

POLICY & FINANCE COMMITTEE

29 NOVEMBER 2018

REVIEW OF HOUSING MANAGEMENT ARRANGEMENTS FOR THE COUNCIL'S HOUSING STOCK

1.0 Purpose of Report

- 1.1 To consider reviewing the housing management arrangements for the Council's housing stock.

2.0 Background Information

- 2.1 In 2001, the Government gave high performing Councils the opportunity to bid for additional Housing Revenue Account (HRA) funding, via borrowing approvals, to modernise their housing stock to meet the Decent Homes Standard. In order to qualify for the funding however, Councils had to set up arms-length management organisations (ALMOs) under a prescribed format set by Government.
- 2.2 To secure the necessary funding the District Council set up Newark and Sherwood Homes Ltd (NSH) in 2003 to deliver the decent homes programme and manage the Council's housing stock. NSH is a wholly owned Council company limited by guarantee, with the Council being the sole shareholder.
- 2.3 The creation of NSH saw the delivery of a £49 million investment programme to bring the housing stock up to the Decent Homes Standard, which was completed on budget and by the target date of March 2010. At this time the Council then agreed to extend the management agreement with NSH for a further two years, whilst undertaking a stock options appraisal.
- 2.4 The conclusion of the appraisal in 2012/13 resulted in the Council's decision to continue the arrangement of NSH managing and maintaining the Council's housing stock (now referred to as a housing management company), and also saw a refreshed management agreement being drawn up in 2013 covering a period of 30 years with 5 year break clauses.
- 2.5 The Management Agreement between the Council and Company essentially sets out the key functions, service requirements, key performance indicators and outcomes that the Council requires NSH to deliver, which support and link into the Council's strategies and priorities.
- 2.6 The Council has delegated its landlord functions to NSH under the Agreement. These services include: Tenancy and Leaseholder services; Estate Management and maintenance; Lettings; Rents and Income Management; Resident involvement and Empowerment; Repairs and Maintenance; and Supported housing.

3.0 Proposals

- 3.1 It is acknowledged that the Company has delivered well against its original objective of achieving the Decent Homes Standard in 100% of the Council's housing stock, and has delivered a high performing housing service for 15 years. However, as part of the Council's duty to manage and maintain a sustainable Housing Revenue Account (*particularly in the*

light of the HRA Self-Financing regime and the Government's recent relaxation of the borrowing cap), it is prudent to continually review the costs of the operation, particularly in view of the current economic climate and the strategic direction of the Council. Such a review includes an assessment as to whether bringing the housing service back in-house would release funding that could be reinvested in the service, meeting both tenant priorities and the strategic priorities of the Council.

3.2 It is proposed that the Council commence a review of its housing management arrangements to determine how future housing services will be provided. There are four principal reasons why it is timely now for the Council to conduct such a review:

- a) The original purpose of establishing the Company, which was to secure Decent Homes funding, has been delivered. This raises the question as to whether there is still a valid purpose for having a separate housing management vehicle.
- b) There is potential to secure significant savings in costs and reduce duplication by integrating housing management within the Council's operations to deliver better value for money for tenants and closer alignment of resources with the Council's strategic priorities.
- c) There is potential to join up the commercial arm of Newark and Sherwood Homes with the Council's development company – Arkwood Developments Ltd.
- d) The recently published Social housing green paper: a 'new deal' for social housing, sets out a new vision for social housing with five principles to underpin a new, fairer deal for social housing residents. The implications of these will need to be reviewed in the context of the function of NSH, especially around the proposals to directly regulate the housing function of local authorities through the Regulator of Social Housing.

3.3 It is recommended that the Committee task a working party comprising Councillors and NSH Board Members to progress the review work with a view to reporting back to Committee in January 2019. Members will be aware of the existing working party – Strategic Housing Liaison Panel (SHLP) - whose membership consists of :- the Chairman, Vice chairman and Opposition Spokesperson of Policy and Finance Committee; the Chairman & Opposition Spokesperson of Homes and Communities Committee; and five Company Board Member representatives.

The current remit of SHLP is to:

- Strengthen the relationship, joint working and common purpose and understanding between the Council and its housing company;
- Discuss the Council's longer term strategic view and direction for the company;
- Develop the forward Delivery Plan, key performance indicators and outcomes; and
- Review progress against the Delivery Plan at a strategic level.

3.4 It is suggested that, rather than set up a new working party, the membership and remit of SHLP could be amended to add the task of progressing the review work and also to add the Leader of the Independent Group to its membership to ensure cross party representation on the working party.

4.0 Equalities Implications

4.1 The future determination of the delivery method for housing services will be subject to an equalities impact assessment and the results included in any report submitted to Members as part of that decision making process.

5.0 Financial Implications FIN(18-19/8697)

5.1 There are no financial consequences of agreeing this report or undertaking the review of the housing management arrangements itself. Clearly each option for the future delivery of housing services will be deliverable at a price, and there are undoubtedly efficiency/cost savings associated with the option of returning the service in-house. The proposed review will give an opportunity for these costs and indicative savings to be assessed further and it is anticipated that these will be detailed in the further report to Members upon conclusion of the work by the Strategic Housing liaison Panel.

6.0 RECOMMENDATIONS that:

- (a) a review of the housing management arrangements for the Council's housing stock as outlined in the report be initiated;**
- (b) the current membership of the Strategic Housing Liaison Panel be amended to include the Leader of the Independent Group, Councillor Mrs Dawn; and**
- (c) the remit of the Strategic Housing Liaison Panel be amended to include "to review the future options for the provision of housing management of the Council's housing stock" and that it be requested to report back to the January and/or February 2019 meetings of the Policy & Finance Committee with its recommendations.**

Reason for Recommendations

To enable the Council to review the most appropriate means of delivery of the Housing Management Services for its Council housing.

Background Papers

Nil

For further information please contact Karen White on Ext 5240

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