by April 2006. In these circumstances it should be made clear in writing to each employee that the transfer of the terms of their contracts of employment will include those terms relating to organisational change, redundancy and redeployment whose effects will result from the implementation of the restructuring exercises at a later date.
- 13.8 TUPE does not preclude further transfers of undertakings and staff at any particular time. TUPE will again apply if the conditions for the transfer meet the requirements of a relevant transfer under the Regulations.

15. Equalities Implications

The ALMO will be required to adopt and operate the Council's equalities and diversity strategies in relation to service delivery and staffing. Its approach to equalities and diversity will be set out in its aims and objectives, the delivery plan, and the other documents.

Community groups that are under represented have been identified and an action plan to ensure inclusion of these groups has been put in place. These will be monitored on a regular basis. The effect of implementing the ALMO on inclusion will also be monitored.

A comprehensive consultation and communication plan for residents and staff has been drafted. This has identified the barriers in communicating with residents and staff in the lead up to implementing the ALMO and following the set up of the ALMO. Training needs will be identified for staff, residents and the Shadow ALMO Board.

The ALMO will be required to prepare its own detailed action plans to deliver the Council's aims. This will also be guided by the Council's Impact assessment process being applied to the ALMO implementation and is comprised of five core 'arrangements'. The Impact assessment will accompany the series of reports being submitted between now and December on the Implementation.

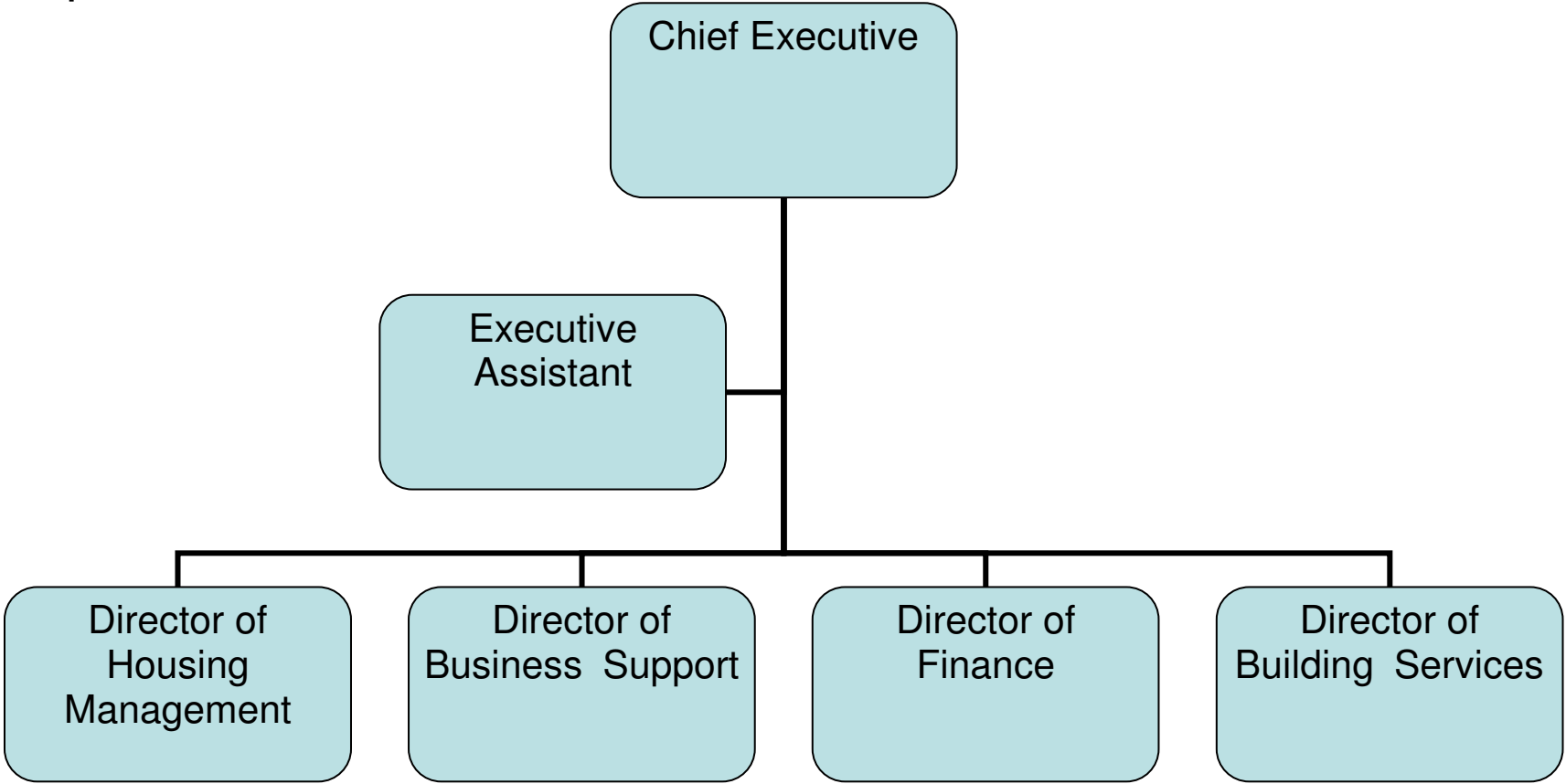
16. Use of Appendices / Tables / Photographs

16.1. Appendix 1 Top level structures

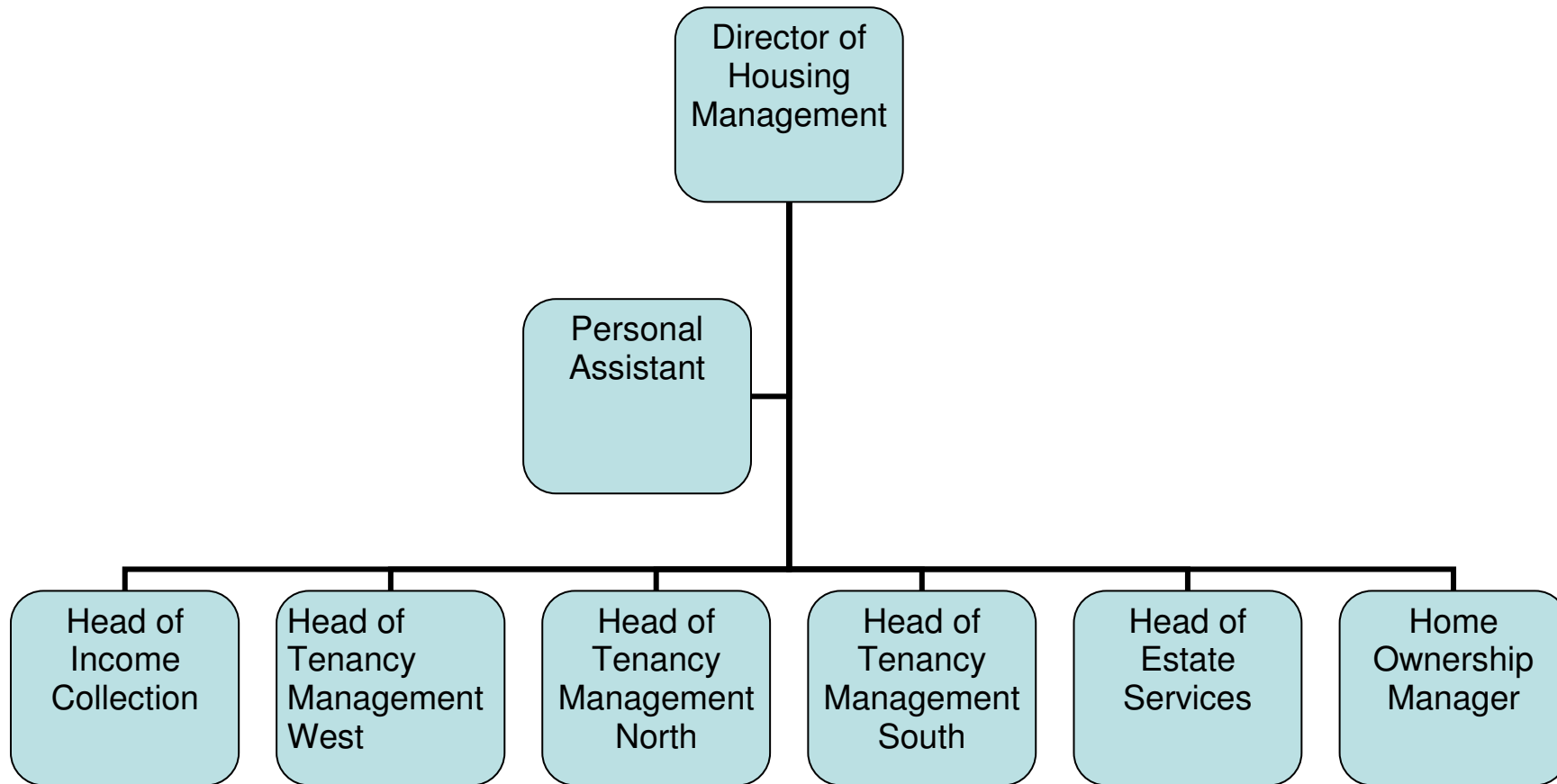
16.2. Appendix 2- Provisional Timetable for restructure

Appendix 1

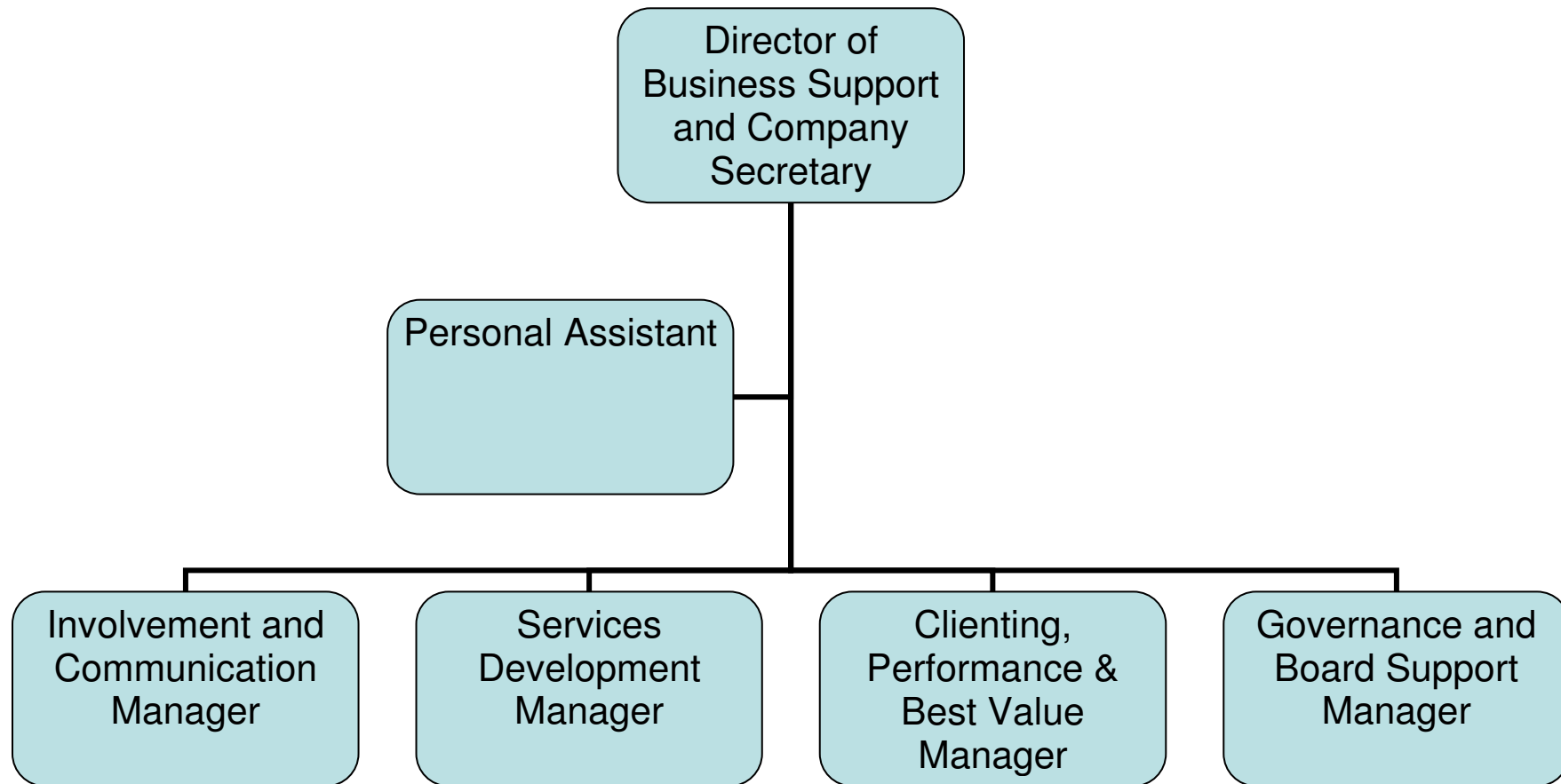
Top level structure



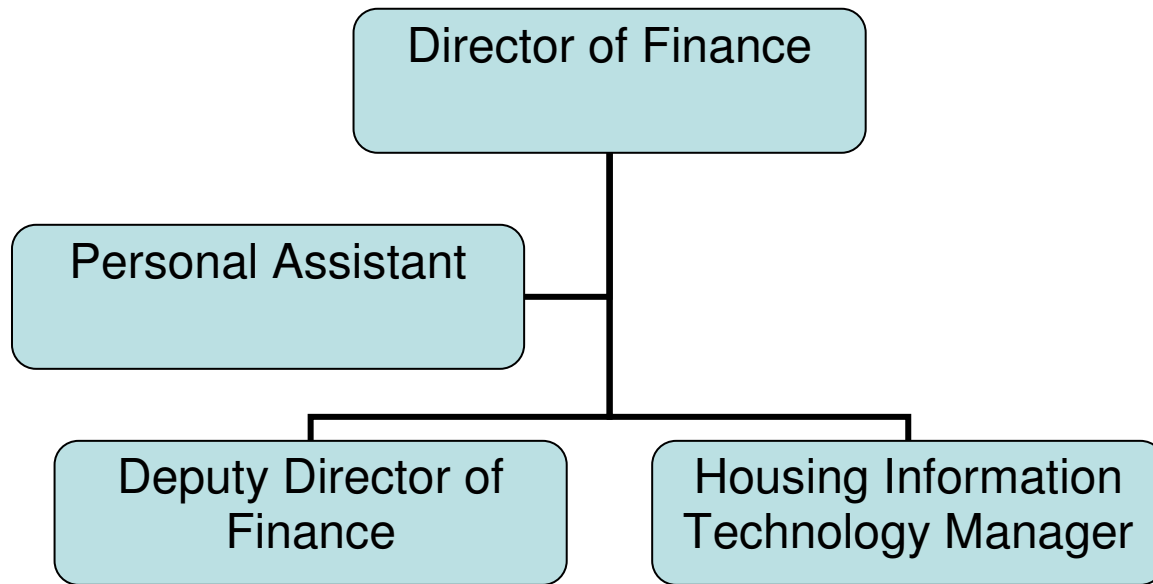
Housing Management top structure



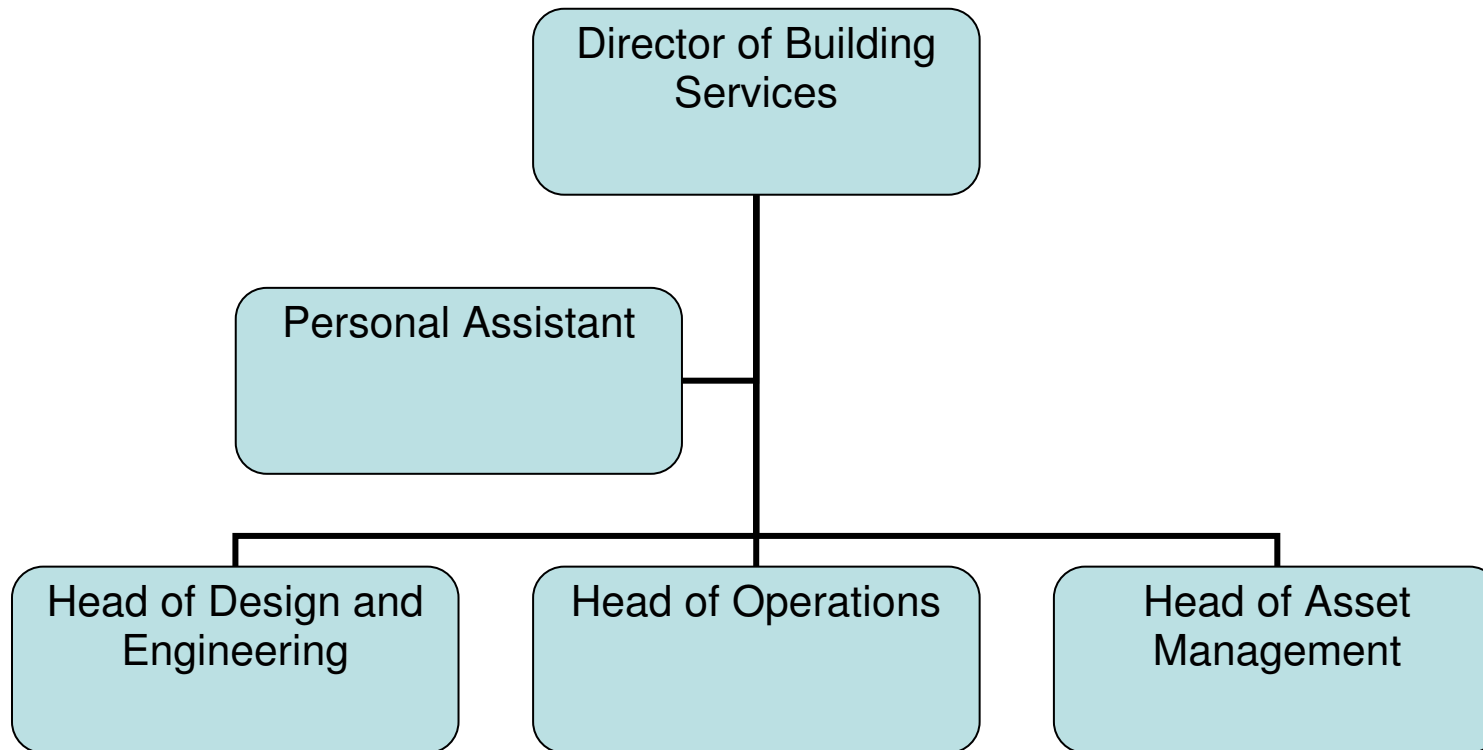
Business Support Service top structure



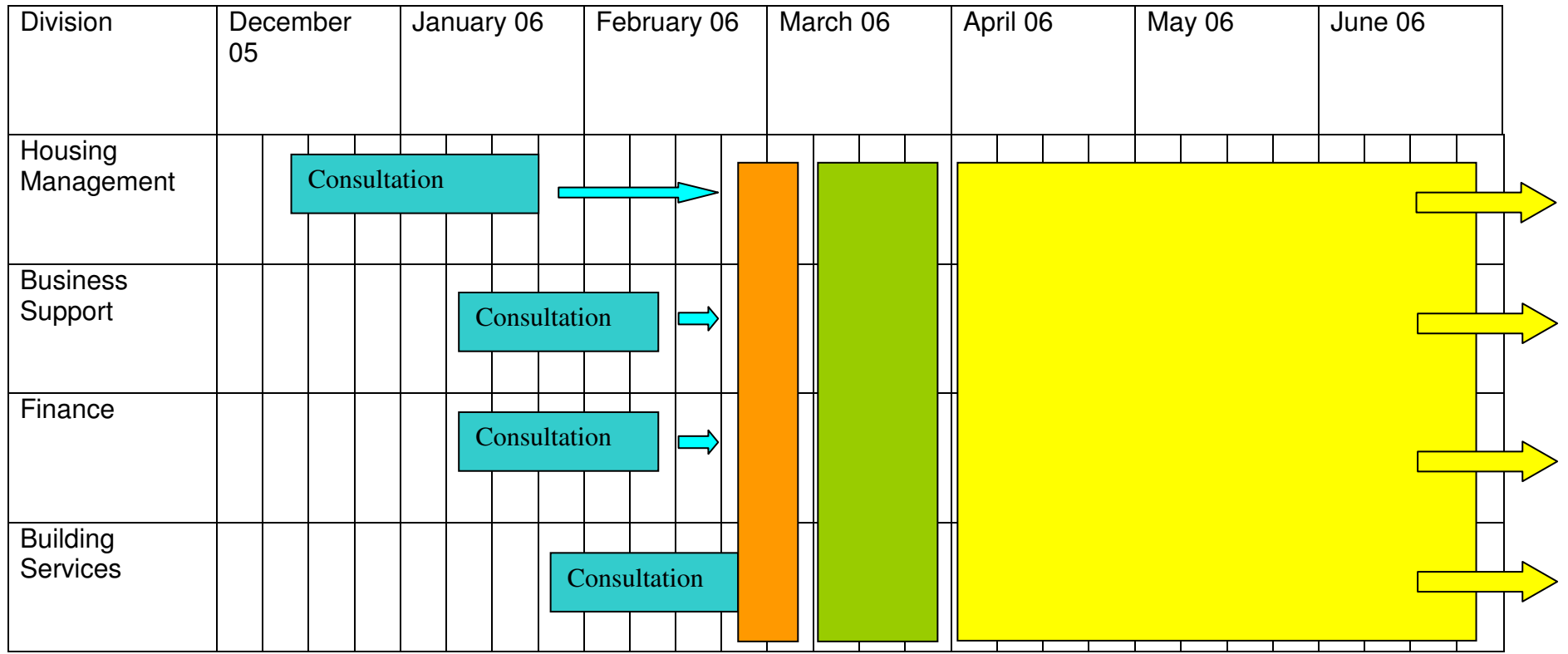
Finance top structure



Building Services top structure



Appendix 2 -Provisional Timetable for restructure



Key Consultation phase , Management Feedback phase, Interview phase
 Restructuring, Redeployment and Redundancy phase