

Report for: Cabinet 22 July 2021

Title: **Authority to commence consultation with residents on the Council's proposal to bring Homes for Haringey (HfH) back in-house**

Report authorised by : David Joyce, Director of Housing, Regeneration and Planning

Lead Officer: **Robbie Erbmann, Assistant Director (Housing).**

Ward(s) affected: All

**Report for Key/
Non Key Decision:** Key

1. Describe the issue under consideration

1.1 This paper reports on a proposal to insource Homes For Haringey and seeks approval for a resident consultation process to inform a future decision.

2. Cabinet Member Introduction

2.1 We are proud of the work Homes for Haringey has carried out in the past 15 years. However, with the council committed to building at least 3,000 new council homes by 2032, we believe it is the right time to consult residents about bringing housing services back under the direct management of the council.

2.2 We want to align housing management and maintenance services more closely with our direct delivery of new homes. We also want to join up housing and other front-line council services to meet resident needs in a better way. This reflects how many services are already being integrated to provide more clarity and simplicity for residents to resolve their issues quickly and easily. With changes in regulation and accountability coming through proposed legislation, this is an opportunity to strengthen the voice of residents and place the full range of housing services at the heart of our efforts to improve outcomes for all our residents.

2.3 I look forward to a lively and open consultation process before bringing full proposals for insourcing back to a future Cabinet discussion.

3. Recommendations

3.1 For Cabinet to approve for consultation with tenants and leaseholders the proposal to insource Homes For Haringey.

3.2 For Cabinet to approve the consultation processes set out in paragraph 6.11 of the report.

3.3 For Cabinet to note complementary proposals to establish a cross-party Member working group, as set out in paragraph 6.14, and two regular resident participation meetings, a Housing Sounding Board and a Resident Housing Forum, as set out in paragraph 6.15. This is to further engage with all stakeholders on the proposal.

4. Reasons for decision

4.1 The proposal to bring HfH back in-house is rooted in four key rationales:

- Robust governance – accountability to the regulator and residents.
- Value for money – efficiency and quality of services.
- Integrated services – housing as part of a wider customer service offer.
- Improvement – enhancing organisational transformation to deliver better outcomes.

These objectives are explored in further detail in the four following paragraphs.

Robust Governance

4.2 The rationales for bringing HfH back in-house to ensure robust governance are based on the following:

- The Council is the legally liable landlord for its 20,000 tenants and leaseholders;
- As a Registered Provider, the Council is accountable directly to the Regulator of Social Housing and the regulation of local authority landlords is now being strengthened;
- The Council is the “accountable person” for building safety under the new post-Grenfell regulations now progressing through parliament;
- The Social Housing White Paper 2020 seeks a stronger local voice for residents in both building safety and housing management and maintenance services;
- Direct delivery in-house will streamline and strengthen governance and accountability structures to meet the changing regulatory climate.

Value for Money

4.3 The rationales for bringing HfH back in-house to deliver VFM are based on the following:

- Efficiency savings may be anticipated by eliminating areas of duplication and potentially revising existing back-office service level agreements;
- Corporate services supporting the HfH Board and subgroups will no longer be needed;
- Client-side monitoring resources in the Council can be repurposed;
- Some HfH functions may be integrated with Council functions to deliver added value;
- Any efficiency savings to the HRA can be reinvested in resident services or add value by funding capital investment in estate improvements and new homes.

Integrated Services

4.4 The rationales for bringing HfH back in-house to integrate services are based on the following:

- An integrated management structure within the Council can facilitate a faster and more responsive decision-making process across the housing service, including the new build delivery programme;
- Service improvement resources will be strengthened and focused by bringing the Housing Client team and HfH Business Improvement team together;
- Bringing Housing Demand services back in-house will enable closer alignment with the Council's social care and housing-related support services as well as Haringey Connects;
- Integrated services will be more responsive to external demands (such as those within the charter for social housing residents: social housing white paper) and customer requirements, due to the direct strategic and operational control and direction of the services, with clear lines of accountability to elected Members;
- A range of other service integration opportunities can be explored where appropriate including with Environment and Neighbourhoods; Customers, Transformation and Resources; Housing, Regeneration and Planning; etc.

Improvement

4.5 The rationales for bringing HfH back in-house to improve service delivery are based on the following:

- Closer alignment between the existing HfH transformation programme and the Council's transformation programme, in particular in terms of use of technology and office spaces.
- Strengthened resident voice including co-production will lead to increased customer satisfaction.

Consultation approach

4.6 The rationales for the proposed consultation approach are as follows:

- The Council's existing corporate commitment to resident consultation sets out clear principles and requirements, based on the definition that "consultation is a process of dialogue that helps lead to a decision".
- This includes communicating the purpose of the proposal, providing information about how the proposal will affect people, seeking their views and communicating the results of the consultation and the decision.
- In addition, there is legislation and Government guidance to be considered when consulting on bringing HfH back in-house.
- The detailed legal requirements in this case are set out in section 8 below.
- In summary, the consultation should include all Council tenants and leaseholders and be no less extensive than the 2017 consultation process undertaken when the HfH management agreement was extended.

5. Alternative options considered

5.1 As explained in the legal comments, there is not an option to proceed to a decision on insourcing Homes For Haringey without consulting residents first. In

any case, the Council is already committed to resident consultation over decisions of this significance (see the Haringey Consultation Charter).

- 5.2 Where the Council has a clear proposal and set of rationales to bring services in-house, it is considered sufficient to consult on this proposal and no alternatives. There is no legal requirement to consult on a range of different options, even though there are a range of different possible approaches to organising and procuring housing management and maintenance services (e.g. transfer ownership to a housing association; transfer management to a housing association; procure a private sector managing agent; bring services in-house; continue with HfH) and these alternatives will be included in the report to Cabinet for decision following consultation on the insourcing proposal.

6. Background information

History and Context

- 6.1 In 2000, the Government committed to a target of bringing all social housing up to the Decent Homes standard. The Arms Length Management Organisation (ALMO) model was introduced to support delivery of the Decent Homes programme, with access to funding contingent on ALMOs achieving a two star rating following inspection by the Audit Commission.
- 6.2 HfH was set up in 2006 to access Decent Homes funding. Since 2010, the national position has substantially changed and the then rationale behind the establishment of an ALMO is no longer applicable. Nationally, from a peak of around 70 ALMOs, less than 30 now remain in operation.
- 6.3 Pursuant to a decision by Cabinet on 18 March 2014, the arrangements with HfH were altered in September 2014 to transfer Housing Demand services (including, but not limited to, functions under Parts 6 and 7 of the Housing Act 1996 (“homelessness and allocation functions”)) to HfH.
- 6.4 In 2017, the Council consulted on a proposal to extend the HfH Management Agreement, concluding with a Cabinet decision to continue the ALMO until 2026. The rationales for that decision were closely linked to plans at that time to outsource new house building activity and enter an estate regeneration joint venture arrangement. These plans did not progress; instead, the Council is now successfully pursuing in-house direct delivery of new house building.
- 6.5 The Council remains the landlord for its 15,325 tenanted and 4,934 leasehold homes (20,259 total). It is the Council, not HfH, that is the Registered Provider. This means it is the Council’s responsibility to meet the Regulator of Social Housing’s (RSH) consumer standards.
- 6.6 In 2020, the Government’s social housing white paper set out proposals to change the role of the RSH to include inspection of local authority landlords. This new regime is expected to come into effect within the next two years.
- 6.7 HfH is already pursuing a housing services transformation programme:-
- Establishing building safety capability.

- Improving IT systems.
 - Improving customer satisfaction.
 - Delivering an efficiency plan.
 - Making physical improvements to office spaces.
- 6.8 HfH provides Housing Demand services as well as the core landlord service, requiring existing joint working with Council services, exemplified most recently through the combined effort to address rough sleeping and single person homelessness during the pandemic and nationally-accredited initiatives to tackle domestic abuse.
- 6.9 The then Leader of the Council issued a statement at the end of January 2021 announcing the intention to consult residents on a proposal to bring HfH back in-house in order “to strengthen resident voice, improve accountability, and ensure that we join up services in a way that supports our residents to thrive”. A dedicated team is now in place to lead the processes and programme needed to explore this proposal, consult, reach a decision and implement it.

Proposed Consultation Methodology

- 6.10 The legal advice (set out in section 8 below) confirms that there is a statutory requirement to consult Council tenants (both Secure and Introductory) and an expectation to consult leaseholders in line with usual practice. Officers also propose to consult residents in temporary accommodation provided under the Council’s homelessness duties, given that HfH also manages Housing Demand services.
- 6.11 The main proposed method of consultation is a questionnaire that will be accessible on-line and on paper, this will be made available to all tenants and leaseholders. There will also be targeted focus groups to explore views in a more in-depth qualitative way. A range of approaches, including use of social media, online events and estate tours will be used to promote the process and encourage responses. The questionnaire will test resident opinion relating to the Council’s proposal to bring HfH back in-house and the reasons for this. The proposed consultation timescale is a minimum of 8 weeks, given the significance of the issue. The final format of the questionnaire will be agreed in consultation with the Cabinet Member for Employment, Skills and Corporate Services. In particular, the questionnaire, focus groups and other events will ensure accessibility and participation by Haringey’s diverse population through engagement in a range of community languages, working with local community and advocacy groups as well as arranging appropriate involvement of HfH’s and the Council’s multilingual workforce. All the consultation materials will be translated into community languages and estate outreach will be targeted to ensure inclusive engagement across local communities and minority audiences.
- 6.12 Officers have considered the option of undertaking a resident ballot. MHCLG guidance in 2011 suggested councils should use a ballot to consult on winding up an ALMO, where a ballot was held to consult on setting it up originally. However, there are good reasons for the Council to take a different approach at this point. The 2011 guidance was published at a time when the original ALMO agreements were drawing to a close and no further tests of tenant opinion had been undertaken. By contrast, in Haringey it is now 16 years since the original

ballot and a further formal test of opinion was undertaken in 2017 in relation to extending the HfH Management Agreement for a 10 year period, by way of a resident survey using a questionnaire. This was accepted as appropriate by then social housing regulator, the Homes and Communities Agency (HCA). Therefore, officers believe that, given this was the most recent test of resident opinion, a similar exercise in 2021 is an equally appropriate way of eliciting their opinions now. The fact that a ballot was held 16 years ago, in very different factual circumstances, does not mean that a further ballot is needed now, so as to ensure fairness.

- 6.13 Alongside the resident consultation process, there will need to be a set of service review processes to inform the evaluation of the insourcing proposal that will be reported back to Cabinet with the results of resident consultation. A dedicated review team is now in place to undertake this work, drawing on resources from across the Council and HfH and following the principles set out in the Insourcing Toolkit.
- 6.14 Officers propose setting up a cross-party working group chaired by the Cabinet Member for Employment, Skills and Corporate Services to involve ward councillors in the consultation and service review processes. There will also be involvement of the HfH Board and the existing HfH resident scrutiny panel. A range of other local stakeholders will also be consulted drawing on good practice evidence from other local authorities which have already brought their ALMOs back in-house.
- 6.15 In order to enhance the resident engagement process and build capacity for co-designing the future arrangements for a stronger resident voice in housing service delivery, officers propose setting up two further participation processes, initially in support of the HfH insourcing consultation process, with potential to evolve and expand longer term, as set out below.

6.15.1 Housing Sounding Board

Firstly, we recommend selecting a fairly limited number, say 20 – 25 residents, to attend a regular sounding board session with relevant lead Members and Officers, likely to meet monthly or 6-weekly.

These will be informal meetings and not part of the Council's formal decision-making process. The group will act in a consultative capacity to ensure the views of residents are included in the analysis of consultation findings and the design of the model for the future delivery of Council housing services in the borough.

The board could then move on to discuss co-design and co-production in service delivery and the longer term resident engagement and resident voice arrangements.

The residents selected initially may include people involved with the HfH Board, the Residents Scrutiny Panel, and local Tenant and Resident Associations. We would aim to achieve a mix of tenants and leaseholders, as representative as possible across protected characteristics in terms of equality. Over time we would want to attract a more diverse range of residents and ensure a more open and transparent selection process.

6.15.2 Residents Housing Forum

This will be an open event for Council tenants and leaseholders to share information and seek views. Again the initial focus is on the HfH insourcing proposals, with scope to broaden out over time. We will advertise widely and use the Sounding Board to promote the Forum.

The Forum will initially hold bi-monthly meetings to enable residents to:

- Comment on the scope for closer service integration between Housing and other services
- Consider the opportunities for service delivery improvement through insourcing
- Discuss proposals for strengthening the resident voice within an insourced Housing service

Over time, with sufficient participation and interest, the Forum could become the vehicle for engaging in co-design and co-production exercises, perhaps through service or issue specific task and finish groups led by Sounding Board members.

7. Contribution to strategic outcomes

7.1 The Borough Plan sets out overarching priorities with Housing being Priority 1. Moreover, by integrating and joining up housing services with other Council service delivery, the proposed insourcing of HfH offers an opportunity to enhance the delivery of other Borough Plan priorities such as People (strong families, networks and communities), Place (healthy environment) and Economy (opportunities for all). Re-integrating housing services within the Council will support Priority 5 Your Council, supporting transformation in the way the Council works.

8. Statutory Officers comments

8.1 Finance

8.1.1 This report seeks approval for resident consultation on insourcing of housing management functions.

8.1.2 The Council's housing management function and housing demand function are currently managed by HfH and paid for via the Housing Revenue Account (HRA).

8.1.3 The HRA 2021/22 expenditure budget is set at £87.5m and £499.8m over a 5 year period.

8.1.4 Of this, £39.3m (2021/22) is the management fee paid to HfH for the management of housing stock and £202.3m over a 5 year period.

8.1.5 There is an additional £1.9m budgeted management fee to HfH for the housing demand function in 2021/22 and £9.6m over a 5 year period.

8.1.6 If HfH is brought in-house, the HRA may benefit from efficiency savings, which can be reinvested in resident services.

- 8.1.7 The Council has responsibility for the HRA capital budget of £277.0m in 2021/22 and £1.6bn over a 5 year period. These works are delivered through HfH.
- 8.1.8 The cost of this consultation is estimated to be between £0.03m to £0.05m. However, this cost is expected to be contained within the existing HRA budget.

8.2 Procurement

- 8.2.1 Strategic Procurement notes the contents of this report.

8.3 Legal

- 8.3.1 The Head of Law and Governance has been consulted in the drafting of this report.
- 8.3.2 S105 of the Housing Act 1985 requires the Council to make and maintain such arrangements as it considers appropriate to consult with its secure (and demoted) tenants who are “likely to be substantially affected by a matter of housing management”; similar statutory provisions apply for introductory tenants. A proposal to bring in-house ALMO functions triggers that obligation to consult.
- 8.3.3 No consultation of leaseholders is statutorily required; however there is a clear legitimate expectation that they will be consulted on such matters.
- 8.3.4 As to the form which consultation takes, MHCLG, in non-statutory guidance, states (broadly) that consultation on bringing ALMO functions back in house should be equivalent to that carried out when considering transferring housing functions to the ALMO. Enquiries made of MHCLG as to whether the guidance was still in force received a reply that “*There has been no update to the ALMO Guidance*”. That non-statutory guidance is not binding on the Council, but it must have regard to it; the Council nevertheless proposes a consultation process broadly equivalent to that carried out in 2017 at the request of the then Housing and Communities Agency (for the Secretary of State) (“HCA”) in relation to the current 10 year agreement.
- 8.3.5 That consultation did not involve a ballot; in contrast to that which the council carried out 16 years ago in 2005 in relation to the original agreement. The 2011 guidance was issued at a time when original ALMO agreements were coming to a close, in relation to which ballots were required by the Secretary of State as a condition of consent to the agreements. The position has now moved on, and the Council’s 2017 (non-ballot) consultation process was considered by the HCA to be sufficient to allow consent to of the current agreement.
- 8.3.6 It is therefore open to Cabinet to consider that a consultation process similar to that in 2017, not involving a formal ballot, is appropriate and sufficient.
- 8.3.7 When Housing Demand services were transferred to HfH in 2014 there was no statutory requirement to consult; these services are not “a matter of housing management”, and did not require Secretary of State consent. No consultation took place at that time. In current circumstances, however, with the proposal that the entirety of HfH’s services be brought back, it would be good practice to consult those affected by this transfer at the same time.

8.3.8 As always, the Gunning/Mosely principles apply to the consultation to be carried out:

- 1) Consultation must be at a time when proposals are still at a formative stage;
- 2) Sufficient reasons must be given for any proposal to permit of intelligent consideration and response;
- 3) Adequate time must be given for consideration and response; and
- 4) The product of consultation must be conscientiously taken into account.

8.4 Equality

8.4.1 At this stage, there is a broad expectation that there will be a neutral or positive equalities impact for residents from the proposal to bring Homes for Haringey in-house. The insourcing of housing services should result in no reduction in service quality or accessibility for residents. The closer integration and joining up of housing and other Council services offers opportunities to target and align services more directly to meet the specific needs of local communities and residents over-represented in terms of protected characteristics. It is also important to ensure the resident consultation process recommended in this report is accessible to all and adequately takes into account equalities issues.

8.4.2 A full Equalities Impact Assessment will be provided alongside the results of resident consultation and service review activity to inform the final decision on this proposal at a future Cabinet meeting. This will include any impact on staff as a result of the proposed transfer, which would be subject to full consultation under TUPE rules. It is the staffing aspect of the proposal that likely holds the most risk in relation to any possible negative equalities impact, which will need to be carefully managed and mitigated throughout the process.

9. Appendices

None.

10. Local Government (Access to Information) Act 1985

10.1 Background documents

Updated guidance for councils considering the future of their ALMO housing management services MHCLG (2011)
Consultation Charter Haringey Council
Social housing white paper MHCLG (2020)