

**Report for:** Cabinet 16<sup>th</sup> January 2018

**Title:** Management Agreement with Homes for Haringey for Housing Services

**Report authorised by:** Lyn Garner, Strategic Director of Regeneration, Planning and Development

**Lead Officer:** Alan Benson, Head of Housing Strategy and Commissioning

**Ward(s) affected:** All

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

## 1. Describe the issue under consideration

- 1.1. Since April 2006, the management of the Council's housing stock has been carried out on its behalf by its Arms-Length Management Organisation, Homes for Haringey. The Management Agreement is the contract which sets out the terms of the services Homes for Haringey provides on the Council's behalf. The current Management Agreement began in 2011 and was initially due to expire on 31 March 2016, but has been extended in the manner set out in section six of this report.
- 1.2. On 15<sup>th</sup> September 2015 Cabinet resolved that Homes for Haringey be retained as the Council's Arm's-Length Management Organisation with a new Management Agreement, to expire on 31<sup>st</sup> March 2026, with a review after five years. This was an outcome of the Future of Housing Review which considered in-depth the options for the future management of Haringey's housing stock. The Review was informed by a test of tenant opinion which comprised a telephone survey of over 1,000 tenants and a postal survey to which there were 2,300 responses.
- 1.3. The Council has a statutory duty to consult secure Council tenants who are likely to be substantially affected by a matter of housing management. Therefore in autumn 2017, a second stage of consultation was carried out on the proposal to enter into a new Management Agreement with Homes for Haringey, alongside a non-statutory consultation with leaseholders.
- 1.4. This report presents the results of this second consultation. There were almost 1,200 responses to the statutory consultation with secure tenants, of whom 81% agreed with the proposal to enter into a new Management Agreement with Homes for Haringey. In the non-statutory consultation with leaseholders, there were just over 200 responses and 49% agreed with the proposal.
- 1.5. This report therefore recommends that in light of the results of the statutory consultation, which are clearly in favour of the proposal to enter into a new Management Agreement with Homes for Haringey, as well as the reasons set out in the Future of Housing Review, that Cabinet agrees to enter into a new

Management Agreement and that officers proceed to seek approval of that Agreement from the Homes and Communities Agency (HCA). Based on the results of the consultation and the feedback given by residents, it is also proposed that some changes are made to the Management Agreement considered by Cabinet in March 2016. These are set out in section eight, and the proposed Management Agreement is attached at appendix two.

## **2. Cabinet Member Introduction**

- 2.1. Homes for Haringey plays a key role in implementing the Council's Housing Strategy by delivering important front-line housing services to Council tenants and leaseholders. More recently, they have also taken on responsibility for housing demand, providing information and advice to Haringey residents who are homeless or at risk of homelessness.
- 2.2. A clear majority of respondents agreed with the proposal to retain Homes for Haringey, with 81% of tenants agreeing that Homes for Haringey should continue to provide housing services to them under the terms of a new Management Agreement. What was also clear from the consultation was that residents want services to continue to improve. The new Management Agreement will put in place the framework to make sure this happens.
- 2.3. While this is a strong endorsement of Homes for Haringey's work, it was also clear from the consultation was that residents want services to continue to improve. The new Management Agreement will put in place the framework to make sure this happens.

## **3. Recommendations**

It is recommended that Cabinet:

- 3.1. Notes and considers the outcome of the consultation carried out with Council tenants pursuant to section 105 of the Housing Act 1985, and the non-statutory consultation with Council leaseholders, as summarised in section seven of this report and set out in detail in appendix one.
- 3.2. Having regard to the results of this consultation, and subject to the approval of the Homes and Communities Agency, agrees that the Council enters into a new Management Agreement with Homes for Haringey, and that this new Management Agreement runs until 2026, subject to the Council's right to terminate the Agreement earlier following review on 31<sup>st</sup> March 2021.
- 3.3. Approves the proposed Management Agreement attached at appendix two.
- 3.4. Agrees to an application being made by officers to the Homes and Communities Agency pursuant to section 27 of the Housing Act 1985 to seek approval for the new Management Agreement.
- 3.5. Delegates authority to the Strategic Director for Regeneration, Planning and Development, to be exercised in consultation with the Cabinet Member for Housing, Regeneration and Planning, to make amendments to, finalise and implement the new Management Agreement.

- 3.6. Notes the existing extension of 2011 Management Agreement until such approval is received and the new Management Agreement commences, as set out in section six.

#### 4. Reasons for decision

- 4.1. Cabinet has previously decided that the Council should retain Homes for Haringey, and a further decision is now required following consultation with Council tenants and leaseholders on the proposal.

#### 5. Alternative options considered

- 5.1. The Future of Housing review reported to Cabinet in September 2015 and considered in-depth the options for the future management of the Council's housing stock. The options regarding the ongoing management of the housing stock considered by the review were:

- **The Council transfers the housing stock in whole or part to another organisation** – this option was ruled out, as there was little support amongst tenants and it was considered that this option was also not in the Council's strategic or financial interest.
- **The Council brings the management of housing services back into the Council** – this option was not recommended by the review, as it found that there was no compelling evidence that this option would improve housing services or resident satisfaction, nor significantly improve the overall Housing Revenue Account financial position.
- **Uses the existing ALMO model to deliver housing services** – this option was recommended by the review, based on the results of the test of opinion and on Homes for Haringey's improvement in performance as well as the savings it has delivered.

- 5.2. The review therefore ruled out a stock transfer, and did not recommend the option of bringing management back into the Council. Based on the test of tenant opinion and other considerations – such as the Council's financial position – the Future of Housing Review instead recommended that Homes for Haringey be retained until 2026, and Cabinet accepted this recommendation at its meeting on 15 September 2015.

#### 6. Background information

- 6.1. Homes for Haringey has been managing the Council's housing stock on its behalf since April 2006. As set out in section five above, the Future of Housing review reported to Cabinet in September 2015 and considered a number of options for the future management of Haringey's housing stock. The review was informed by a test of opinion, the outcome of which is set out in section seven below. The review concluded that retaining Homes for Haringey to manage Council-owned stock was the best option, and this recommendation was agreed by Cabinet.

- 6.2. On March 2016, Cabinet subsequently approved a proposed new Management Agreement between the Council and Homes for Haringey. In view of the fact that the intention was to enter into a new Management Agreement with Homes for Haringey – as opposed to an extension of the 2011 version – the Council was required to obtain statutory approval of the Management Agreement from the HCA pursuant to section 27 of the Housing Act 1985 prior to implementation.
- 6.3. The current Management Agreement began in 2011 and was initially due to expire on 31 March 2016. This agreement has been extended so that Homes for Haringey may continue to perform its management functions until approval for a new Management Agreement is granted. This was – insofar as it was necessary to do so, and for the avoidance of doubt - ratified by the Leader of the Council on 12 June 2017.

## **7. Consultations**

- 7.1. In order to understand the views of Council tenants and leaseholders on the future management of Council housing in the borough, the Council has used a two-stage consultation process. This comprised a test of opinion in 2015, and a full consultation on the proposal to enter into a new Management Agreement with Homes for Haringey which was carried out in 2017.
- 7.2. As set out above, the Future of Housing Review conducted a test of tenant opinion to inform the review's conclusions. The methods of this test of opinion included:
- A telephone survey of just over 1,000 tenants and 150 leaseholders
  - A postal survey sent to all tenants and leaseholders, to which there were 2,300 responses.
- 7.3. A detailed report on the results of this consultation was presented to Cabinet as part of the Future of Housing Report, and is presented at Appendix three of this report. The headline findings of this test of opinion included:
- There was little support for options involving a stock transfer, such as a transfer to an existing registered provider
  - Respondents wanted to retain local provision, with the service provider based locally
  - 71% of tenants were more satisfied with Homes for Haringey than in the three years preceding the test of opinion
  - Leaseholders in contrast were less satisfied
  - Both tenants and leaseholders are keen to have a say in how their service is run, and to have board-level representation
- 7.4. The Future of Housing Review subsequently recommended that Homes for Haringey be retained, and Cabinet resolved to enter into a new Management Agreement with Homes for Haringey until 2026.
- 7.5. In view of the fact that the intention was to enter into a new Management Agreement with Homes for Haringey – as opposed to an extension of the 2011

version – the Council is required to obtain statutory approval of the Management Agreement from the HCA pursuant to section 27 of the Housing Act 1985 prior to implementation. Before the HCA will grant this approval, the Council must demonstrate that it has complied with its statutory duty under section 105 of the Housing Act 1985 to consult secure council tenants on any decision the Council is proposing to make regarding housing management which “is likely substantially to affect either its secure tenants as a whole or a group of them who form a distinct social group or occupy dwelling-houses which constitute a distinct class”.

7.6. Therefore, in autumn 2017 a second stage of consultation was carried out on the specific proposal to enter into a new Management Agreement with Homes for Haringey until 2026 – in line with the Council’s statutory duty to consult under Section 105 of the Housing Act 1988. Whilst the Council is not statutorily obliged to consult leaseholders on the proposal, it was considered that it presented a good opportunity to seek the views of leaseholders at the same time.

7.7. The consultation with tenants and leaseholders was launched on 9 October 2017 and ran until 26 November 2017. A detailed report on the consultation is included in Appendix one, and the results are summarised below.

### **Methodology**

7.8. The methods of consultation used were:

- 19,848 tenants and leaseholders were sent a hard copy of the paper questionnaire which contained a free paid envelope for them to return the questionnaire.
- The questionnaire was emailed out 4,218 email recipients.
- A dedicated webpage explaining the consultation and access to an online version of the survey.
- Three drop in sessions were held at the following locations.
  - 19<sup>th</sup> October 2017, 4-7pm - Wood Green Library
  - 2<sup>nd</sup> November 2017, 4-7pm - Marcus Garvey Library
  - 9<sup>th</sup> November 2017, 4-7pm- Wood Green Library
- Due to a delay in some of the letters being delivered, the second drop-in at Wood Green Library was arranged.

### **Results**

7.9. The detailed results of the consultation are included in Appendix One. A total of 1,465 responses were received. The breakdown between tenants and leaseholders is show below:

<b>If you live in Haringey are you a Council resident or Council leaseholder/freeholder?</b>	<b>Total</b>	<b>Percent</b>
Council tenant	1215	81%
Council leaseholder	222	15%

Tenure not disclosed	64	4%
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7.10. The overall response to the proposal, including both tenants and leaseholders, was:

Do you agree with the council's proposal to enter into a new management Agreement with Homes for Haringey until 2026? (All respondents)	Number	Percent
Yes	1132	75%
No	349	23%
No answer given	20	1%

7.11. Amongst Council tenants, the response was:

Do you agree with the council's proposal to enter into a new management Agreement with Homes for Haringey until 2026? (secure council tenants)	Number	Percent
Yes	987	81%
No	213	18%
No answer given	15	1%

7.12. Amongst Council leaseholders, the response was:

Do you agree with the council's proposal to enter into a new management Agreement with Homes for Haringey until 2026? (Leaseholders)	Number	Percent
Yes	109	49%
No	111	50%
No answer given	2	1%

7.13. As noted above, section 105 consultation only requires the Council to consult secure tenants. Therefore the results of the statutory consultation with tenants and non-statutory consultation with leaseholders are set out separately above.

7.14. Based on all respondents, 75% agreed with the proposal whilst 23% disagreed. There was a significant divergence in opinion between tenants and leaseholders. 81% of tenants agreed with the proposal against 18% who disagreed, therefore a clear majority were in favour of the proposal. Amongst leaseholders 49% agreed with the proposal against 50% who disagreed. A slight majority of leaseholders therefore disagreed with the proposal, but the result was much closer.

### Comments provided by residents

7.15. Whilst a clear majority of respondents agree with the proposal to enter into a new Management Agreement with Homes for Haringey, the consultation also elicited a number of comments from tenants and leaseholders. These are set out in the consultation report at Appendix one. Amongst the majority of respondents who agreed with the proposal, the comments can be summarised as:

- A number of respondents said that they agreed with the proposal because they felt that change would be disruptive.
  - A number also commented that they didn't think that services would necessarily improve if, for example, the Council managed the housing stock directly.
  - Some respondents said that they thought that performance might improve if there was greater scrutiny from the Council.
  - Some respondents commented that they thought that the proposed duration of the new Management Agreement is too long.
- 7.16. Amongst the 17% of respondents who disagreed with the proposal, the comments can be summarised as:
- The repairs service needs to be improved
  - Communication with tenants and leaseholders needs to improve
  - Service charges are high
- 7.17. Where respondents disagreed with the proposal, the alternative options put forward included:
- The Council should bring housing management in-house. 59 respondents made this proposal.
  - The Council should consider appointing a different company to manage its housing on its behalf. 9 respondents made this proposal.
- 7.18. Overall, therefore, the consultation points to an outcome of clear support for the proposal, but there is also a desire for an improvement in the performance in a number of services provided by Homes for Haringey. Entering into a new Management Agreement provides an opportunity to put in place the framework to achieve this.

## **8. Proposed Changes to the Management Agreement following consultation with tenants and leaseholders**

- 8.1. As a result of the consultation, it is proposed that some changes are made to the proposed draft Management Agreement considered by Cabinet in March 2016 so that tenants' and leaseholders' comments are taken into account. These are:
- Strengthening the performance management framework between the Council and Homes for Haringey by amending clause 4.6.2 in the proposed Management Agreement to give the Council more powers to intervene where there is a performance concern, where the issue has not been satisfactorily resolved in the first instance by Homes for Haringey.
  - Enabling Homes for Haringey to more effectively manage the support services provided to it by the Council by amending clauses 3.2 and 3.3 in the proposed Management Agreement to set out a procedure for

addressing performance concerns for these services. The aim of this change is to allow Homes for Haringey to take more responsibility for these services and in turn the delivery of front-line services to residents.

- Strengthening the commitment to resident engagement, by inserting a new clause (clause 23) requiring Homes for Haringey to maintain and comply with a Resident Engagement Strategy, which will set out Homes for Haringey’s policy of engagement with residents in relation to the services provided by Homes for Haringey.

8.2. It should also be noted – in response to those tenants who thought that the proposed duration of the contract is too long – that the Management Agreement already contains a number of provisions for termination. These include:

- If Homes for Haringey fails to comply with the terms of the Management Agreement, including poor performance
- The Council shall be entitled to review the Management Agreement in 2021, including whether to terminate the agreement
- The Council can terminate the agreement if it decides for economic or other reasons to bring part or all of the services back in house or to transfer all or part of the Services to another provider

## **9. Contribution to strategic outcomes**

9.1. The adoption of this Management Agreement contributes to the strategic outcomes under Priority 5 of the Corporate Plan - “We will create homes and communities where people choose to live and are able to thrive.” Specifically, the agreement supports Priority 5, Objective 2 “to prevent homelessness and support residents to lead fulfilling lives” and Objective 3 “to drive up the quality of housing for all”.

9.2. The Council’s Housing Strategy has four objectives that are closely aligned to Corporate Plan objectives. The Strategy is underpinned by a number of associated policies and delivery plans that Homes for Haringey’s Business Plan will be aligned with.

9.3. The new management agreement provides the framework that enables the council to ensure that Homes for Haringey continues to deliver and improve the services it provides. This service will be measurable and subject to performance outcomes stipulated by the council.

## **10. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### **Finance**

10.1. This report concerns the new Management Agreement between the Council and Homes for Haringey.

10.2. The management agreement details the requirements for the following:



- Financial Controls
  - Revenue and Capital Budget Monitoring
  - Management Fee
  - Financial delegation, roles and responsibilities
  - Homes for Haringey's Annual Business Plan
- 10.3. The Management fee for 2017/18 was set at £40.135m. This excludes funding for Capital expenditure. The Management Agreement dictates that any surplus balances at year end will be transferred to a ring fenced reserve for Homes for Haringey in agreement with the Council.
- 10.4. The Management Fee of £40.135m will be reviewed annually subject to the Homes for Haringey's annual Business Plan and is subject to variation due to inflation and variations in the services provided by Homes for Haringey. The Council may also vary the fee as a result of other changes (but not limited to) in circumstances that may warrant a re-calculation.
- 10.5. The Management Agreement also stipulates that Homes for Haringey prepare timely and robust budget and performance monitoring information throughout the year to ensure the Council is made aware and kept informed of any financial issues that may arise.
- 10.6. The costs of making the decision on the future of the ALMO as well as developing the new Management Agreement have been met within existing budgets.
- 10.7. The Management Fee and any other associated fees for the services Homes for Haringey will provide in the new Management Agreement have been provided for in the budget and the Medium Term Financial Strategy.

### **Legal**

- 10.8. The Assistant Director, Corporate Governance has been consulted in the preparation of this report, and comments as follows.
- 10.9. As previously notified to Cabinet in the 15<sup>th</sup> September 2015 report, any new management agreement will require the approval of the now Homes and Communities Agency pursuant to section 27 of the Housing Act 1985 prior to implementation.
- 10.10. The Assistant Director, Corporate Governance also confirms the need for statutory consultation with secure tenants to have taken place as a pre requisite to Cabinet considering the recommendations contained in this report.
- 10.11. In light of the above, and the contents of this report, there is no legal bar to Cabinet adopting the Recommendations should it see fit to do so.

### **Equality**

- 10.12. The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 10.13. Two Equality Impact Assessments relating this decision have been completed. An initial Equality Impact Assessment was carried out as part of the Future of Housing Review and was presented to Cabinet at its meeting on 15 September 2015 as part of the recommendation to retain Homes for Haringey. This Equality Impact Assessment is published [here](#).
- 10.14. A further Equality Impact Assessment has been completed following the most recent consultation and is attached at appendix four. This EQIA concluded that the proposal would not have a negative impact on any particular protected characteristic, due to the mitigations put in place. These include Homes for Haringey being contractually obliged to comply with the Council's Equal Opportunities Policy under the new Management Agreement, and the fact that the Council has in place established mechanism for ensuring Homes for Haringey's compliance with the Management Agreement. Furthermore, in the consultation there was clear support for the proposal with no divergence in this view from any particular group.
- 10.15. The scope of services delivered by Homes for Haringey and the associated performance expectations will be resolved by the Council as part of the annual Business Plan settlement. Any additional impact on any equalities issues associated with the specifics of an annual plan will be assessed as part of the annual Business Plan settlement process.

## 11. Use of Appendices

Appendix 1 – 2017 Consultation report

Appendix 2 – Proposed Management Agreement

Appendix 3 – 2015 Consultation report

Appendix 4 – Equality Impact Assessment

## 12. Local Government (Access to Information) Act 1985

Report to Cabinet 15<sup>th</sup> March 2016 – Management Agreement with Homes for Haringey for Housing Services

Report to Cabinet 15<sup>th</sup> September 2015 - Report of the steering group on the future housing review

Report to Cabinet 15<sup>th</sup> July 2014 - Improvement and unification of housing management services