

**Report for:** Cabinet 7 December 2021

**Title:** **Decision on the Council's proposal to bring Homes for Haringey (HfH) 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**

This report sets out the proposal to insource Homes For Haringey, reports on the results of an 8-week resident consultation process, and recommends approval to delegate detailed implementation to Council officers.

### **2. Cabinet Member Introduction**

We are proud of the work Homes for Haringey has carried out in the past 15 years and particularly its transformation programme and motivated staff. However, with the Council committed to building at least 3,000 new council homes by 2032, we believe it is the right time to bring housing services back under the direct management of the Council, as many other councils have done.

We want to align housing management and maintenance services more closely with our direct delivery of new homes. We also want to join housing and other front-line Council services to meet resident needs in a better way. This will provide more clarity and simplicity for residents to resolve their issues quickly and easily. With changes in regulation and accountability coming through proposed legislation, we have 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.

We have heard from many residents. A clear majority have expressed support for the proposal, and are now ready to move forward to implement the transfer. We intend to build stronger, more responsive and more engaged housing services that support the Council to deliver across all its priorities for homes, jobs, health and community.

### **3. Recommendations**

- 3.1 For Cabinet to note and consider the results of the consultation with tenants and leaseholders on the proposal to insource services from Homes for Haringey (see Appendix A), as well as the submission from the Board of Homes for Haringey (see Appendix B).

- 3.2 For Cabinet to approve the insourcing of services from Homes for Haringey, based on the rationales set out in the report, with the detailed implementation process delegated to Council officers, including service of a notice to terminate the Management Agreement, finalising the organisational structure for incoming staff and services, staff consultation and transfer under TUPE regulations, transferring budgets and financial processes, and resolving legal issues such as contract novation, ongoing management of leases, support to the Haringey Community Benefit Society, etc. as set out in section 6.7 of the report.
- 3.3 For Cabinet to approve co-design and co-production of new resident engagement arrangements, including involvement in policy, operational oversight and scrutiny, with detailed proposals to be brought back for final approval during 2022, as set out in section 6.6 of the report.
- 3.4 For Cabinet to approve a virement of £565,000 for the year 2021/22 and note an additional sum of £550,000 required next year, 2022/23, to meet the one-off expenditure needed to complete the transfer processes, as set out in paragraph 6.7.2 of the report.

#### **4. Reasons for decision**

- 4.1 As set out in the 22<sup>nd</sup> July 2021 Cabinet report approving the resident consultation, the proposal to bring HfH back in-house is rooted in four key rationales:
- Robust governance – accountability to the regulators 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.

The July report set out the rationales for insourcing to meet these objectives, as follows.

#### **4.2 Robust Governance**

- 4.2.1 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.

### 4.3 Value for Money

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

- Efficiency savings are anticipated by eliminating areas of duplication and bringing together Council and HfH back-office services;
- 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 will 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.

### 4.4 Integrated Services

4.4.1 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 Council and HfH performance improvement teams 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 Connected Communities;
- Integrated services will be more responsive to external demands, such as the new regime for keeping residents safe in their homes, 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;
- Service integration opportunities have been identified with Adults and Health; Environment and Neighbourhoods; Customers, Transformation and Resources; Housing, Regeneration and Planning.

### 4.5 Improvement

4.5.1 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-design and co-production will lead to increased customer satisfaction.

4.6 Having completed a comprehensive resident consultation process and undertaken detailed service review work, the proposal to bring HfH services back under direct Council control and responsibility is now further supported by:

- The majority of residents who expressed an opinion were in agreement with the Council's proposal – see summary below and full report in Appendix A.
- Recognition by the HfH Board of the scope for successful transfer resulting in thriving services – see below and full submission in Appendix B.
- Service integration opportunities have been identified and explored demonstrating scope to achieve efficiencies and improved outcomes for residents – see below.

## **5. Alternative options considered**

- 5.1 There are a range of different possible approaches to organising and procuring housing management and maintenance services including: transfer ownership to a housing association; transfer management to a housing association; procure a private sector managing agent; bring services in-house; continue with management by HfH.
- 5.2 Transferring ownership would require a positive result in a residents ballot and a financial arrangement to support acquisition by a housing association. Given the current and future stock investment requirements and the constraints on rental income, it is highly unlikely a workable financial arrangement could be arrived at. This approach would be completely at odds with the Council's long term strategic commitment to build 3,000 new council homes in a decade. This option has not been explored in any detail.
- 5.3 Transferring management to a housing association would involve a major procurement process to put in place a long term contract, resulting in a transfer of staff. This approach would require retaining a "client-side" contract management resource in the Council, eliminating one of the key efficiencies achievable by insourcing the HfH services. It would also fail to increase the direct accountability of the Council, a core objective given the impending regulatory changes. This has not been explored in detail.
- 5.4 Procuring a private sector managing agent would also involve a major procurement process to put in place a long term contract, resulting in a transfer of staff. This approach would require retaining a "client-side" contract management resource in the Council, eliminating one of the key efficiencies achievable by insourcing the HfH services. It would also fail to increase the direct accountability of the Council, a core objective given the impending regulatory changes. This has not been explored in detail.
- 5.5 Continued management by HfH would be the status quo option. This would require retaining a "client-side" resource in the Council, eliminating one of the key efficiencies achievable by insourcing the HfH services. It would also fail to increase the direct accountability of the Council, a core objective given the impending regulatory changes. Whilst housing service improvement and integration with other Council services could continue to be pursued by HfH, officers are of the view that there are greater opportunities for improvement and closer integration by insourcing HfH staff and services into the Council.

## **6. Background information**

### **6.1 History and Context**

- 6.1.1 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.
- 6.1.2 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, fewer than 30 now remain in operation.
- 6.1.3 In line with 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.
- 6.1.4 In 2017, the Council consulted on a proposal to extend the HfH Management Agreement, concluding with a Cabinet decision on 16<sup>th</sup> January 2018 to continue the Agreement 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.
- 6.1.5 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.
- 6.1.6 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.
- 6.1.7 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.
- 6.1.8 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.

6.1.9 On 22 July 2021, Cabinet agreed to launch an 8-week resident consultation process to seek views on the proposal to bring HfH services back in-house. The results of this exercise are summarised below.

## **6.2 Consultation Methodology and Results**

6.2.1 The resident consultation began on 23 August 2021 and concluded on 17 October 2021, comprising the following activities and numbers:

- Survey – c.1,680 surveys completed, mostly by post.
- Focus Groups – c.50 people engaged across 8 sessions (tenants, leaseholders, youth, supported housing, temporary accommodation, resident scrutiny panel, HfH Board).
- Housing Forum – very few attended the online open sessions.
- Estate pop-ups – c.300 people engaged over 9 sessions.

A range of other local stakeholders were also consulted, including the Police, London Fire Brigade, Health, Voluntary Sector, Citizens Advice, Law Centre.

6.2.2 Headline findings are as follows:

81% agreed or strongly agreed with the proposal to insource HfH services.

- General concerns about communication with residents, customer care and organisational culture
- Many residents were concerned that the Council also needs to improve its responsiveness to customers
- People in temporary accommodation and supported housing appreciated the care and commitment of staff
- Best homeless prevention service in London
- Good policies and procedures, not always followed
- Positive role of resident engagement team and resident scrutiny panel
- Praise for youth and employment work (Project 2020)
- The biggest area of criticism was the repairs service, particularly delays, inefficiencies and unresolved cases
- Leaseholder charges and major works concerns
- Not enough transparency and openly available data
- Anti-Social Behaviour services need to be better joined up
- Issues with window cleaning and gardening
- Complaints handling issues
- Not enough respect, empathy, treating residents as people
- Importance of resident engagement making a difference
- General issue of ownership of a problem, lack of end-to-end resolution, problem passed on within the organisation

6.2.3 A full set of results and analysis are set out in Appendix A. All the consultation materials were translated into community languages and estate outreach was targeted to ensure inclusive engagement across local communities and minority audiences.

## **6.3 Service Review Findings**

6.3.1 Alongside the resident consultation process, officers undertook a set of service review processes to inform the evaluation of the insourcing proposal. These included service integration workshops with managers from the Council and HfH, process mapping sessions, review of audit reports, Safeguarding Adult Reviews, performance data, existing service improvement plans and transformation programme activity. The review team also drew on good practice evidence from other local authorities which have previously brought their ALMOs back in-house. These review processes identified a number of service integration and improvement opportunity areas, including:

- Customer services and access arrangements
- Communications
- IT software system development and business information
- Human Resources including recruitment
- Customer feedback and complaints handling
- Resident engagement and consultation
- Procurement and contract management
- Finance processes and monitoring
- Managing Anti-Social Behaviour and CCTV systems
- Managing the estate environment including cleaning, security, parking, pests, waste, grounds maintenance, pavements, highways, lighting, etc.
- Responding to vulnerable adults and families, including preventing homelessness
- Purchasing accommodation under Care Act and Children Act duties
- Aids and adaptations for disabled residents
- Building safety compliance and capital delivery project management
- Energy advice
- Employment and training support

6.3.2 In a number of these areas, officers have identified potential efficiency savings as a result of the transfer and streamlined working processes. A full financial analysis of budget savings available for reinvestment will be reported once the detailed future organisational structure has been finalised. The full financial impact of the transfer will be reported in a future budget monitoring report to Cabinet.

## **6.4 HfH Board submission**

6.4.1 Council officers and HfH staff and Board members have worked together cooperatively throughout the service review and resident consultation process. HfH Board submitted their views on the Council's proposal and this document is attached as Appendix B. The submission contains a number of helpful suggestions that will be taken into account in implementation planning.

## **6.5 Cross-Party Member Input**

6.5.1 A cross-party working group chaired by the Cabinet Member for Employment, Skills and Corporate Services has been established and will continue to be involved in the implementation planning and delivery process.

## **6.6 Designing Future Resident Participation Arrangements**

- 6.6.1 A primary objective for the Council in this transfer is to strengthen governance, accountability and the resident voice within policy-making and service delivery. In order to enhance resident engagement processes and build capacity for co-designing the future arrangements for a stronger resident voice in housing service delivery, officers set up a Housing Sounding Board and an online Resident Housing Forum in support of the HfH insourcing consultation process. HfH have also established a Customer Core Group to guide their existing transformation and improvement programme.
- 6.6.2 Officers have begun to develop proposals for future resident participation arrangements, drawing on the recently updated HfH Engagement Strategy as well as discussions with the Housing Sounding Board, the Resident Scrutiny Panel, the Haringey Leaseholder Forum and a review of good practice arrangements in other local authorities. This aspect of strengthening accountability and resident voice is critical to the success of the insourcing and will require a further consultation process before bringing final proposed arrangements back to Cabinet for approval.
- 6.6.3 Principles to be followed in co-designing future engagement arrangements will need to include:
- a positive, inclusive, resident-centred culture
  - firm foundations and strategic base for engagement
  - ensure residents and staff are trained and well resourced
  - a wide range of activities to involve residents
  - accessibility to all communities, languages, individual needs
  - overcome barriers to successful engagement – e.g. travel, childcare, IT
  - effective ways to measure and report on outcomes
  - thinking beyond housing to a wider role in improving communities
  - engagement activity demonstrates responsiveness to residents' issues
  - activities are focused on providing solutions to residents' issues

## **6.7 Implementation**

6.7.1 If Cabinet approve the proposal to insource HfH, based on the rationales set out above and having considered the results of consultation, then a detailed implementation programme will be needed to effect a smooth transition, including serving notice on HfH to terminate the Management Agreement, ensuring seamless business continuity for residents as well as reshaping service delivery to achieve the improvements needed and seize integration opportunities. Council officers, working collaboratively with HfH colleagues, have mapped out a set of implementation workstreams and a programme team is in place to manage the transition process. Broad areas of work include:

- overarching leadership and change management with a focus on welcoming, aligning and integrating HfH staff into the Council's organisational culture
- finalising the organisational structure for incoming HfH staff and services
- staff consultation and transfer under TUPE regulations
- where necessary, matching and selecting staff to new roles
- resolving any redundancy situations that may arise

- transferring budgets and financial processes
- formally dealing with legal issues through a termination agreement to end the existing management agreement between the Council and HfH
- contract novation where contracts held directly by HfH need to continue
- contract termination where contracts held by HfH are no longer needed
- arrangements for continuing with a residual HfH legal entity to fulfil ongoing management of property leases held directly by HfH and used to provide homeless accommodation
- continuation of management and maintenance services provided to the Haringey Community Benefit Society for homes used to provide move-on accommodation for homeless households
- ensuring communication with residents, Council and HfH staff, trade unions, contractors, partner organisations, and the wider community about the timing and practical details of the transfer

6.7.2 The above transition programme will require additional one-off resourcing, estimated at £1,115,000. This budget includes estimated costs of external consultancy, internal salary recharges and consultation and equipment costs. This expenditure will be spread over the 21/22 and 22/23 financial years, depending on the precise timing of the TUPE transfer which will reflect the extent of job role changes needed once the new organisational structure is finalised.

6.7.3 The implementation plan will include identifying, controlling and mitigating risks and implications arising during this proposed transition. Transferring over 700 staff delivering vital front line services entails risking loss of key managers, loss of organisational knowledge, distracting staff from service priorities resulting in deterioration in performance. In most cases such transfers will result in ongoing job roles. This is expected to be the case for most incoming HfH staff. However, there may be cases where job roles may not be required, which may lead to possible redundancies. Clarity over new structures, roles and responsibilities, and a robust implementation and transformation plan, are critical. The people aspects, providing a welcome, enabling cultural change, aligning and embedding into the Council's existing and evolving operational model need strong, visible leadership. Above all, effective communication with residents, staff, trade unions, partner organisations, contractors and the wider community will need to be prioritised.

## **7. Contribution to strategic outcomes**

7.1 The Borough Plan sets out overarching priorities with Housing being Priority 1. The insourcing of HfH will help to deliver the our key commitment to build at least 3,000 new Council homes by 2032 by bringing housing services back under direct management of the Council and aligning housing management and maintenance services more closely with our direct delivery of new homes

7.2 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.

7.3 In October 2019, Haringey's Cabinet approved and adopted an Insourcing Policy. The Insourcing Policy includes a commitment to a structured approach to support sustained progress on this agenda by:

- making it easier for us to work collaboratively with our communities in the design and delivery of public services which reflect what they need, recognising that service delivery is a core element of our relationship with residents.
- strengthening our organisational sustainability and resilience, by further developing the skills and knowledge of our workforce; and our organisational capacity and infrastructure.
- increasing the numbers of locally employed people who will benefit from the excellent terms and conditions we offer as an employer.
- opening services to increased scrutiny and accountability to drive improved outcomes; and,
- squeezing the maximum financial and social value from each pound spent.

All of the above considerations have been factored into the resident consultation process and detailed service review work to ensure that the proposed transition is consistent with the Insourcing Policy.

7.4 Our workforce is instrumental in driving the ambitious changes sought from the Borough Plan that include the delivery of safe, secure and affordable homes for everyone, whatever their circumstances. The insourcing of HfH will support Haringey's Workforce Development Strategy by retaining the vast majority of existing HfH staff who have experience managing our housing stock and meeting the needs of our residents to deliver the housing outcomes we want to achieve in future.

## **8. Statutory Officers comments**

### **8.1 Finance**

8.1.1 This report seeks approval for the insourcing of Housing Services provided by Homes for Haringey (HfH). The transition costs is estimated at £1.115m.

8.1.2 This amount is projected to be spent over two financial years (2021/22 & 2022/23) and will be funded from the Housing Revenue Account (HRA).

8.1.3 It is estimated that £0.565m will be spent in 2021/22 and £0.550m in 2022/23. While there will be a virement within the HRA for the proposed spend in this year, the proposed spend in next year has been built into the 2022/23 proposed HRA budget, which is subject to Cabinet approval in February 2022.

8.1.4 There is potential for some savings to accrue to the HRA as a result of this insourcing of services. However, this cannot be reasonably quantified at this stage until the operating model of the proposed insourced services is established.

8.1.5 There is also potential for redundancy costs. If the recommendation is approved, and an operating model is established, Finance will be reporting the full financial implications to Cabinet subsequently.

## **8.2 Procurement**

8.2.1 Strategic Procurement has been consulted in the recommendations and confirms there are no procurement implications relating to the decisions sought.

8.2.2 Strategic Procurement will provide the necessary support for procurement and contract novation related matters as part of any transition of services into the Council.

## **8.3 Legal**

8.3.1 The Head of Law and Governance has been consulted in the drafting of this report, and makes the following comments.

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 clearly 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, the Head of Law and Governance advised in the report to Cabinet on 22 July 2021 that the consultation there envisaged was appropriate and sufficient.

8.3.5 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.

8.3.6 The remainder of the report sets out how the consultation complies with the first three principles; the fourth, together with consideration of the Equalities Impact Assessment attached, is for Cabinet at its meeting to consider this report.

8.3.7 Advice will be provided on the implications of TUPE for transferring staff.

- 8.3.8 Confirmation is given that it is permissible to end the Management Agreement between the two organisations in these circumstances pursuant to clause 22.5 which states as follows:

*The Council can terminate this Agreement if it decides on economic or for any other reasons (in its absolute discretion), to bring part or all of the services back in house ... In this situation, it shall give as much notice as is reasonably practicable.*

- 8.3.9 Clause 36.1 of the Agreement stipulates how service of the notice is to be effected as follows:

*Any notice or other communication under this Agreement shall be sufficiently served if served personally on the other Party or sent by prepaid first class post to the addresses given at the head of this Agreement or by electronic mail to the email addresses of the Council Representative of the HFH Representative or their deputy (as applicable) and, subject to proof to the contrary, shall be deemed to have been received on the second working day after the day of posting or on successful transmission, as the case may be.*

- 8.3.10 The current Council Representative is the Director of **Housing, Regeneration & Planning**.

- 8.3.11 In light of the above, coupled with the outcome of the EQIA comments, there is no legal reason why Cabinet cannot adopt the Recommendations contained in this report.

## **8.4 Equality**

- 8.4.1 Officers have carried out an Equalities Impact Assessment (EQIA), attached as Appendix C. In summary, the EQIA concludes that there will be an overall positive impact from the proposal to bring Homes for Haringey in-house, with a range of neutral or positive equalities impacts for residents and staff detailed in the attached appendix. 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.

- 8.4.2 The EQIA considers the impact on staff as a result of the proposed transfer, which will be subject to full consultation under TUPE rules. Any risk of possible negative equalities impacts will be carefully managed and mitigated throughout the implementation process. The EQIA notes positive impacts for HfH staff in relation to female and LGBTQ staff.

## **9. Appendices**

- A: Consultation Results
- B: HfH Board Submission
- C: Equalities Impact Assessment

## **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)*