

Appendix 2

Eastbourne Housing Services

Helping you to be at home in Eastbourne

Briefing Paper: Housing Futures – Options for housing management.

Date: January 29th, 2014






Purpose:

To recap on the options available to deliver housing management and to update Board members on the development of a new EHL option with greater integrated working with the Council.







Options:

Newly developed Option – Retain EHL with responsibility for housing management with greater integration with Council

Brief Description

-  Co-location of team members from both EHL and the Council at the Council's offices at 1, Grove Road – this will reduce office costs.
-  The introduction of new technology and working practices where appropriate – this too will reduce office costs and deliver better customer-friendly working.
-  Sharing some senior executive level managers.
-  Integrated 'back office' services including IT, Human Resources, Legal Services and Financial Management and Administration across EHL and the Council. This would save costs and by reducing the links in the chain for managing such things as the Housing Revenue Account (HRA) encourage quicker, more effective working and reduce the risk of errors occurring during information transfers.
-  A single Customer Contact Centre at the Grove Road office – this would improve the accessibility to the Council by offering a single point of contact for all services and again reduce costs

Assessment of Option Ten





-  Potential to generate savings (circa £1.5m) to the Council split between the General Fund (GF) and the Housing Revenue Account (HRA).
-  Retains EHL and tenant focused governance.
-  Represents value for money for EHL and EBC by reducing overheads.
-  Creates opportunities to improve customer services.
-  Retains a vehicle for securing investment and work from non-Council owned businesses.
-  Bigger operational scale creating opportunities for more effective procurement through combined purchasing power of an integrated GF/HRA spend.

Appraisal of Options One to Nine



A range of options for the future of the Council's landlord role were set out in a paper to the Housing Futures Board in August 2013.

Since then, these options have been explored and appraised by the Council's Housing Services Team with support from the Chartered Institute of Housing and Eastbourne Homes Limited.



This work has taken into account:

-  The views of tenants, expressed via the Board and at the Eastbourne Homes Limited Resident's Conference in October 2013
-  The emerging shape of the Council's overall corporate service delivery strategy, being developed under Future Model
-  A financial viability assessment of the various options
-  The changing shape of the wider housing market and its role in supporting the wider economy





Option 1 – Retain current arrangements with Eastbourne Homes Limited (EHL)

-  EHL has a track record of providing good quality services and that the organisation has wide support from residents.
-  A stand alone EHL option could deliver efficiencies going forward, however, it is recognised that the organisation is relatively small scale and this may not be the optimum way to deliver value for money and safeguard tenants/leaseholders interests.

Option 2 – Expansion of EHL to deliver more services for the Council and other enterprises, both housing and non-housing

-  As noted above, EHL has a good track record of delivery. The company has, to a limited extent, expanded into some new areas of work.
-  Again, due to EHL's relatively small scale it would be challenging to grow, as a stand alone business, whilst ensuring a focus on core housing activity.


Option 3 – Return to Council and full Integration with Future Model

-  Integration of and easier access for residents to all Council provided services.
-  Potential to generate savings (circa £1.5m) to the Council for both the General Fund (GF) and the Housing Revenue Account (HRA).
-  Risk of reduced focus on housing management services.
-  Loss of tenant governance.

Option 4 - Large Scale Voluntary Transfer (LSVT)¹


¹ A Large Scale Voluntary Transfer means that the ownership of the Council's homes will transfer to another landlord, most commonly a housing association. The transfer can be to an existing association or to a new one, set up especially to be the new landlord. This can usually only take place if a majority of tenants vote for such a transfer.


Option 5 – Transfer to Mutually Owned Co-operative²
Option 8 – Tenants exercise their Right to Transfer³


 These options are not financially viable. This is because the value of the Council's housing stock – the amount that could be paid by a purchasing landlord - would not be sufficient for the Council to clear all debts incurred in providing the homes. The higher borrowing costs of a non-public sector landlord would also reduce the amount of money available for maintenance and repair of homes. Opportunity to borrow more money than the Council can for investment.

Option 6 – Shared Service Delivery with other Social Landlords


 Possible service level compromises with partners to secure agreements.


 This option could deliver efficiencies through shared costs and more efficient procurement.


 Risk of contractual inflexibility to manage according to local circumstances.

 At this stage there are no local partners identified.

Option 7 - Out-source/externalise housing management


 Limited market and range of providers.


 Contractual arrangements may lead to reduced flexibility to respond to changing circumstances and needs.

 This option could deliver efficiencies through shared costs and more effective procurement.

 Potential loss of local accountability and control.

Option 9 – Tenants exercise their Right to Manage⁴

 Resilience and capacity to absorb reduction in resources, risk to income and increases in external costs may be compromised.

 May not be optimum way to deliver efficiencies due to relatively small scale of operation.

² A Mutually owned Co-operative would involve the transfer of the ownership of the housing stock from the Council to a new organisation, ownership of which would be vested in the tenants and in some models also employees. It is not dissimilar in concept to building societies which are owned by their members.

³ In July 2013, the Government announced formal proposal to give Council tenants the right to request a transfer of their homes to another landlord. The necessary regulations are expected to be in force by the end of 2013.





⁴ In July 2013, the Government announced proposals to streamline the ability of tenants to take over the management of their homes. The necessary regulations are expected to be in force by the end of 2013.

Appendix A: Outcomes Extract from the Terms of Reference for the Housing Futures Review





Material Considerations

In undertaking and completing the Housing Futures Review, the Housing Futures Project Board and Housing Futures Project Group will take account of the following themes, which should be considered as material considerations:




Community Interests

-  Landlord service and performance past, present and potential, including quality of delivery and customer satisfaction
-  Safeguarding and enhancing the social and economic interests of both today's and tomorrow's tenants
-  Safeguarding the ability of tenants to be actively engaged in the management of their homes
-  Local accountability


Corporate Priorities for the Council

-  Take account of and support the outcomes and ethos set down in the Eastbourne Corporate Strategy, At Home in Eastbourne and the Core Strategy (Planning)
-  Consider all current and future governance and scrutiny arrangements
-  Consider how to mitigate and reduce risks to the Council
-  Take account of stakeholder perceptions and confidence




Value for Money

-  Delivery of efficiencies including relationship where appropriate with the Council's Future Model service delivery framework
-  The impact on the General Fund
-  The impact on the Housing Revenue Account

Provision of affordable and secure homes

-  Enhancing and securing capacity for future investment in existing stock and in new/additional affordable, secure homes

Economic Development

-  Capability, capacity and relevance for delivery of non-social housing projects, including contribution to wider economic development
-  Enhancing and securing capacity for additional future investment in the wider Eastbourne economy
-  Local income generation, service and goods sourcing and employment retention