

Briefing on Savings

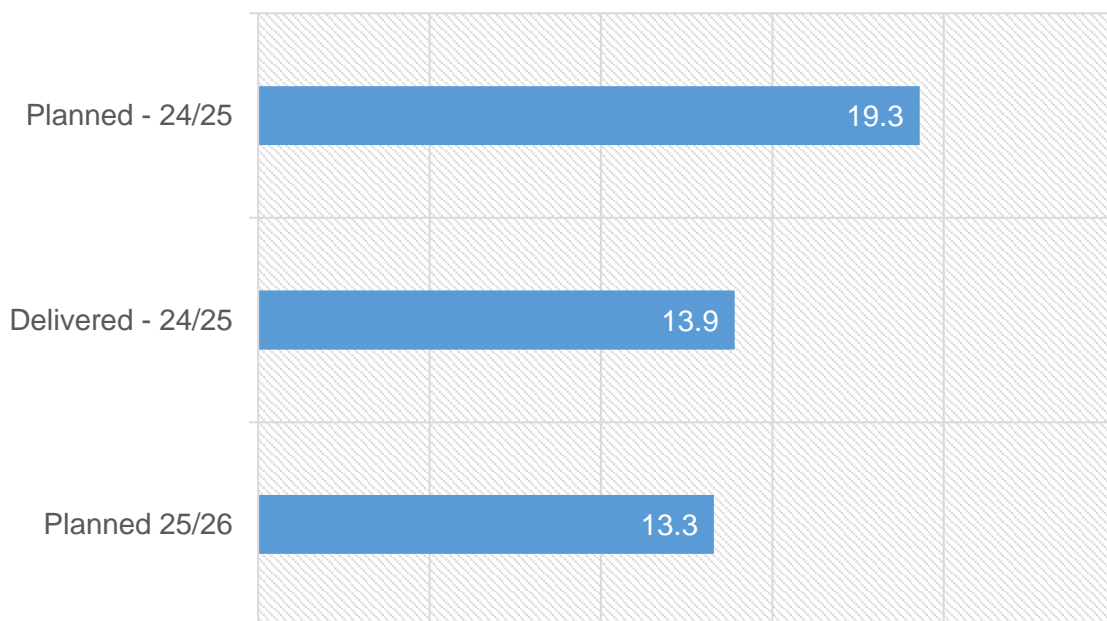
Background

1. The council is committed to becoming a good landlord, which means improving services for our tenants and homeowners. An action plan, setting out the hallmarks of a good landlord service and how we will get there, has been agreed. The action plan includes savings targets for the forthcoming financial year (2025-26). This briefing explains the savings in plain English for residents. The full list of savings is contained in the appendix.

Financial context

2. It is important to explain the context behind these savings. The council is legally required to maintain a separate budget for all income and expenditure related to our housing stock. This budget is known as the Housing Revenue Account, or HRA for short.
3. Southwark's HRA generates approx. £345 million a year, but there is considerable strain on this budget: it must pay for the maintenance of more than 53,000 homes, three quarters of which are now more than 40 years old. External factors – namely persistently high levels of inflation – resulted in a deficit of more than £16 million last year.
4. The council has covered this deficit and implemented a Budget Recovery Programme to prevent it from happening again, but it is necessary for the Housing department to make some savings. We will do this in a way which minimises the effect on residents.

Savings



5. We set an ambitious goal of saving £19.3 million during the current financial year, deducted from combined budgets of £180 million. We are on-course to deliver £13.9 million – or 72% – of these savings.
6. The existing savings plans will be extended into the next financial year, which is estimated to reduce costs by £13.3m.
7. The savings will be delivered by a combination of:
 - a. Working more efficiently
 - b. Maximising our income
8. The proposals include four areas where plans are still being developed and are subject to internal governance. (These are set out in detail in lines 17 – 20 of the table in the appendix.)
 - a. Alternative financing – which will reduce pressure on the HRA through temporary short-term borrowing – intended to save £1.3m.
 - b. A review of staffing structures – intended to save £2.5m against a staffing budget of £66m.
 - c. Transformation projects in IT and procurement – intended to save £1.1m

Working more efficiently

9. This means delivering our services in a smarter, less wasteful fashion, which improves value for money. It does NOT mean cutting services for residents, but it will mean focusing on fulfilling our key obligations as a landlord.

Examples

- Delivering our repairs service as efficiently as possible, increasing productivity, and getting work completed right on our first visit.
- Reducing reliance on agency staff and external sub-contractors, repairing rather than replacing items and better use of technology. Simply put, working smarter not harder. We will maximise every opportunity to deliver more repairs more quickly in our homes by our own workforce.
- Reducing the cost of services the council buys in, such as some cleaning services, energy, and waste management.

Maximising our income

10. This means increasing our income from new and existing sources. It does NOT mean increasing costs for residents already experiencing a cost-of-living crisis.

Examples

- Refining the way we charge for temporary accommodation, making it better value and more efficient.
- Ensuring that as many homes that we own are available for rent at any given time i.e. refurbishing our homes quicker when they become empty.
- Making sure that we maximise income from the commercial properties we own for providing a good service.

Summary

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|--|------------------------------------|
| Gross budget | £180.2m |
| Planned savings for 24/25 | £19.3m – or 10% of gross budget |
| Delivered (projected) for 24/25 | £13.9m – or 72% of planned savings |
| Savings for 25/26 | £13.3m |

Appendix – Full table of savings

| # | Savings theme | Service Area | Saving | Lead Officer | 24-25 Gross Budget | Planned saving | Projected saving | Carried into 25/26 | New savings 25/26 |
|----|---|-------------------------|---|----------------|--------------------|----------------|------------------|--------------------|-------------------|
| 1. | Efficiencies - Staffing | Customer Services | Complaints, Contact Centre | Dominic Cain | £9,370,000 | -850,000 | -127,000 | -723,000 | 0 |
| 2. | Efficiencies – Repairs & Maintenance | Exchequer | Garage repairs | Dominic Cain | £1,321,000 | -500,000 | -500,000 | 0 | 0 |
| 3. | Efficiencies - Staffing | Exchequer | Home Ownership (Service Charges), Rents Operations Team | Dominic Cain | £3,739,000 | -739,000 | -266,000 | -473,000 | 0 |
| 4. | Efficiencies – Operational Costs | Southwark Construction | Recruitment costs, external consultants, audit costs, training costs | Stuart Davis | £103,000 | -155,000 | -155,000 | 0 | 0 |
| 5. | Efficiencies - Staffing | Housing Needs & Support | Handypersons | Perry Singh | £165,000 | -40,000 | 0 | -40,000 | 0 |
| 6. | Income Maximisation - Alternative Financing | Housing Needs & Support | Great Estates | Perry Singh | £335,000 | -335,000 | -335,000 | 0 | 0 |
| 7. | Income Maximisation - Alternative Financing | Landlord Services | Walworth Gardens | Director of LS | £81,000 | -81,000 | -75,000 | -6,000 | 0 |
| 8. | Managed Volume Reductions | Landlord Services | Alternative accommodation, Hoarding | Director of LS | £2,070,000 | -525,000 | -525,000 | 0 | -900,000 |
| 9. | Efficiencies – Operational Costs | Landlord Services | Council Tax, charges for services (cleaning, grounds, waste etc.), private service charges, | Director of LS | £35,366,000 | -1,639,000 | -2,107,000 | 0 | 0 |

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|-----|--|-------------------------|--|----------------|--------------|------------|------------|------------|------------|
| | | | review electricity charges | | | | | | |
| 10. | Efficiencies - Staffing | Landlord Services | MSHO Service, concierge schemes | Director of LS | £717,000 | -419,000 | -363,000 | -56,000 | 0 |
| 11. | Income Maximisation – Opportunities | Housing Needs & Support | Voids for TA use, restructuring charging policy | Perry Singh | -£18,937,000 | -1,450,000 | -1,209,000 | -241,000 | -4,000,000 |
| 12. | Efficiencies - Staffing | Repairs & Maintenance | Agency staff, estimator | Jerry Austin | £1,183,000 | -132,000 | -16,000 | -116,000 | 0 |
| 13. | Efficiencies – Repairs & Maintenance Contracts | Repairs & Maintenance | Pause Planned Maintenance, Sub inflationary contract price rises, Stringent enforcement of guarantees, loft insulation - programmed works only, H&S Gutter Repairs only, Windows & Doors, Essential only - communal spaces, Void Properties lettable standard only, Communal Repairs, Voids - lettable standard, Contract Management, Reduce breaking breaches | Jerry Austin | £38,062,000 | -5,936,000 | -3,972,000 | -1,964,000 | -1,800,000 |
| 14. | Efficiencies – Maximising in-house services | Repairs & Maintenance | Video inspections, reduce agency staff reliance, | Jerry Austin | £30,084,000 | -6,244,000 | -2,844,000 | -3,400,000 | -3,000,000 |

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|-----|---|--------------------------------------|--|-----------------|-------------|----------|------------|----------|------------|
| | | | Lettable standard e.g. patch rather than replace, Equipment returned, Pause recruitment, Recruit Damp and Mould team, Clear Damp & Mould backlog, Reduce reliance on external sub-contractors, Essential Day to Day repairs, Review overtime requirements, Sub-contract rates, Software review, Materials pricing, Reduce reliance on external sub-contractors | | | | | | |
| 15. | Efficiencies - Staffing | Directorate | Staffing | Hakeem Osinaike | £500,000 | -80,000 | -80,000 | 0 | 0 |
| 16. | Income Maximisation - Opportunities | Commerical Properties Income | Increase in commercial rents | Stephen Platts | £10,098,000 | -150,000 | 0 | -150,000 | 0 |
| 17. | Income Maximisation – Alternative Financing | Repairs & Maintenance | Capitalise staff time, increased capitalisation of works | Jerry Austin | 0 | 0 | -1,300,000 | 0 | 0 |
| 18. | Efficiencies - Staffing | All services (not Southwark Repairs) | Review of staffing structures | Hakeem Osinaike | £66,000,000 | 0 | 0 | 0 | -2,528,000 |

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|-----|--------------------------------------|-------------|------------------------------|-----------------|---------------------|--------------------|--------------------|-------------------|--------------------|
| 19. | Efficiencies – Operational Costs | Directorate | Transformation – IT | Hakeem Osinaike | 0 | 0 | 0 | 0 | -598,000 |
| 20. | Efficiencies – Repairs & Maintenance | Directorate | Transformation – Procurement | Hakeem Osinaike | 0 | 0 | 0 | 0 | -500,000 |
| | | | | | £180,257,000 | -19,274,000 | -13,874,000 | -7,169,000 | -13,326,000 |