

Decision Report

Committee: Executive

Meeting Date – 15/01/2025

Key Decision – yes



Creation of a Single Housing Development Team for Somerset Council

Chair of Committee: Cllr Bill Revans – Leader of the Council

Executive Member(s): Cllr Federica Smith-Roberts - Lead Member for Communities, Housing Revenue Account, Culture and Equalities and Diversity

Local Member(s) and Division(s) affected: All in the Ex SDC and SWT areas

Executive Director: Chris Hall - Executive Director Community Place& Economy

Executive Summary

1. Officers have been reviewing the options to meet the skills gap created by the loss of the Service Director for Housing earlier this year. The gaps that currently exists are line management responsibility for a specialist housing commissioning site development and construction team as well as knowledge of the bidding and business case process to government to secure the multi-million pound opportunities for external funding. We also have relationship management gaps with key partners including government departments and Homes England who are providers of those grants.
2. The proposal is to create a single housing development team to deliver the current and future Somerset Council Housing Revenue Account development plans. It is further proposed that the team within HiS be expanded to include the whole of Somerset, with the in house team being moved under Transfer of Undertakings, Protection of Employment (TUPE) Regulations 2006 from Somerset Council to HiS. This will allow the resource and skills in HiS to be utilised for the benefit of the whole of Somerset.
3. This approach achieves the objectives of closing the skills gap without adding additional cost, by creating a single more resilient team whilst protecting the Council from redundancy costs.
4. The content of the development plan is not part of this paper, instead this is covered within the 30 year Housing Revenue Account Business Plan.
5. Reflecting that the geographical area historically covered by HiS would change, the HiS Board were asked to consider a name change. The Board were supportive of exploring a name change, and their proposal forms part of the recommendations of this report. As the sole shareholder of Homes In Sedgemoor, the decision is for Somerset Council to make.
6. The name change proposed follows internal consultation with employees and the Board.

7. It was identified that in creating a single development team in under HiS a greater level of oversight of the development programme would be beneficial. The HiS Board have acknowledge the growth in their responsibilities and have established a Development Subcommittee in response to this.
8. For clarity neither property ownership nor tenancies are proposed to change under this proposal with all HRA properties continuing to be owned by Somerset Council.
9. The proposal to combine resources is specific to the development team and does not cover other aspects of the service.

Recommendations

10. That Executive approve the following:

- a) The proposed name change from Homes In Sedgemoor to Homes in Somerset
- b) Approve the TUPE transfer of the Somerset Council Development Team to Homes In Sedgemoor (Homes In Somerset), with the associated change to the Management Agreement, subject to formal HR consultation.

Reasons for Proposals

11. To close the skills gap without adding additional cost and creating a single more resilient team whilst giving continuity of employment and terms and conditions to current employees.
12. One option considered was to replace the role of Service Director on a like for like basis, but it was felt this may create duplication across our inhouse Housing landlord service and Homes In Sedgemoor (HiS) our Arms Length Management Organisation (ALMO). Creating duplication ahead of the wider landlord options appraisal would be counterproductive

Main report and supporting information

Background

13. The Housing Revenue Account (HRA) is a ring-fenced, self-financing, account used to manage the Council's housing stock, with the Council acting as the Landlord. The Development Teams exist in both of the landlord delivery models but could be brought together without the need for formal engagement with tenants as the bulk of their work is to create new properties prior to tenancies and occupation.
14. Somerset Council has two landlord operating models which sit under one Housing Revenue Account. The two landlord operating models are an in-house service in the West, formerly Somerset West and Taunton (SWT), and Homes in Sedgemoor (HiS) which is an Arm's Length Management Organisation (ALMO) operating in the North, formerly Sedgemoor District Council (SDC). The combined total dwelling stock as at 1 April 2024 is 9,755 (5,709 for the inhouse service and 4,046 managed by HiS). In addition to this we have 599 leasehold properties (490 managed by the in-house service and 111 managed by HiS).
15. The housing development teams deliver the purchase, regeneration, and construction of council housing stock owned by Somerset Council. This includes the current approved development programme and the pipeline of activity and opportunities. The latter requires considerable assessment of land, building and financial arrangements to develop opportunities into business cases that come forward for funding decisions by Somerset Council within the annual review of the HRA 30 year Business Plan.

Purpose of Report

16. To close the skills gap without adding additional cost and creating a single more resilient team whilst giving continuity of employment and terms and conditions to current employees.

Links to Council Plan and Medium-Term Financial Plan

17. The 2024/25 Budget for the HRA was approved by Full Council in February 2024 along with the updated Medium-Term Financial Plan (MTFP) and updated 30-Year Business Plan. This proposal seeks to prevent costs that may be duplicated in the current dual landlord model.

Other options considered

18. Consideration was given to recruiting to the skills and resource gap but this was felt to create avoidable cost to the HRA.
19. Further consideration was given to the single Development Team being hosted by Somerset Council's in house team, this was dismissed as it is this team where the skills gap exists.

Key considerations for the Council

Scrutiny comments / recommendations:

20. This report was considered by Community Scrutiny Committee on 11th December 2024, a strong debate was held with the committee giving their support to the recommendations.

Consultation and feedback

21. This report will be presented, for information purposes and discussion, to the Tenants Strategic Board on the 25 November 2024. A formal public / tenant consultation is not required for this development team change, but Homes In Sedgemoor will undertake engagement activity with their tenants regarding their proposed name change.

Financial and Risk Implications

22. Somerset Council will amend the funding agreement to reflect the employment responsibilities moving from Somerset Council to the ALMO (Homes in Somerset). This has no negative impact on the HRA.

23. It might appear that the ALMO having control over the Development Team exposes Somerset Council to a greater level of financial risk, however all properties that bought or built by the Development Team remain in the ownership of Somerset Council. Expenditure by the Development Team is subject to Somerset Council approval within the HRA business plan and allocation within the capital programme. Additionally it is Somerset Council that will continue to raise the purchase orders for works as it does now.

24. The ALMO have also approve establishing a Development Sub Committee to bring additional oversight of the development programme. This subcommittee will then report to the Board of which we have three Somerset Council voting Members and one Co-opted Member.

25. In the event that the recommendations cannot be agreed Somerset Council risks not having the knowledge or skills to attract new funding to support current scheme or the development of new schemes, instead being reliant upon HRA borrowing alone and thus limiting the ability to buy or build new stock at the rate we would be able to in the event of greater external financial grants. External grants are also used for large scale capital improvement schemes to current stock and again this opportunity may be lost. Whilst we could seek the support of HiS for their profession advice, they would not be responsible for the delivery of any grants.

Legal and Procurement Implications

- There are no specific legal implications arising from this report beyond the need to follow due process in consulting and delivering the TUPE transfer.

HR / Workforce Implications

- The approval to combine the Development Teams, if given by Executive, is subject to consultation with those that would be subject to the transfer. This would be up to 9 people (7.91 FTE).
- It is proposed that the formal consultation process would commence during January and last 30 days.

Equalities Implications

- There are no identified specific equalities implications arising from this report for employees or for service users. The TUPE process will protect terms and conditions for employees.

Community Safety Implications

- There are no community safety implications arising from this report.

Climate Change and Sustainability Implications

- There are no climate change and sustainability implications arising from this report.

Health and Safety Implications

- There are no health and safety implications arising from this report.

Health and Wellbeing Implications

- There are no health and wellbeing implications arising from this report.

Social Value

- There are no Social Value implications arising from this report.

Report assurance

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	19/11/24
Finance & Procurement	Kerry Prisco	20/11/24
Workforce (*)	Dawn Bettridge	20/11/24
Asset Management (*)	Simon Lewis	18/11/24
Executive Director	Chris Hall	22/11/24
Executive Lead Member	Cllr Federica Smith-Roberts	21/11/24
Consulted:		
Local Division Members		
Opposition Spokesperson(s)	Cllr Mandy Chilcott Leader of Opposition Cllr Suria Aujla Opposition Member for Communities, Housing Revenue Account, Culture and Equalities and Diversity	22/11/24
Relevant Scrutiny Chair(s)	Cllr Gwil Wren, Chair - Scrutiny Communities Committee	