Body: Cabinet
Date: July 16th, 2014
Subject: Housing Futures
Report Of: Senior Head of Community
Ward(s): All Wards
Purpose: Approve the development of a new Management Agreement for Eastbourne Homes Limited to continue as the Council’s Arm’s Length Management Organisation to manage the majority of Council owned homes for up to 20 years with a review every 5 years.

Decision Type: Key Decision
Recommendation: Cabinet is recommended to:
1. Note the outcome of the Housing Futures consultation undertaken which is in favour of the ‘EHL in Partnership’ option for the future management of Council-owned homes.
2. Approve the development of a new Management Agreement for Eastbourne Homes Limited to continue as the Council’s Arm’s Length Management Organisation to manage the majority of Council owned homes for up to 20 years with a review and break clause every 5 years.
3. Delegate authority to the Senior Head of Community in consultation with the Cabinet Portfolio Holder to enter into the Management Agreement once finalised.
4. Approve a budget of up to £50,000 to complete the Housing Futures project.

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1.0 Introduction

1.1 The Council is responsible for the homes of nearly one in ten of Eastbourne’s households, made up of a mixed portfolio of 3,554 residential and 614 leasehold properties with a programme to add in 2014-2016 to that number a further 43 properties. The Council’s housing stock is currently managed under an agreement with an Arm’s Length Management Organisation (ALMO), Eastbourne Homes Limited (EHL). The current management arrangement for Council-owned homes with EHL has been in place since
2005 and is due to end on March 31st 2015.

1.2 At present the Council pays EHL £6,714,000 per annum to manage and maintain the housing stock on behalf of the Council. In addition to this fee, capital funding is provided to EHL by the Council to carry out improvement works to housing stock. EHL also acts as the Development Agency Service for the Council’s extensive development programme of new Council-owned homes.

1.3 A review of the future of the Council’s role as a social landlord was formally launched in May 2013 with a Housing Futures Board set up to oversee this important project. The Housing Futures Board is made up of Councillors, EHL Tenant Board Members, and the Tenant Chair of Scrutiny. The Council’s Housing Services Team has supported the Housing Futures Board in this task.

1.4 This report updates Members on:

- The outcome of consultation undertaken to inform the future management arrangements for Council-owned homes
- Recommends the development of a new Management Agreement with the current provider of housing management services EHL, for up to 20 years with a review and break clause every five years,

2.0 Consultation Report

2.1 At its meeting on March 19th 2013 (minute Cabinet March 19th 2104 – para. 87.8 refers), Cabinet approved formal consultation with residents – tenants and leaseholders - of homes managed or supported by EHL on two options for the future management of their homes. These were:

- EHL in Partnership
- Direct Management by the Council

2.2 Considerable work was undertaken in the pre-consultation period to pave the way for the exercise. The original nine options were discussed by the Housing Futures Board. This helped further development of viable options, including for example the desire for the housing stock to remain in the ownership of the Council.

2.3 Discussions then took place with residents on the way the formal consultation on the two workable options should be taken forward. This included such matters as the channels through which people could share their views and the style and design of the information material.

2.4 The work included:-

- Community Consultation drop-in sessions across Eastbourne.
- Individual mailshot to all residents including a covering letter and booklet.
- Presentations to all Area Panels.
- Presentations to all Sheltered Housing Schemes within Eastbourne.
- Presentation to the Retirement Housing Panel.
- Presentation to Leaseholder Panel.
- Presentation to Disability Involvement Group.
- Home visits to discuss the options with individual tenants and leaseholders.
• Information leaflet detailing the options.
• Online survey.
• Dedicated web page.
• Dedicated e-mail address.
• Dedicated telephone number.
• Series of ‘Update Meetings’ with tenant and leaseholder representatives and Eastbourne Council Officers.
• Consultation to obtain an aggregate of tenants preferred option.
• Consultation to obtain an aggregate of leaseholders preferred option.

2.5 The consultation process called ‘Have Your Say’ – took place between April 2014 and June 2014. It was wide-spread and made every effort to reach all tenants and leaseholders.

2.6 The outcome of the consultation is summarised below:
• The total number of responses returned by Tenants and Leaseholders was 547, representing 13.4% of the total number of residents consulted.
• ‘EHL in Partnership’ received a total of 435 preferences; this represents 80%* of returns.
• ‘Direct Management by the Council’ received a total of 109 preferences; this represents 20%* of returns.
• 0.5%* respondents did not indicate a preferred option.

(*percentages rounded to nearest whole number)

2.7 The views of the majority of residents are in support of the Council’s preferred option of ‘EHL in Partnership’.

2.8 The outcomes of the consultation are to be shared with all respondents, by e-mailing and writing to those who gave contact details to the Council, by publishing a full report on the consultation process on the Council’s website and making a hard copy of the report available at the Council’s offices in Grove Road. The report on the consultation process is attached to this report as Appendix A.

2.9 The consultation process has been quality assured by the Consultation Institute, which has signed off the first three stages of the consultation process. The remaining stage is expected to be signed off when the feedback to residents is completed. Engaging and taking advice and guidance from the Consultation Institute throughout ‘Have Your Say’ has helped make sure that the consultation has been fair and comprehensive and that its outcomes reflect the views of residents.

2.10 Cabinet is therefore recommended to:

1. Note the outcome of the Housing Futures consultation undertaken which is in favour of the ‘EHL in Partnership’ option for the future management of Council-owned homes.

3.0 Taking forward ‘EHL in Partnership’

3.1 Cabinet has previously signalled that the preferred option, subject to consultation, would be to take forward the EHL in partnership. To take this forward, the Council and EHL now need to develop an appropriate
Management Agreement to reflect ‘EHL in Partnership’s’ commitments while at the same time supporting the development of the Council’s own wider Future Model service delivery plans and working in accord with the ethos of the Council’s housing strategy ‘At Home in Eastbourne’.

3.2 The agreement needs to reflect the nature of the relationship between EHL and EBC. This will include:

- Co-location of team members from both EHL and the Council at the Council’s offices at 1, Grove Road to reduce costs.
- Sharing some senior level professionals/managers to reduce costs.
- Integrating ‘back office’ services including IT, Human Resources, and Financial Management and Administration across EHL and the Council.
- A single Customer Contact Centre at the Grove Road office.
- Potential to generate savings (up to £1.5m) to the Council split between the GF and the HRA (subject to final decisions on level of integration/sharing).

3.3 To make sure that the new management agreement can be drawn up in a timely way, for implementation by/before April 1st 2015, and that it closely reflects the needs of the Council, development of the revised Management Agreement will be undertaken by the Council’s Legal and Housing Services teams. External expertise will be called upon when required to provide the necessary degree of protection of services, performance and outcomes whilst ensuring all legal requirements are satisfied and that the Council’s statutory responsibilities will be met.

3.4 The proposed agreement is for a 20 year period with a break clause after every 5 years. This will provide EHL with security to plan and invest sufficiently far ahead, trade effectively and provide reassurance for subcontractors, while allowing the Council to consider changes at 5 yearly stages.

3.5 Cabinet is therefore recommended to approve:

- Approve the development of a new Management Agreement for Eastbourne Homes Limited to continue as the Council’s Arm’s Length Management Organisation to manage the majority of Council owned homes for up to 20 years with a review and break clause every 5 years.
- Delegate authority to the Senior Head of Community in consultation with the Cabinet Portfolio Holder to enter into the Management Agreement once finalised.

4.0 Legal and Financial Implications

4.1 A local authority is able to delegate the authority’s housing management function to a third party but must obtain the consent of the Secretary of State by virtue of Section 27 of the Housing Act 1985. The preferred option of ‘EHL in Partnership’ will mean a replacement Management Agreement and will therefore require an application to be made to obtain the consent of the Secretary of State. As part of the application the Council will be required to give a summary of the consultation that has taken place with tenants and to
show evidence of the support for the Council's proposals.

4.2 The proposed life of the new Management Agreement carries a number of significant, inherent financial risks, including but not limited to variations in demand and income levels, prices, Government policy and treasury management risks. The new Management Agreement will therefore be carefully structured to manage the Council’s exposure to these risks.

5.0 Next Steps

5.1 The Housing and Legal Services team will work with EHL to develop the principles, details around service expectations and value for money commitments that will inform and underpin the new Management Agreement. This will include how EHL can positively contribute to the outcomes set out in ‘At Home in Eastbourne’. Particular attention will be paid to:

- Providing homes for Eastbourne – support the Council’s investments in the wider economy, regeneration initiatives and additional accessible, secure homes.
- Finding and keeping a home in Eastbourne - delivering customer-focused services that provide what is important to residents
- Improving the quality of homes in Eastbourne – developing and delivering cost effective long term asset management of the Council’s homes, with particular attention to fuel efficiency and reducing future repair liabilities
- Enjoying homes and neighbourhoods in Eastbourne – with a focus on improving the appearance and ambience of housing estates across Eastbourne and increasing leaseholder satisfaction.

5.2 The scope of services will be renewed on an annual basis to ensure that EHL continues to support the Council’s priorities, supported by an annual Action Plan, which will be produced and agreed with the Council prior to the start of each year. This will detail the actions that EHL will take in the forthcoming year to meet agreed Performance Targets, to be set out in a Performance Framework integrated into the new Management Agreement.

6.0 Resource Implications

6.1 To complete the work to develop the management agreement and contractual issues, the costs are estimated to be up to circa £50,000. However this will depend on the exact nature of any support procured.

6.2 Cabinet is therefore recommended to:

- Approve a budget of up to £50,000 to complete the Housing Futures project.

6.3 Looking ahead, if the new Management Agreement includes changes to the duties delegated to EHL the management fee may need to be revised to reflect these. However, it is not possible to quantify the effect until the revised agreement has been developed.

6.4 The approved Housing Revenue Account Business Plan currently indicates that the Council will have sufficient resources over the next 30 years to fulfil
its capital expenditure, management and maintenance obligations. To maintain this situation, the new Management Agreement will be carefully structured so that it does not result in a significant increase in total expenditure.

7.0 Equality and Fairness

7.1 Equality and Fairness has been and will continue to be an on-going consideration in regard to the development of Housing Futures. As such, and conforming to The Consultation Institute's quality assurance requirements, a phased approach to equality analysis was agreed.

7.2 An analysis was carried out in respect of the two options consulted on and their potential impact on our residents and leaseholders; this was available for public comment throughout the consultation period. The analysis found that there were no significant equality implications or detrimental impacts associated with either option. As work on the Management Agreement and any associated activity related to Future Model progresses, these too will be subject to an on-going Equality and Fairness Assessment.

7.3 The Management Agreement will be subject to a final Equality and Fairness Analysis, which will be reported to the Cabinet Portfolio Holder for Community when the final agreement is presented for approval. This will also analyse the impact of this change on our employees and those of Eastbourne Homes Limited.

8.0 Other Implications – Environmental, Human Rights, Community Safety

8.1 The completion of the Housing Futures project will give the Council greater scope to deliver its wider role of community well being. Better homes and high quality housing management help to reduce crime, improve the environment and contribute towards human rights by helping people secure a safe and secure home.

9.0 Youth and Anti-Poverty

9.1 Housing problems faced by young people, including those who want to rent accommodation or buy a home, are becoming increasingly clear to the Council. Maintaining a strong housing and landlord role, with a management service that supports the ethos and outcomes of ‘At Home in Eastbourne’, will help the Council to improve the housing options and choices available to young people.

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**Background Papers:**

Equality and Fairness Analyses

**Appendices**

Appendix A: Consultation Report