

Report for: **Cabinet 2nd April 2019**

Title: **Housing Management Review**

Report
Authorised by: **Dan Hawthorn, Director of Housing, Regeneration & Planning**

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

Ward(s) affected: **All**

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

1. DESCRIBE THE ISSUE UNDER CONSIDERATION

- 1.1. Haringey Council (the Council) has a housing stock of c.20,000 homes across the borough. Since 2006, these homes have been managed by Homes for Haringey (HfH), the Council's arms length management organisation (ALMO). Since 2014, HfH has also managed the Council's statutory housing demand service.
- 1.2. There are other options for the provision of these services, including the Council delivering them directly, the Council procuring services from another provider, or the Council transferring its housing stock to another registered provider. In recent years, a number of councils in London have reconsidered how they deliver their housing services, with many opting to deliver these directly themselves and closing their ALMOs.
- 1.3. The Council is proposing to reassess its housing management and housing demand services, and consider whether a review of the use of an ALMO as the preferred option is justified at this stage.

2. CABINET MEMBER INTRODUCTION (Deputy Leader of the Council and Cabinet Member for Housing and Estate Renewal)

- 2.1. Ensuring that our Council tenants, leaseholders and anyone who is at risk of homelessness receives the best service possible from their Council is of huge importance to this administration. That is why we are seeking a review of our current arrangements, to ensure that the operating arrangements for delivering our key housing services are fit for purpose.
- 2.2. In Haringey, 20,000 households live in a property of which the Council is the landlord. These residents have a right to a service that will maintain the quality of their homes and will deliver excellent housing management. Due to the pressures of the London housing market, many other residents need help to prevent them becoming homeless or to find a new home. It is our responsibility to ensure that we are also offering these people the best service possible. This process is intended to do exactly this.

3. RECOMMENDATIONS

It is recommended that Cabinet:

- 3.1. Note the contents of the report, and in particular the options for the future provision of the Council's housing management and housing demand services.
- 3.2.1 Agree to further consider whether a review of the Council's housing management and demand services should take place, and if so one which is consistent with the terms set out at paragraph 6.23 of the report.

4. REASONS FOR DECISION

- 4.1. The Council has a housing stock of c.20,000 homes across the borough. Since 2006, these have been managed by HfH, the Council's ALMO. HfH has also managed the Council's statutory housing demand service since 2014. There are, however, other options for the management of the stock and the housing demand service.
- 4.2. This decision is to consider a review of the most appropriate option for housing management and housing demand services in Haringey, and (if that review is to proceed) on what terms that review should take place. If a review is to be carried out, the options would be to retain the ALMO or to make further decisions to enable alternative management options for its housing stock and housing demand service.
- 4.3. With a new administration in place since May 2018, which has pledged to both reassess the Council's role in delivering and managing housing in the borough and to reconsider the Council's role as a service provider – both of which are priorities in the new Borough Plan – this is an appropriate time for such a consideration to take place.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1. One alternative option would be to decide without further consideration not to undertake a review of the Council's housing management and demand services and for HfH to continue to deliver this. This was rejected since this is an appropriate time to reconsider the Council's housing management and demand services, in particular given the 2021 break clause in the management agreement.
- 5.2. Another alternative option would be to change the way the Council's housing management and demand services are provided without a review. This was rejected to ensure that any decision made by the Council on this matter is based on all the relevant considerations, input from all relevant stakeholders, and independent expert advice from external sources.
- 5.3. Another alternative would be to proceed immediately to a review without further consideration. This was rejected on the basis that – with no review formally required at this stage in the management agreement, and given the resource implications of conducting a review – it would be important to give further consideration to the advantages and disadvantages of a review before deciding whether to proceed.

6. BACKGROUND INFORMATION

Background to the ALMO

- 6.1. The Council has a housing stock of c.20,000 homes across the borough. It is the landlord of c.15,000 council tenants and c.5,000 leaseholders. The Council is also the Local Housing Authority, meaning it must consider housing needs within its area and provide assistance and accommodation to homeless households within the area.
- 6.2. HfH is the Council's ALMO, and is wholly owned by the Council. HfH manages the Council's properties. It also undertakes other housing responsibilities for the Council, most notably its statutory homelessness service, which transferred into the ALMO in 2014.
- 6.3. The ALMO was set up in 2006. The Council agreed in December 2004 that:
 - The Council would retain ownership of its housing stock
 - The Council would set up an ALMO
 - The whole stock should be managed by the ALMO, but the Council should have a flexible approach to reviewing the need for additional investment at a local level or for a particular type of stock, or where there was a local demand from tenants
- 6.4. Haringey, along with many other councils, established an ALMO primarily in order to access Decent Homes funding, which was only available if authorities set up an ALMO, entered into a PFI or transferred the stock to a Housing Association. It was also part of the wider Government approach to Best Value, with the expectation that these new arrangements would deliver efficiencies. Finally, it was seen as a means to improve resident engagement, with all ALMO Boards required to have one third residents and one third independent members. But it is noted that the main driver for the establishment of an ALMO, Decent Homes funding, has now come to an end.
- 6.5. Following the end of the Decent Homes programme, most London boroughs who had ALMOs have chosen to bring their housing services back in house. In London, this has reduced the number of ALMOs from 20 to 6, with more planned to be brought in-house (see paras 6.16 and 6.17).
- 6.6. Haringey undertook a full review of its ALMO as part of the Future of Housing Review in 2015. The two main conclusions from the review were:
 - To set up a joint venture to deliver large scale new housing in the borough
 - To retain the ALMO for housing management services
- 6.7. Essentially, it was decided that both large-scale delivery of new homes and management of existing homes should sit outside the Council, either through a joint venture - the Haringey Development Vehicle ('HDV') - or through the ALMO. This was a different logic than the simpler 'accessing Decent Homes funding' logic that drove the original setting up of HfH. However, in light of changing circumstances, including the decision not to pursue the HDV, it is appropriate to revisit this analysis and decision.

Homes for Haringey – structure and governance

- 6.8. HfH employs around 570 staff and has a managing director and an executive leadership team of five directors. It also has its own Board, independently chaired, with one third council representatives, one third residents and one third independents. The Board is required to pursue the interests of its residents and the ALMO.

Homes for Haringey – services

- 6.9. HfH provides the following operational housing management services to Haringey's tenants and leaseholders, which are funded through the Housing Revenue Account (HRA):
- Tenancy and leasehold management
 - Estate management on Council housing estates
 - Rent and service charge collection
 - Day to day repairs
 - The HRA capital programme of planned repairs to Council homes such as new kitchens and bathrooms, external works etc
- 6.10. Since 2014, HfH has also taken on the following housing demand services, funded through the General Fund:
- Homelessness services and housing need
 - Procurement and management of temporary accommodation
 - Management of the Housing Register and allocations/lettings
- 6.11. Some services which had previously been carried out by HfH have returned to the Council, such as the property licensing service.
- 6.12. The Council provides a number of support services to HfH and makes a number of corporate recharges. These include:
- Customer services
 - HR
 - IT
 - Finance and accounting
 - Legal services
- 6.13. As well as the corporate services noted above, the Council also works closely with HfH in other areas such as estate cleansing and community safety, where HfH works closely with the Council's Environment & Neighbourhoods Directorate. HfH also maintains a relationship with the Council's adult social care team to ensure a joined-up approach to housing, health and social care.

HfH Management Agreement

- 6.14. The Council and HfH have a management agreement detailing HfH's housing management responsibilities. It also sets the management fee the Council pays HfH

– which is currently £40.1m per annum. The current management agreement runs to 2026, with a break clause in 2021.

- 6.15. In the case of poor performance, the Council also has the option to impose service improvement plans or even take services off HfH (either to recommission or deliver itself). The Council can also terminate the management agreement early. In any case, since the Council is the sole shareholder, it has the power to unilaterally bring any or all services in house and/or end the management agreement at any time it chooses.

Other options for housing services – direct delivery

- 6.16. An alternative to the ALMO delivering housing management and housing demand services is for these services to be delivered by the Council directly. Fourteen London boroughs have stopped using an ALMO and have brought these services in-house, as shown in the table below.

Local Authority	Former ALMO	Date brought in-house
Brent	Brent Housing Partnership	Oct 2017
Ealing	Ealing Homes	Mar 2011
Enfield	Enfield Homes	Apr 2015
Hackney	Hackney Homes	Apr 2016
Hammersmith & Fulham	H & F Homes	Mar 2011
Havering	Homes for Havering	Sep 2012
Hillingdon	Hillingdon Homes	Oct 2010
Hounslow	Hounslow Homes	Mar 2015
Islington	Homes for Islington	Mar 2012
Kensington & Chelsea	Kensington & Chelsea TMO	Mar 2018
Lambeth	Lambeth Living	Jun 2015
Newham	Newham Homes	Apr 2011
Redbridge	Redbridge Homes	Jul 2012
Waltham Forest	Ascham Homes	Dec 2015

- 6.17. Six London boroughs, Barnet, Sutton, Lewisham, Tower Hamlets, Westminster and Haringey currently manage their housing stock through an ALMO, although Westminster will be bringing its housing management in-house on 1 April 2019.
- 6.18. In practice, bringing the housing management and housing demand services in-house would mean that HfH’s staff would be transferred to the Council, and its senior management would be subsumed into the Council’s senior management structure, with some adjustments to that structure likely in order to accommodate the change. The management fee would be terminated.

Other options for housing services – changing HfH’s remit

- 6.19. Another alternative to the ALMO delivering housing management and housing demand services would be for some of these services to be delivered by the Council and others to remain with the ALMO. In the event of a decision being made for some or all housing services to be brought in-house, it would be possible for this to be done as a phased approach.

Other options for housing services – stock transfer

- 6.20. A final alternative to the ALMO delivering housing management services would be for the Council's housing stock to transfer to a housing association. This would mean that the Council's housing stock would be owned and managed by a wholly external organisation and staff would be transferred to the housing association. There would therefore no longer be a need for HfH's housing management services. In this case, the housing demand service would either remain with the ALMO, be brought back in-house, or be commissioned from a third party provider.

Consideration of a review

- 6.21. It is proposed that further work be done to consider whether a full review of the provision of these services is justified, and – if so – to consider and make recommendations on the scope, methodology, resourcing and timescale for that review.
- 6.22. This consideration will need to take account of the factors set out in paragraphs 5.1 to 5.3 above, essentially balancing the merit of conducting a review (for example in advance of the 2021 break clause in the management agreement) against any potential or disadvantages (for example the commitment of resources to such a review). While no fixed timetable is proposed for this consideration, it is not expected to take more than a few months, and the process that follows will depend on the outcome.

The review – issues and options

- 6.23. If a review does proceed, the following factors will be important considerations in its being carried out:
- The review will need to consider the services currently provided by Homes for Haringey in the context of the full range of Haringey's services, including those housing services and other relevant services currently provided in the Council, in order to ensure that the recommendations are coherent in that wider context.
 - The review will need to consider these services, and options for their future provision, in the wider context of the Council's ambitions and emerging proposals for insourcing more generally, in order to ensure that its recommendations are consistent with and complementary to that wider insourcing programme.
 - The review will need to be clear from the start about how the alternative options should be considered. The review may – for example – take a phased approach, discounting some of the options relatively early on, to focus in more detail on two or three preferred options.
 - The review will need to outline a proposed action plan and timeline for the implementation of the preferred option, if this differs from the current service management, which takes account of the potential impact of any change management process associated with implementing the recommended approach.
 - The review may be undertaken by an external organisation, if the Council considers that it lacks the necessary capacity, expertise and/or experience in

this area. The Council may also consider that an independent assessment would add value to the review.

- The review would need to consider the options – and make recommendations – based on a number of criteria. These will be developed further in the run up to the start of the review, but could include some or all of: Alignment with the Council’s corporate objectives; Performance; Cost effectiveness; Efficiency, (including speed and quality of decisions and implementation, clarity of responsibilities, and integration of housing management/housing demand with other Council services); Accountability (including direct accountability to residents through elected members, and accountability to key stakeholders in the service including tenants, leaseholders and homeless households).
- Consideration would need to be given to how the review should draw on information about provision of housing services in other local authorities, and how it will include engagement with stakeholders, including: Haringey elected Members and relevant members of the Council’s senior leadership team; the HfH Board, senior leadership and staff; HfH tenants and leaseholders, and individuals and households accepted as homeless by the Council.
- In the event of a recommendation that HfH cease to manage the Council’s homes with an alternative being recommended, further consultation with tenants and leaseholders – including a statutory s105 consultation – would have to take place, and be factored into any proposed timescale.

6.24. If a review is undertaken, it is expected that Cabinet would make further decisions on the future of housing management and housing demand services based on its recommendations.

7. CONTRIBUTION TO STRATEGIC OUTCOMES

7.1. This decision supports priority 1 ‘housing’ in the newly adopted Borough Plan, that is the commitment to deliver *“A safe, stable and affordable home for everyone, whatever their circumstances”*. The Borough Plan is clear that the value of this home goes far beyond simply meeting housing need, stating that *“By ensuring every resident has a safe, stable and affordable home, we ensure they can participate in community life and achieve their full potential, and in turn build communities in which everyone can thrive, side by side, as equals”*.

7.2. It also supports priority 5 ‘your council’ and its ambition that Haringey should become *“an exemplary modern Council”*. This priority goes to to say that *“We must ensure that the work we do is efficient, astute and based on evidence; that it is focused on and responsive to our customers, residents and businesses; and that we employ, inspire and cultivate an engaged and committed workforce”*. The recommendations in this report are very much based on those principles.

7.3. In particular, it supports the third outcome in the housing priority, which states: *“We will work together to drive up the quality of housing for everyone”*. This includes two key aims, which are central to the purpose of this report, ie to: *“Improve the quality of Haringey’s council housing, including by ensuring that a minimum of 95% of homes meet the Decent Homes Standard by 2022”* and to: *“Improve residents’ satisfaction with the service they receive from Homes for Haringey to be in the top quartile for London (78%) by 2022.”*

8. STATUTORY OFFICER COMMENTS

Finance

- 8.1. This report seeks approval to further consider whether a review of the Council's housing management and demand services should take place
- 8.2. The Housing Revenue Account, HRA, is a ringed fenced account with a balanced budget, used for the management and maintenance of HRA stock and for the repayment of HRA debt.
- 8.3. The 2019/20 expenditure budget is set at £85m. £40.1m of this is the management fee paid to the ALMO for the management of housing stock and there is an additional £1.9m for housing demand functions.
- 8.4. There is no financial implication as a result of this recommendation. However, there may be financial implication for the Council if a review is recommended
- 8.5. If a review proceeds, its progress and final findings will be reported in future cabinet reports, and the financial implications of any recommendation will be assessed accordingly.
- 8.6. The estimated cost of any review is not known at this stage. However, it is expected to be contained within the HRA budget.

Legal

- 8.7. The Assistant Director, Corporate Governance has been consulted in the preparation of this report and advises that in view of the fact that the primary Recommendation only seeks authority to consider a review of existing service provision, there are no direct legal implications arising out of the report which would stop Cabinet from approving the Recommendations. In so saying, the existing Management Agreement between the Council and Homes for Haringey places an obligation on Homes for Haringey to *"provide any assistance reasonably needed to enable the Council to review and reconfigure the delivery of the housing service in Haringey ..."*.
- 8.8. Specific advice will be contained in any future report to Cabinet which seeks a change to the existing service delivery model.

Procurement

- 8.9. Strategic Procurement notes the contents of the report and supports the proposed review.
- 8.10. Strategic Procurement will provide support in commissioning any external organisation to undertake the review, as required.

Equalities

- 8.11. 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.

8.12. 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.

8.13. This decision is to consider to a review of the management of the homes of Council tenants and leaseholders, as well as the service provided to homeless households and those who present as homeless to the Council.

8.14. The Council's data shows that there is a higher proportion of women, people with disabilities, BAME people and older people (65+) living in Council housing than in the borough as a whole.

8.15. The Council's data also shows that those who are homeless and who are more likely to be at risk of being homeless are more likely to be:

- Black households who, statistically, make up the vast majority of households in temporary accommodation
- Lone parent households, most commonly headed by women
- Women, who statistically make up the vast majority of individuals who approach the homelessness service for support
- Young people who identify as LGBTQ
- Those with mental health needs

8.16. This decision will benefit the groups above by seeking to ensure that the Council's housing management service and homelessness service are being delivered as best possible. The review will engage with tenants, leaseholders and homeless individuals and households.

9 USE OF APPENDICES

10. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Minutes of meeting of the Executive of 21 December 2004 agreeing the establishment of an ALMO

[http://www.minutes.haringey.gov.uk/Data/Cabinet/20050125/Agenda/\\$Item%2004%20Minutes.doc.pdf](http://www.minutes.haringey.gov.uk/Data/Cabinet/20050125/Agenda/$Item%2004%20Minutes.doc.pdf)

The Future of Housing Review

<https://www.minutes.haringey.gov.uk/documents/s80498/150904%20Part%203%20-%20Future%20of%20Housing%20Review%20-%20Final%20Report%20of%20the%20Independent%20Adviser.pdf>