



**Haringey** Council

<b>Report for:</b>	<b>Cabinet 18<sup>th</sup> March 2014</b>	<b>Item Number:</b>	
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<b>Title:</b>	<b>Total Housing Services – Interim Arrangements</b>
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<b>Report Authorised by:</b>	<b>Tracie Evans, Interim Chief Operating Officer</b>	
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<b>Lead Officer:</b>	
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<b>Ward(s) affected: All wards</b>	<b>Report for: Key Decision</b>
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**1. Describe the issue under consideration**

- 1.1 The Council is changing the way that it manages all of its functions so that there is transparency over the quality of service delivery against the cost and to provide residents with good quality, value for money services that they are proud of.
- 1.2 As part of this work, the Council has been reviewing the operation of housing services. Currently, housing services are mostly delivered from two places, either in the Council's Arms Length Management Organisation (ALMO), Homes for Haringey (HfH) or in the Community Housing Service managed within the Council. This split of service delivery creates duplication and work has been undertaken in the Council and Homes for Haringey to look at how housing services could be delivered in a more integrated way to provide a better quality and more efficient service to residents.
- 1.3 In the high level review of these services, the Council has found that there is potential to bring housing services together in a way that will improve customer service for residents, provide a more seamless service and prove more cost effective. This integrated service will build on the success of Homes for Haringey and the Community Housing Service in delivering housing services to residents across the borough, while delivering improvements.
- 1.4 The Board of HfH have also been considering how the organisation can strengthen its work. The Board commissioned a governance review, which is now complete and recommends changes to the HfH governance arrangements including changes to the way the HfH Board is constituted. This report reflects the response that the Council has made to the HfH Board regarding this document.



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1.5 This report therefore considers the following:

- a) Changing the way that housing services are delivered to ensure better customer service to Haringey residents and to enable a more cost effective service to be provided.
- b) Transferring functions (and therefore staff) between HfH and the Council and vice versa.
- c) A formal response to the draft recommendations made in the HfH governance review paper presented to the Council by HfH.

## **2. Cabinet Member introduction**

- 2.1 Our starting point on housing must be to ensure that our residents can access high quality housing that helps them to fulfil their aspirations.
- 2.2 In order to deliver the best quality housing services, we need to take two key steps – firstly, to deliver improvements to the way housing services are delivered in the short term and secondly to make the right decision about how we deliver housing services in the future.
- 2.3 To make improvements over the next couple of years, there is a need to integrate services, to make sure that we are delivering a seamless and straightforward services focused around the resident. We will do this by bringing together the day to day delivery of housing services within Homes for Haringey and by concentrating the strategic housing services within the Council. This ends the duplication of some services and ensures residents are being supported by a single housing service. To ensure that this change brings maximum impact, Homes for Haringey are strengthening their governance arrangements and are agreeing new performance targets with the Council.
- 2.4 To enable us to make the right long-term decision, a strategic review of housing options will begin, looking at the options open to the Council about how to deliver housing services in the future. With the Government ending the Decent Homes programme, the Council has more flexibility about whether we maintain an ALMO or whether we adopt a different structure for delivering housing services. We need to fully understand these options.
- 2.5 These changes mean that by the end of the HfH contract in 2016, the Council will be in a position to review the performance of Homes for Haringey and to fully consider the wider options open to us. This will allow us to make a rounded decision about the future of housing service delivery in our borough.



### **3. Recommendations**

#### **3.1 It is recommended that Cabinet:**

- (a) Agrees the proposed operational changes to the delivery of housing services including the transfer of some housing services currently delivered in the Council to HfH for a period of up to two years until 31 March 2016 and the transfer of support service function from HfH to the Council;
- (b) Notes that the Secretary of State requires one month's notice of significant changes to the HfH Management Agreement, coupled with the need for the Council to take account of any comments made before implementing the proposals;
- (c) Authorises the Chief Operating Officer, in consultation with the Cabinet Member for Regeneration and Housing to make consequential changes to the Management Agreement between the Council and HfH to reflect service changes;
- (d) Notes the changes HfH wish to make to the governance arrangements of the HfH Board and the proposed formal response by the Council;
- (e) Notes that additional scrutiny of HfH should be through the Scrutiny Committee; and
- (f) Agrees to Officers returning to Cabinet in September 2015 with a fuller options analysis for the future of housing service delivery.

### **4. Alternative options considered**

- 4.1 Alternative options for the future delivery of housing services will be brought back to Cabinet in September 2015.

### **5. Background information**

#### **Housing Services**

- 5.1 There is general agreement that Haringey's housing services need to be integrated in order to obtain better housing outcomes for residents. It is also the case that whilst there have, in the past, been issues with service performance, there have been some improvements. These improvements have been tempered in pace by the fact that services are currently managed largely in two different places.
- 5.2 Currently, housing services are mostly delivered from the Council's ALMO, Homes for Haringey (HfH) and the Community Housing Unit managed within the Council. This split of service delivery has been found to mitigate against the Council delivering housing services in a way that is best for our residents.
- 5.3 The ALMO was originally formed in April 2006, following approval for the project obtained from the Office of the Deputy Prime Minister pursuant to Section 27 of the Housing Act



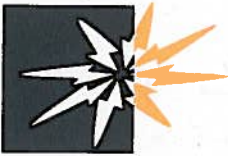
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1985. The Council then entered into a 5 year Management Agreement (the Agreement) with HfH which set out how the ALMO was to deliver the management functions of the Council's housing stock, to include leaseholders. On 15 December 2009, Cabinet resolved to extend the Agreement for a further 5 years (to 31 March 2016) with the option of a further extension of 2 years subject to a review of HfH's performance.

- 5.4 The rationale for establishing the ALMO was essentially to access Decent Homes Funding which meant that investment in improving the Council's housing stock could be achieved but also it would create a distinction between the delivery of services and a more strategic approach to managing housing on the Council's side.
- 5.5 In recent years, there have been issues surrounding performance in some of the basic housing services, both in HfH and the Council, which are being addressed and have resulted in improvements in those areas. Whilst there is still some way to go, there is recognition of the improvements made to date and a willingness from the Leadership Teams in both HfH and Community Housing to improve further.
- 5.6 There is no doubt that, in reviewing some of the service delivery issues, there can be tensions caused by residents receiving a service from both the Council and HfH. The involvement of two organisations can make it difficult to ensure that residents receive the type of seamless service that we aspire to deliver. It seems sensible therefore to bring together services so that there is an integrated approach as far as the resident is concerned. There is therefore merit in looking to create integrated housing services by moving some relevant delivery services from the Council and into Homes for Haringey. There are some services that the Council is required to deliver statutorily and we will need to consider how best these services are managed.
- 5.7 There are also a number of services that are duplicated in the Council and in HfH. These are largely support and back office services however there are some housing services also. Again, it seems sensible to bring these together so that services are managed in one place to ensure consistency and to ensure cost efficiency. This will effectively mean that back office and customer services currently within HfH will be integrated into Council services and will necessitate a transfer of staff from HfH to the Council.
- 5.8 Given the flexibilities around housing service delivery brought about by the ending of the national Decent Homes funding programme, it would seem pertinent to review the current Haringey model for delivering services through Homes for Haringey against any other models of delivery that may be more relevant. This piece of work though is significant and would need to be timed to ensure that Members are able to make decisions about the future of housing service delivery in time to put in place an implementation plan to coincide with the end date of the Management Agreement in March 2016.

### **Principles for the transfer of services**

- 5.9 We have applied some simple principles to the thinking about the integration of services and this report asks Members to endorse these arrangements;



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- The Council will retain responsibilities for setting housing policy and strategy, for commissioning the appropriate services and monitoring the performance of those functions charged with delivering housing services (whether internal or partnered and including HfH). The Council will also retain responsibility for those services where statutorily, they are unable to transfer the responsibility to any other body.
- The Homes for Haringey vehicle for housing service delivery will be utilised to deliver all housing services other than those that fall into the above category.
- Where there are functional duplications between HfH and the Council these services will be delivered by only one of the organisations and from wherever it is most cost effective and will deliver the best service. This means that it is likely that support services and customer services will revert back to the Council.
- Attached at Appendix A is a draft working document which shows the likely movement of services and the number of staff potentially affected. It is clear however that until significant review work has been undertaken, the actual services and number of potential staff affected will not be accurately known.

### **Practical arrangements**

- 5.10 The aim of these quite significant service changes is to integrate the management of the housing services so as to improve the resident customer experience. In order to achieve this, there has already been much discussion around bringing services together and creating a more strategic functionality within the Council.
- 5.11 The level of re-organisation proposed is significant and will require a planned approach to the transfer and re-configuration of services. This will be achieved by bringing together a joint team from the Council and HfH to ensure that this happens in the most appropriate way and in consideration of all customer and staffing issues.
- 5.12 Whilst we have not yet completed the detailed work on which services and how many staff will be affected by the changes, a working document showing a list of the potentially possible services which could be delegated to HfH and estimated staff numbers is attached to this report at Appendix A. The draft list of services has been compiled by reference to guidance issued by the then Office of the Deputy Prime Minister in October 2004. Officers will come to a definitive view on the list before seeking comments from the Secretary of State.
- 5.13 In order to fully realise the benefits of managing housing services largely in one place, it will mean a new relationship needs to be forged between the Council and HfH. The new relationship will be based on more appropriate arrangements in terms of delivery responsibilities, accountability for outcomes, governance and partnership working.
- 5.14 At the moment, the governance surrounding the HfH arrangement amounts to a Management Agreement and its supporting documents and there are also circa 50 Service



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Level Agreements and protocols in place between Homes for Haringey and various parts of the Council. The amount of effort expended on ensuring compliance is very high and actually does not support a collaborative partnership approach.

- 5.15 Under the terms of the original ALMO sign off letter sent by the Government, the authority is required to give the Secretary of State one month's notice of any significant changes to the agreement in order that there is enough time to make comment. This notice will be sent formally after Cabinet's approval has been obtained.
- 5.16 We are asking Members to give authority to the Interim Chief Operating Officer to re-negotiate the terms of the Management Agreement to better reflect a modern partnership approach.
- 5.17 Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) apply as the mechanism for the transfer of services and employees to and from HfH. There are however alternatives to TUPE available because of the interim nature of the arrangements which will be legally explored as part of the transfer arrangements and we accept, that there is a Members preference to use an alternative mechanism if this is legally possible. All potential staffing changes will be subject to the Council's normal policies and reporting mechanisms.
- 5.18 As part of the Council's restructure of senior roles, the post of Assistant Director of Housing/Chief Executive of Homes for Haringey was developed. Given the scale of the change envisaged, it is our view that we should put on hold the appointment of this post until at least September 2015 and possibly until March 2016. Officers will be clearer about the actual date once more detailed work around the changes have been developed.
- 5.19 Whilst these new arrangements are the right step towards integrated and improved services to the residents, there is still a lot of work that needs to be completed on the future delivery model for housing services and therefore the future of HfH before the end date for the Management Agreement in March 2016. To this effect, we are asking Members to agree that the new service delivery arrangements put forward in this report are put in place up to 31 March 2016 which gives HfH up to 2 years to effect positive improvement.
- 5.20 Officers will bring a report to Cabinet in September 2015 on future delivery models for Housing Services which will allow Members to discuss the future of the ALMO and will give Officers 6 months to implement any changes in service delivery before the ALMO contract comes to an end in March 2016.

### **Change in HfH Governance arrangements**

- 5.21 HfH is constituted as a Company, wholly owned by the Council. As such, HfH is its own legal entity and has the ability to make its own arrangements to fulfil its governance obligations.
- 5.22 HfH have presented a draft review of its governance arrangements to the Council and the Council will respond formally to the HfH Board following further discussions with Council Members and the Chair of HfH.



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- 5.23 The main issue contained within the draft governance review that impacts on the Council is the proposed reduction of the number of Councillors who sit formally on the HfH Board. Overall, the review proposes that the Board membership reduces from 15 to 9. The Council's response to this recommendation is that there should be three Councillors who sit as Directors of the HfH Board.
- 5.24 The review also proposes that each Director on the HfH Board will have a specific role within HfH and will be performance managed by the Chair of the Board. This is in line with best practice.
- 5.25 The Council has undertaken a high level review of its scrutiny arrangements of HfH and believe that there is scope to improve the current arrangements. The Council has an effective Scrutiny function in place chaired by Councillors which is able to call to question any Council services, this should in future, include HfH.

## **6. Comments of the Chief Finance Officer and financial implications**

- 6.1 The report sets out an approach towards improving the management and efficiency of all the Council's housing services across the ALMO and the Council.
- 6.2 An explicit objective of these new arrangements is to improve the residents' experience of dealing with the Council and to gain efficiency and value for money and so savings can be delivered. As this report is one in principle rather than of detail, it is too early to quantify these savings as the review work is yet to be concluded. The savings will contribute to the savings targets for both the General Fund and the Housing Revenue Account.
- 6.3 Work carried out by Homes for Haringey is paid for by the Council through its management fee. This will be adjusted to fund fairly any transfer of responsibilities, taking into account expected efficiencies.
- 6.4 Specific budgeting and accounting rules set out in the Local Government and Housing Act apply to the HRA that require expenditure and income related to Council housing to be kept separate ("ringfenced") from other Council services. Further work will be carried out to allocate the costs and benefits of any changes to the correct account.
- 6.5 Accountability for service delivery, performance and budgets must be set out clearly and be consistent with the wider Council framework. The proposed commissioning approach to the HRA should help strengthen the financial control and accountability framework.

## **7. Head of Legal Services and legal implications**

- 7.1 The Assistant Director of Corporate Governance has been consulted in the preparation of this report, and makes the following comments.
- 7.2 The proposals in this report represents a significant change to the delivery model which the Council sought, and obtained, the statutory consent of the Secretary of State – pursuant to section 27 of the Housing Act 1985 – to administer the management of its



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housing stock via the creation of Homes for Haringey in April 2006. It is important to note that the original consent came with a condition, namely that the Council “has to give the Secretary of State one calendar month’s notice of any significant changes proposed by the Council or its ALMO to the terms of the agreement between the Council and its ALMO, to the constitution, responsibilities or operation of the ALMO as expressed in its Memorandum and Articles of Association, or to any other statement of the Council’s or the ALMO’s intentions specified in the Council’s application for s27 approval. The Council and its ALMO shall take account of any comments made by or on behalf of the Secretary of State within this period before determining whether and how to proceed with the proposed changes”.

- 7.3. With the above in mind, there is a possible need for the proposals to be sent for further comment / approval from the Secretary of State. Accordingly, if Members resolve to adopt the recommendations in this report, then they should make it clear that they do so subject to Officers reaching a definitive view on the ‘consultation / approval issue’, and if that process is required, that it is successfully resolved. Members may further wish to delegate to the Chief Operating Officer in consultation with the Lead Member for Regeneration and Housing, the authority to implement all consequential changes arising out of the decision to adopt the recommendations. Officers would, however, report back to Cabinet on any significant amendments made to the proposals by the Secretary of State, were that situation to arise, before implementing the proposals under any delegated authority.
- 7.4. As paragraph 5.17 of the report makes clear, it is likely that the Transfer of Undertakings Regulations provisions will apply to the proposals in order to effect the transfer of services and employees between organisations.
- 7.5. Whilst Cabinet has the Constitutional authority to agree the proposals, it will fall to the Corporate Committee to agree any consequential changes to the Council’s establishment if 50 or more posts are affected by the changes. If less than 50 posts are affected, then the scheme of officer delegation authorises officers to make the changes.
- 7.6. There is no legal bar to the governance changes proposed in paragraphs 5.21 – 5.24 of the report. However, there will be a consequential need to amend the company’s Constitution to reflect the changes in relation to the number of Councillor Board members”.

## **8. Equalities and Community Cohesion Comments**

- 8.1 The proposed changes will contribute to achievement of the Council’s equality and community cohesion objectives by bringing together the delivery of related service functions. This should mean that more consistent and joined up services are provided to residents.
- 8.2 The relevant policies and procedures will be applied to all changes that have an impact on the staff of Community Housing Services and Homes for Haringey. This will include an Equality Impact Assessment as part of any restructure process.





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8.3 Where it is necessary, the policies and procedures of the two organisations in relation to restructure, managing change and selection will be harmonised for the purposes of this exercise to ensure fairness and equality of opportunity.

### **9. Head of Procurement Comments**

9.1 Not applicable.

### **10. Policy Implication**

10.1 The proposed new arrangements will strengthen the ability of the whole housing service to provide higher quality services by working in partnership, in accordance with the principles of the Corporate Plan 2013-15.

10.2 The proposals support the following Council corporate programmes:

- Customer Service Transformation, meeting the needs of our customers in a more efficient and effective way with improved quality of service.
- The Business Infrastructure Programme, moving towards more effective front line services that are managed well and provide improved value for money.

10.3 In addition a number of specific policy priorities can be better addressed by a more integrated housing service, including:

- Make Haringey one of the safest boroughs in London;
- Ensure that everyone has a decent place to live;
- Ensure that the whole Council works in a customer focused way;
- Get the basics right for everyone;
- Strive for excellent value for money.

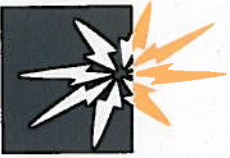
### **11. Reasons for Decision**

11.1 A decision is required to enable implementation of the proposed new arrangements to commence in line with the Council's service principles, achievement of 2014/15 savings, HRA business planning and the end of the HfH term. Implementation of the recommendations in this report will better align the housing service behind the Council's priorities and ensure that the improvements in customer response, service performance, quality, accountability and value for money are realised as soon as possible.

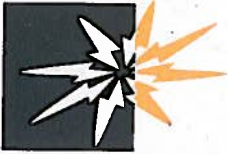
### **12. Use of Appendices**

12.1 Appendix A – Working document showing likely transfer of services and estimated staffing numbers

### **13. Local Government (Access to Information) Act 1985**



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13.1 Not applicable.



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## **Appendix A – Potential Transfer of Services**

### **Government guidance**

In October 2004, when ALMOs were first being created, the Office of the Deputy Prime Minister (ODPM) produced guidance for local authorities on how to determine which housing-related functions to delegate to ALMOs, which to retain, and which to share.

The guidance states that, as an ALMO's primary objective must be the prudent management of council stock – including the delivery of Decent Homes and high quality housing services to tenants and leaseholders – any other responsibilities that the ALMO takes on must not risk distracting the ALMO from its primary focus and should be justified as complementing the ALMO's main functions and improving the sustainability of its investment in decent homes.

At the time, the guidance indicated that local authorities would be expected to retain their strategic and enabling role and responsibilities for dealing with issues (such as homelessness, Supporting People allocations and private sector housing) that are underpinned by statutory requirements.

The guidance provides examples of the housing-related functions which, depending on local circumstances, it may be appropriate for a local authority to retain:

- Overall housing strategy, including liaison with Registered Providers, housing needs assessments, and cross-tenure stock condition surveys
- Homelessness responsibilities
- Lettings policy, in consultation with the ALMO
- General housing advice - but not that related to an individual's tenancy
- Policy on tackling anti-social behaviour, in consultation with the ALMO and with clear responsibilities and procedures for dealing with actual incidents
- Owner-occupation strategies, including the formal determination of eligibility for Right to Buy and carrying out RTB valuations, though administration of RTB could be by the authority or the ALMO
- Housing benefit / rent rebate administration (although an authority may wish to consider the scope for an ALMO to verify claims on its behalf)
- Tenant participation in developing housing policy and strategy
- Overall policy on rents
- Programme of Best Value reviews, progress reporting on energy efficiency measures under the Home Energy Conservation Act 1995, and determining minimum standards of service required of the ALMO and monitoring its performance
- Managing the Supporting People programme, including: reviews; ensuring the provision of good quality, strategically relevant, value for money services and developing and implementing the five year strategy.



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## Potential transfer of Community Housing Services to the ALMO

Based on the arrangements proposed in this report – and assuming that the Secretary of State is satisfied with the arrangements – it is likely that the following housing-related functions can be transferred from Community Housing Services to Homes for Haringey:

Housing-related function	Number of FTEs
Housing needs assessment, maintenance of the Housing Register and the allocation of social rented housing	16
Procurement and management of temporary accommodation (including lettings, rent collection and tenancy support)	42
Prevention of homelessness (including housing advice and private sector lettings)	25
Investigation and assessment of applications for assistance under the homelessness legislation (but all homelessness decisions will need to be approved by the Council)	12
Support for residents living in the Council's supported housing	45
<b>Total</b>	<b>140</b>

The Housing Related Support Programme (formerly known as Supporting People) is likely to be retained by the Council.

Further review and consultation with members and Officers will be undertaken to ensure that decisions about whether the Housing Improvement Team (Private Sector) and Hearthstone (the Domestic Violence Advice and Support Centre) should transfer to Homes for Haringey.



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### **Transfer of the ALMO's support services to the Council**

The Council is currently undergoing significant change in the way that its support services are delivered. This is being managed through the Business Infrastructure Programme. The scope of this programme includes all support and business services across the Council and in HfH. These services include Finance, HR, IT, Procurement, Information, Admin and facilities management (this is not an exhaustive list).

The Business Infrastructure programme will look to deliver support services from one place which will mean that a number of support service functions will transfer from HfH to the Council.

