

Report to:	Cabinet
Date:	20 March 2024
Title:	Options on the future model for the management and maintenance of Eastbourne Council Housing
Report of:	Robert Cottrill, Chief Executive
Cabinet member:	Councillor Peter Diplock, Cabinet Member for Housing and Planning
Ward(s):	All
Purpose of report:	Following public consultation to agree the preferred option for the delivery of Eastbourne Council Housing
Decision type:	Key
Officer recommendation(s):	<p>(1) That Cabinet agree approve the termination of all the existing arrangements between the Council and Eastbourne Homes Limited in respect of the Council's housing service which shall in future be provided and governed directly by the Council.</p> <p>(2) That the Deputy Chief Executive, in consultation with the Monitoring Officer and s151 Officer, and in consultation with the Cabinet Member for Housing and Planning, be given delegated authority to undertake the necessary arrangements to give effect to (1) above including the negotiation and signature of any necessary agreements and the establishment of an advisory body to assist the Council in the governance of its housing service.</p>
Reasons for recommendations:	The consultation feedback clearly demonstrates support for a transition to an in-house governance of housing services.
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1 Introduction

1.1 In November 2023, Cabinet received a report considering future options for the delivery of council housing services. At that meeting it was agreed that a

consultation exercise with tenants and leaseholders should be undertaken to seek their views, in line with relevant legislation.

- 1.2 This report informs Cabinet on the results of that consultation exercise (appendix 1) and seeks members endorsement of the proposed way forward.

2 Proposal

- 2.1 Members will recall Cabinet's approval in November 2023 to undertake a consultation exercise with tenants of Eastbourne Homes Ltd with regard to the future responsibility for delivering housing services. This proposal followed the conclusion of a high-level internal assessment which noted alternative options offering the Council opportunities to respond to revised national regulatory and legislative requirements.
- 2.2 The consultation has taken place. We are now seeking Cabinet agreement to the officer recommendations to terminate the existing arrangements with Eastbourne Homes Limited and in so doing take back in-house responsibility for the governance of the Council's housing service, and give delegated authority to the Deputy Chief Executive, in consultation with the Monitoring Officer, s151 Officer and in consultation with the Cabinet Member for Housing and Planning to undertake the necessary arrangements.
- 2.3 Subject to members' agreement, officers will then work with the Cabinet Member for Housing and Planning, current Eastbourne Homes Board members and tenants to develop subsidiary governance arrangements which will operate underneath the Council's executive powers. This will include a transitional arrangement whilst the formalities of winding down and dissolving Eastbourne Homes Ltd are finalised.

3 Outcome expected and performance management

- 3.1 The new subsidiary governance arrangements will be advisory enabling Cabinet to make executive decisions based on tenant engagement. This approach supports the new Social Housing Regulatory Code and associated Consumer Standards. The new proposed code of practice stating that '... councillors of registered providers should assure themselves that tenants' views have been actively sought and considered, as part of their decision-making about their organisation's landlord services'.
- 3.2 The new governance arrangements will address the recommendation from the Regulator of Social Housing following their pilot inspection in Eastbourne to review and simplify the governance arrangements, support transparency in the decision making process, a focus on the Tenant Satisfaction Measures and streamline administrative processes.
- 3.3 In addition, the LGA peer challenge in 2022 encouraged the Council to simplify its arrangements with regard to the number of companies it operates.

4 Consultation

- 4.1 The consultation exercise on the proposal to consider future options for the delivery of housing services involved a range of engagement opportunities from online and hard copy surveys, face to face meetings and individual appointments. Notice of these opportunities was provided on the Council's website and in the tenants' newsletter which was sent to all Council housing tenants.
- 4.2 Detailed feedback from the consultation survey is included in appendix 1. Of the 82 respondents, 71% agreed with the proposal to bring governance of Eastbourne Borough Council housing services back into the Council; 23% neither agreed or disagreed and 5% disagreed.

5 Corporate plan and council policies

- 5.1 The corporate plan for 2024 – 2028 expresses the importance of the Council 'needing to ensure regulatory and legislative compliance to ensure the Council owned homes remain at a high standard'. It is considered the approach recommended in this report would help to address this issue whilst also achieving significant efficiencies over time.

6 Financial appraisal

- 6.1 This proposed change will result in a combination of cashable and non-cashable savings to the organisation. Bringing the management services back to the Council creates opportunities for some immediate efficiencies and cost avoidance. These could come from reducing the cost of governance, corporate, finance and by integrating services and are estimated at a minimum of £170k per annum.
- 6.2 There will be one-off costs to manage the process of bringing the service back which are expected to be recovered within two years from the savings generated, after which the cost of running the service will be lower than it would be if Eastbourne Homes continues to provide the service. This saving will be generated within the Housing Revenue Account (HRA).
- 6.3 There will be further opportunities for benefits through sharing and integrating services with the Council. These benefits have not been included in the estimated short-term savings but will be developed as services are transferred to the Council.

7 Legal implications

- 7.1 The current arrangements with Eastbourne Homes Limited date back to 2005. Under these arrangements, the Council remains the owner of the housing stock and therefore the legal landlord, but Eastbourne Homes Limited are responsible for the management of the housing stock. This arrangement is currently governed by a 20-year management agreement, which runs from 2015-2035,

with a break clause every 5 years. The management functions other than those relating to governance have been sub-contracted back to the Council.

- 7.2 The next break clause under the main agreement is in 2025 but all of the arrangements can be terminated immediately by agreement between the Council and Eastbourne Homes Limited.
- 7.3 Eastbourne Homes limited will be a party to certain contracts relating to the housing service which may need to be terminated or novated to the Council.
- 7.4 There are certain other residual matters that will need to be dealt with before Eastbourne Homes Limited can then be dissolved as a limited company. There will therefore need to be a transitional period between the termination of its arrangements with the Council and its dissolution.
- 7.5 Whilst Secretary of State approval is no longer required in respect of the contents of this report, the Department of Levelling Up, Housing and Communities will need to be informed.

The Council has discharged its obligations to consult under statute and guidance through the consultation referred to in this report.

8 Risk management implications

- 8.1 These proposals recommend the move from an ALMO arrangement to in-house governance of housing services in the future. This move would not create any significant risk to the council, as the workforce in in-house already and therefore there would be minimal staff change involved. In terms of financial risk, this would be reduced by a move to in-house governance, as the overall costs to the council and to the HRA would be reduced.
- The key risks to transferring the management service arrangements are:
- Interruption to continuity of service to residents, which will be avoided by careful planning and communications.
 - While bringing the Almo back in-house may provide greater flexibility and control for the council, uncertainty during the transfer could result in loss of expertise.

9 Equality Analysis

- 9.1 The consultation with tenants and partners supports the transfer of the governance of the housing management service of the Council's housing portfolio back to the Council. Opportunities to comment on the proposal included face to face meetings, personal contacts, written and online surveys. Eastbourne Homes Ltd has no employees and there cannot therefore be any impact on its staff.

There will be an impact on residents providing more opportunities to be involved strategically to influence and monitor service delivery. We will therefore undertake a full Equality and Fairness analysis once the governance arrangements have been finalised and approved to ensure we are clear on the possible impact on residents with protected characteristics. Through training and

mentoring we will support residents to engage with these new opportunities. We will ensure that when tenants' views are actively sought and considered, our engagement continues to be fully accessible, with opportunities to feedback/ engage face to face, online, in writing with copies in large print, easy read upon request for example, listening to residents' preferred way to communicate with us.

10 Environmental sustainability implications

10.1 This report contains no direct sustainability implications.

11 Appendices

- Appendix 1 – Consultation findings

12 Background papers

The background papers used in compiling this report were as follows:

[Agenda for Eastbourne Borough Council Cabinet on Wednesday, 1st November, 2023, 6.00 pm \(lewes-eastbourne.gov.uk\)](#)