

POLICY & FINANCE COMMITTEE
26 SEPTEMBER 2019

HOUSING MANAGEMENT REVIEW

1.0 Purpose of Report

To report back to the Committee on the outcome of the tenant and leaseholder consultation to enable a decision to be taken on the Council's proposal to bring the housing management services back in-house for direct service provision by the Authority and wind up its housing management company (Newark and Sherwood Homes Ltd). This report reviews the conclusions of the consultation and recommends the way forward.

2.0 Background Information

- 2.1 At its meeting on 4 April 2019, the Policy and Finance Committee approved a proposal, in principle, to bring the housing management services back in-house for direct service provision by the Council. This decision was subject to tenants being consulted on the proposal and their views being reported back to the Committee for consideration and a final decision being made.
- 2.2 The review undertaken by the Strategic Housing Liaison Panel in the earlier part of this year identified sound business reasons for the Council to wind up Newark and Sherwood Homes Ltd (the Company) and bring the service back in-house. The re-integration of the housing service will enable a more joined up service delivery with the rest of the Council and deliver significant efficiencies identified for the Housing Revenue Account of £0.95m, which can be reinvested back into housing services.
- 2.3 It is recognised that the Company's Board and management have a good track record. However, the Council, as the sole shareholder, cannot afford the luxury of retaining the current Company delivery model when it has been identified that money can be saved by the reintegration of the housing service back into the Council and thereby deliver better value for money for its tenants.

3.0 Tenant Consultation

- 3.1 Following the Committee decision in April a tendering exercise was undertaken, and with input from the group of Involved Tenants, 'Open Communities' were selected and commissioned to undertake a consultation with the Council's tenants and leaseholders. Open Communities is an independent consultancy, specialising in resident engagement. The consultation period ran for an eight-week period from 26 June through to 21 August. A questionnaire, covering letter and pre-paid envelope was sent to each tenant and leaseholder. Copies of the questionnaire and covering letter are attached to this report at **Appendix A**. In total some **6998** questionnaires were sent out.
- 3.2 The consultation was confidential with residents posting their responses direct to Open Communities. These have not been shared with the Council in the sense that the anonymity of all respondents has been protected. The consultation programme was designed to obtain the views from tenants and leaseholders on the Council's proposal to bring the housing service back under its direct control.

- 3.3 Residents were also offered the option of expressing their views via Open Communities' website on a dedicated Newark and Sherwood page, or via a telephone free-phone number whereby they could speak to a member of Open Communities' staff if they wanted to ask questions about the consultation process. In addition to this, a number of drop-in sessions across the district held during July gave residents the opportunity to attend, ask questions and find out more about why the Council had undertaken the review etc. These sessions were run by representatives from Open Communities. Officers from both Newark and Sherwood Homes and the Council and representatives from the Tenants Forum also attended.
- 3.4 The detailed results from the tenant consultation are included in the report from Open Communities, attached as **Appendix B** to this report. However, in summary the results are set out in the table below:

Questionnaires sent out	6998	
Returns	1457	20.8%
Returns by tenants	1419	97.4%
Returns by leaseholders	38	2.6%
In favour of bringing the housing service in-house	1172	80.4%
Not in favour of bringing the housing service in-house	59	4%
No view either way	181	12.4%
No vote	45	3%

- 3.5 There is overwhelming support for the Council's proposal to bring the housing service back in-house at just over 80%. The high response rate of over 20% of tenants and leaseholders engaging in the consultation should be seen as very positive, particularly as Open Communities have pointed out (from their extensive experience) that such a response rate is highly unusual.
- 3.6 Nearly one in three respondents expressed an interest in finding out how they can play a part in how their homes and communities are managed. Tenants and leaseholders were also asked about which services they wanted more investment in if the management of the housing stock is taken back in-house. From the responses received, the top three tenant priorities are:
1. Repairs and Maintenance;
 2. Dealing with anti-social behaviour; and
 3. Value for money;
- with Building more council homes coming a close fourth.
- 3.7 It is suggested that tenants, leaseholders, and the Tenants Forum (Involved/Engaged Tenants) are contacted and thanked for taking part in the consultation and informed of the outcome of the Council's decision following the committee meeting.

4.0 Staff Engagement

- 4.1 Since the decision in principle made by the Committee in April, a number of staff roadshows have been held at both Castle House and Farrar Close. The Council's Chief Executive, supported by the Company's Chief Executive, has used the roadshows to keep staff informed about the review process, the reasons behind the Council's proposal to bring the housing services in-house, and the tenant consultation process. This has given staff the opportunity to ask questions about all of the issues including the protection of their employment rights if they were to transfer to the Council in accordance with the TUPE regulations. In addition, a FAQs page has been created so that each member of staff can access the answers to issues that have been raised by their colleagues.
- 4.2 An officer project team, comprising senior Council and Company staff, has been working on a detailed project plan since April. This identifies all the issues and work that would be necessary to cover the practicalities of the proposed reintegration of the housing service, together with clear timelines. One of the main objectives driving the project team's work is to ensure that there is as little disruption as possible to the housing management service that tenants receive during the transition back to the Council and to share good practice across both organisations.

5.0 Current Government Guidance

- 5.1 Government "Guidance for councils considering the future of their ALMO (arms length management organisations) housing management services" indicates that councils will need to consider a number of important and competing factors. These include the wider financial, organisational and local political landscape within their councils, alongside the views of tenants.
- 5.2 The Guidance sets out that "...it is expected that the consultation exercises undertaken by all councils considering the future of their ALMOs should be as comprehensive as that undertaken when transferring those functions to the ALMO originally. This could be either through a ballot or a full survey or other locally appropriate method." The tenant and leaseholder consultation undertaken (as detailed in paragraph 3 of this report) is a similar exercise to that undertaken prior to the setting up of Newark and Sherwood Homes in 2003 and therefore fully complies with this guidance.
- 5.3 Also set out in the Guidance is the Government's current position that it believes the decision to take ALMO housing management functions back in-house should remain a local one. Whilst a Council is currently required to seek consent from the Secretary of State under section 27 of the Housing Act 1985 where it seeks to transfer all or part of its housing management functions to an ALMO, there is no requirement for a council to seek consent when taking ALMO housing management functions back in-house.

6.0 Revised Organisation and Governance Structure

- 6.1 If the recommendations in the report are approved and the decision is taken to bring the housing service back into the Council, a revised organisational structure for the Authority will be required to incorporate the housing landlord service and associated support services. It is important to retain a strong service lead for housing landlord services in order to ensure good continuity with the service currently provided to tenants by the Company.

This is key, not only to avoiding a disruption or dip in service through the transition period of bringing the service back in house, but also to ensure that we work positively towards further service delivery improvement. Experience of other local authorities that have successfully re-integrated housing services has shown that management services and repairs services can positively be combined alongside other estate and 'place based' services and it is proposed to draw upon these examples when designing the revised structure.

- 6.2 In order to ensure that there is sufficient leadership capacity within the Council whilst maintaining a strong housing focus, it is proposed to create a new additional director post within the Council's Senior Leadership Team. This post will cover the housing landlord services as well as other related council functions. The resulting senior management structure of the Council will need to deliver against the clear aim of maintaining and building on the high levels of housing service performance, whilst also delivering the priorities contained within the Community Plan. This top level restructure will have implications for a number of the most senior officers of the Council and NSH, and consultation and discussions with the officers who may be affected have taken place and are continuing.
- 6.3 As well as reviewing the organisational structure of the Council to accommodate the housing services, there will be a need to review the remit of relevant committees to provide for appropriate member decision-making and officer delegations. It is proposed that work on this be undertaken and considered by the Councillor's Commission before being submitted to Full Council for final consideration and approval. As part of this work, it is important that strong tenant consultation and engagement mechanisms are maintained and improved to ensure that tenants have an opportunity to be involved in the service that provides their homes. A mechanism needs to be developed whereby tenants and leaseholders' representatives, alongside other key stakeholders, have an opportunity to feed into the development of service delivery and performance and advise on future council housing policy.

7.0 Equalities Implications

- 7.1 There are no direct equalities implications arising from this report. Any proposed changes to operations and any consequential impact upon customers and staff will need to be considered in terms of any possible negative impacts upon persons with protected characteristics, but none are envisaged at present.

8.0 Financial Implications (FIN19-20/9025)

Revenue Current Year

- 8.1 The full year cost for a Directors post is £106,346 inclusive of on-costs for 2019/20. It is not anticipated that this post would be filled prior to January 2020 and hence a cost for a 3 month period would equate to £26,587.
- 8.2 As per paragraph 6.2, the Council is still reviewing its proposed organisational structure and which services would fall within the new Directorate. As potentially the post would be responsible for both General Fund and HRA services, a proportion of the costs must be allocated to each fund. Until a final decision has been made on the Senior Management structure a definitive cost to each fund cannot be determined.

- 8.3 Once the split of management responsibilities has been determined, the cost of the Directors post to the HRA would be contained within the overall current cost to the HRA, whilst still allowing for the efficiencies of £0.95m to be generated, as disclosed within paragraph 2.2. The additional cost to the General Fund will be included within the budget reports to be presented to Committees as part of the budget proposals for 2020/21. The additional cost for 2019/20 would be contained within existing budgets for the HRA and would be funded by the Change Management reserve for the General Fund.
- 8.4 Currently 50% of the Director of Governance and Organisational Development is charged to the HRA due to their role as the senior lead for the HRA. Once the new Director is in place this arrangement will end, meaning that this cost will be allocated to the General Fund.
- 8.5 The report presented to Policy and Finance Committee 4th April 2019 approved a budget of £150,000 in order to fund the independent tenant consultation exercise and other transitional arrangements. To date £24,796 has been incurred in relation to the consultation exercise. No other costs have yet been incurred. It is anticipated at this stage that this budget would be fully expended subject to the decision that is made.

Revenue Future Years

- 8.6 As per paragraph 3.6, Council tenants were asked which services they would like to see further investment in. The plan for re-investment of the efficiencies generated by the re-integration will be formulated over time taking into account the views received from tenants and also Councils' priorities in order to ensure that the organisation receives maximum value for money.

9.0 Community Plan – Alignment to Objectives

- 9.1 These proposals align with the Council's Community Plan objective to "Generate more income, improve value for money and increase residents' satisfaction with the Council". There is a specific action under this objective to undertake a review and implement the option that delivers the management of the Council's housing stock in the most cost effective and appropriate way. It is considered that the reintegration of the Housing Service back with the Council will deliver the most cost effective and appropriate delivery of the service for tenants and leaseholders.

10.0 RECOMMENDATIONS that:-

- a) **having regard to the results of the tenant and leaseholder consultation and the previous 'in principle' decision, the Committee agree to bring the housing management services in-house for direct service provision by the Council;**
- b) **a letter be sent to all tenants and leaseholders and to the Involved Tenant Forum, thanking them for engaging with the consultation and informing them of the outcome;**

c) subject to approval of (a) above:

- i. that the Council's contract with its housing management company, Newark and Sherwood Homes Ltd be terminated, the effective date of termination to be agreed with the Company, but to be no later than 1 April 2020;
- ii. to delegate to the Chief Executive to organise the transfer of the service to the Council in co-operation with Newark and Sherwood Homes Ltd and their Board which will address any winding up arrangements for the Company, to include all associated staffing matters;
- iii. that the necessary legal process be followed in order to dissolve the Company;
- iv. that the necessary arrangements be made to transfer any properties owned by the Company to the Council upon its dissolution;
- v. that the Senior Leadership Team of the Council be increased to include an additional Director Role to maintain a strong housing focus for the authority;
- vi. that a review be undertaken of the remits of the relevant committees to incorporate member decision-making and officer delegations relating to the housing management functions, and any changes proposed to the Council's Constitution as a consequence be submitted to the Councillors' Commission for consideration prior to submission to Full Council; and
- vii. that proposals for new tenant engagement and involvement in the delivery, performance and development of future council housing services be developed.

Reason for Recommendations

To enable the Council to progress the optimum means of delivery of the Housing Management Services for its council housing stock.

Background Papers

Nil.

For further information please contact (Karen White, Director - Governance & Organisational Development) on Ext 5240

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