

**Manchester City Council
Report for Resolution**

Report To: Executive – 14 January 2009
Subject: Transfer of Housing On Call Services
Report of: Director of Housing

Summary

This report is to request Executive approval for the proposal to transfer the housing management services currently provided by Housing On Call, relating to Northwards Housing and Manchester City Council's housing stock retained after the proposed transfer of the East Manchester housing estates, to Manchester Working Limited.

Recommendations

Executive are asked to:

1. Agree the proposal to move the provision of housing management call centre services to Manchester Working Limited.
 2. Agree the proposal to incorporate corporate out-of-hours workloads to Environment On Call.
 3. Note the TUPE transfer implications for existing Council staff within Housing On Call.
 4. Note that there will be no capital receipt for the transfer of the service.
 5. Delegate authority to the Director of Housing in consultation with the Executive Member for Neighbourhood Services to negotiate and conclude required agreements for services to transfer on 1 April 2009.
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Wards Affected:

- a. Northwards – Moston, Harpurhey, Charlestown, Higher Blackley, Crumpsall, Cheetham, Ancoats and Clayton, Miles Platting & Newton Heath.
- b. The Council's retained housing stock – Ardwick, Bradford, Harpurhey, Moss Side.

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	Services delivered in Manchester will continue to be delivered in Manchester, retaining local employment and services.
Reaching full potential in education and employment	Local jobs will remain in place.
Individual and collective self esteem – mutual respect	No direct impact.
Neighbourhoods of Choice	Continuity of call centre services will sustain customer access to social landlords.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The service is currently contained within the Housing Revenue Account. The contract costs within the proposed Manchester Working Limited solution will see an incremental reduction to the Council as housing stock is transferred/released under the Housing Investment Options and Housing PFI programmes.

Financial Consequences – Capital

None

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Background documents (available for public inspection):

Report to Executive Committee 12 March 2008
Housing Investment Options – Stock Transfer Programme Update

1 Introduction

- 1.1 Housing On Call provides a repairs and estate management call centre service to tenants and through Service Level Agreements (SLAs) to Northwards Housing, Parkway Green, Southway and City South Manchester housing trusts. These agreements are due to expire on 31 March 2009.
- 1.2 The housing trusts (Parkway Green; Southway; City South Manchester and Eastlands Homes) have decided to provide these services internally from April 2009 providing locally focused customer contact points.
- 1.3 Northwards and the Council have entered discussions with Manchester Working Limited (MWL) to draw up a business proposal to provide call centre services under the Joint Venture Framework Contract.
- 1.4 The Housing On Call centre provides a 24 hour service and operates 365 days a year. Integral to service delivery is the provision of an out-of-hours function for many different departments of the Council. These include services such as emergency call outs, alarms, care home lifts and emergency planning duties.

2 Manchester Working Limited (MWL Proposal)

- 2.1 An independent report commissioned by the Council in January 2008 recognised that transferring the Housing On Call service to Manchester Working Limited was the preferred solution. The report noted:
- MWL was committed to retaining a Manchester base for its operations.
 - The On Call service could be transferred within the existing framework of the Joint Venture between the Council and MWL and this would provide transparent financial information.
 - MWL already had existing service relationships with all partners had confidence in MWL's management of these services.
 - MWL is also responsible for providing the repairs service to the retained stock and this will enable a better joined up approach to the repairs work.
- 2.2 MWL has proposed a fixed price three year contract, based on the call volumes for each of the areas using the service and taking account of the initial call-centre set-up cost. The pricing model accommodates all costs, including telephony charges, based on delivery of continuing services to the standards expected by Council tenants. The proposal also reflects the need to run a 24 hours, 365 day service.

Fixed Annual Price – Based on a 3 Year Agreement		
Client	Annual fixed price option	Current Cost
	Fixed	2008/2009
Northwards	£860,236.71	£987,446.00
MCC Residual Housing	£178,767.86	£891,249.00 *
MCC Housing / Other	£42,538.30	
Total Call Centre Service	1,081,542.87	£1,878,695.00
All prices exclude VAT.		* Budgeted HRA Balancing Cost (inc EAST)

- 2.3 The outline proposal from MWL shows a cost reduction on existing service level agreement and internal arrangements for both Northwards and the Council. The 2008/09 cost to the Council of £891,249 includes the residual stock, East Manchester Housing Transfer Stock calls and other miscellaneous calls, which will incrementally decline with further transfers and the delivery of Housing PFI solutions. The service will be greatly improved as services will be more tailored to individual requirements and take a more holistic and joined up approach to customer services.
- 2.4 The business proposal is based on both Manchester City Council and Northwards Housing taking call centre services from MWL. The cost is to be fixed for a three year term, subject to annual review based on property numbers and call volumes. Should either property or call numbers move significantly then MWL would re-evaluate the cost model. By adopting this price framework MWL are attempting to mitigate future fluctuation in cost and provide certainty of budget for the client. The Council would seek to set the operating variance of $\pm 5\%$ and the contract would be subject to review during the contract term.
- 2.5 The cost model to the Council includes the retained housing stock calls which will decline with further transfers. To provide further economies to clients MWL propose to manage service improvements through investment in a new location for the service, new ICT and call handling equipment and provide staff development which will improve the efficiency and cost effectiveness of the On Call service.
- 2.6 MWL will be required to provide housing management call centre services 24 hours a day, 365 days a year for its customers and security under TUPE for its employees.

3 Manchester Improvement Programme (MIP) Proposal for Out of Hours Service

- 3.1 MIP has carried out a review of out-of-hours functions and proposes to retain Corporate functions carried out by Housing On Call. The review has concluded that the retention of these services within the Council would ensure that customers to these services continue to be provided with a direct line to the Council departments responsible.
- 3.2 The integration of an out of hours service into Environment On Call would enhance the service currently offered there, continuing the development of the one-stop shop ethos, and provide opportunities to cover other service areas.
- 3.3 To ensure continuity of service delivery staff members from the Housing On Call out-of-hours service will transfer to Environment On Call to manage the business retained by the Council.

4 HR Implications

4.1 It is proposed that Housing On Call employees will transfer to either MWL or the local housing trusts under TUPE arrangements in regard to the transfers.

- Housing Services staff will transfer to housing trusts under TUPE based on the workload currently serviced under SLA by on Call for the trusts.
- Housing Services staff will transfer under TUPE to MWL based on the workload currently serviced under arrangements in place for Northwards and the Council's retained housing stock.
- The TUPE list contains a number of employees that would be aligned to the retained housing stock. There will be a position where some staff TUPE for a second time to the PFI provider as contracts are agreed.
- A number of Housing On Call staff will transfer to Environment on Call to continue to provide corporate emergency services within the new service. As this is an internal transfer within the Council TUPE will not apply.

5 Performance Improvements

5.1 Transfer of staff under TUPE to Local Housing Companies will allow them to focus service delivery at a local level while maintaining and improving upon performance.

5.2 MWL has identified four key areas which will target immediate improvements and implement better solutions that will improve the effectiveness and efficiency of the On Call service.

5.3 The Council and Northwards will enter into an SLA with MWL for the continued delivery of the service in respect of Council owned housing until the remaining transfers have taken place

6 Conclusion

6.1 Executive are asked to approve in principle:

- The transfer of parts of Housing On Call to the housing trusts
- The transfer of part of the Housing On Call service to MWL;
- The transfer of corporate out-of-hours call activity to Environment on Call via MIP;

6.2 and to delegate authority for the Director of Housing in consultation with the Executive Member for Neighbourhood Services to conclude transfers for 1 April 2009.

7 Contributing to the Community Strategy

(a) Performance of the economy of the region and sub region

- 7.1 These proposals will ensure that the reconfigured Housing On Call service continues to be delivered within the City in line with future delivery partners' commitment to a local base.

(b) Reaching full potential in education and employment

- 7.2 Existing staff will continue their employment through the new delivery partners; with a locally-based service new opportunities for employment will arise as existing staff move on in their careers.

(c) Individual and collective self esteem – mutual respect

- 7.3 These service proposals will not directly affect this spine.

(d) Neighbourhoods of Choice

- 7.4 These proposals will ensure the continued availability of a high-quality contact point for tenants of the Council and its delivery partners. Simple efficient access to services is a core part of an effective social rented housing offer.

8 Key Polices and Considerations

(a) Equal Opportunities

- 8.1 These proposals do not have a direct impact on equality issues.

(b) Risk Management

- 8.2 These proposals will reduce staffing risk to the Council by placing employees in positions with key partners. This will also reduce risk of redundancy or redeployment for the affected staff.

(c) Legal Considerations

- 8.3 As noted in the main body of the report, the Transfer of Undertakings (Protection of Employment) Regulations will apply to both the Council and its partners. These regulations provide protection for staff transferring from one employer to another by ensuring that terms and conditions of employment (including pensions provision) are not changed as a result of the transfer.