

MUNICIPAL YEAR 2012/2013 REPORT NO. **42A**

MEETING TITLE AND DATE:

Council -
19 September 2012

REPORT OF:

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Health, Housing and Adult
Social Care

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Agenda – Part: 1

Item: 8

Subject: Housing Management Review

Wards: All

Cabinet Member consulted:

Councillor Ahmet Oykener, Cabinet Member
for Housing and Area Improvements

Key Decision 3531

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the results of the test of opinion survey undertaken in June 2012, which formed part of the review of housing management arrangements for the Council's housing stock that outlined possible options for management arrangements from April 2013.

2. RECOMMENDATIONS

Council is asked to approve:

- 2.1 That the Management Agreement with Enfield Homes is revised and extended until March 2015.
- 2.2 That in the event of a cessation or substantial reduction of Decent Homes funding before March 2015, the Director of Health, Housing and Adult Social Care may terminate the Management Agreement with Enfield Homes in accordance with clause 67.3 of the Management Agreement

3. BACKGROUND

- 3.1 The London Borough of Enfield is responsible for the management of 11,162 rented Council owned properties and approximately 4,000 leasehold properties. Management is currently undertaken by the Council owned company, Enfield Homes, through a five year management agreement due to expire at the end of March 2013.
- 3.2 The Council commissioned a review of the effectiveness and efficiency of Enfield Homes and to identify options for management arrangements from April 2013.
- 3.3 An independent housing consultancy firm, Campbell Tickell, was asked to conduct the review. A report detailing the findings of the review was included as an appendix in Report Number 13 (Key Decision 3469) at the 20 June 2012 Cabinet meeting.
- 3.4 This review report sought to facilitate a Cabinet decision on the preferred option for the future delivery of the housing service through the provision of independently assessed performance and financial information.
- 3.5 A significant driver of resident satisfaction is the repairs and maintenance service. This is currently provided by contractors whose contracts are in place until October 2014. Work will commence in 2012 to specify and procure R&M services beyond that date. This process will include extensive consultation and resident involvement in the procurement as well as extensive outward-looking benchmarking of recently procured contracts to ensure that all recent advances and approaches to efficiency and excellent performance are evaluated and considered to produce an improved service for tenants.
- 3.6 The Department for Communities and Local Government (CLG) recently strengthened previously issued guidance for councils considering the future of their ALMO housing management services.
- 3.7 This guidance emphasised the importance of consulting and working with tenants and outlined the possible consultation mechanisms, including questionnaires, telephone surveys and ballots.
- 3.8 The CLG expect that the consultation exercises undertaken by all councils considering the future of their ALMOs should be as comprehensive as that undertaken when originally transferring those functions to the ALMO.
- 3.9 In order that all residents' views were sought on this important issue, Members took the decision to commission an independent survey of all tenants and leaseholders on their views about the current housing service and whether residents preferred current arrangements with

Enfield Homes to continue, or for their housing services to be delivered directly by the Council.

3.10 Resident Consultation: Test of Opinion Survey

- 3.10.1 To ensure compliance with the Council's procurement rules five companies were approached with the same specification and the company that provided the lowest quote (Kwest Research) was awarded the work.
- 3.10.2 Questions used in the survey were based on proposals put forward by Campbell Tickell which were amended after circulation to Cabinet Members, the Chair and vice Chair of the Housing, Regeneration and Growth Scrutiny Panel and Enfield Homes (Chief Executive and Board Members). *See Appendix A.*
- 3.10.3 Equality Monitoring questions are based on the Council's standards.
- 3.10.4 A covering letter and information sheet were developed to provide additional information about the implications of each of the options.
- 3.10.5 The Campbell Tickell report set out four possible approaches for management arrangements post April 2013 (See section 4). Through a process of discussion with key stakeholders, including residents, a decision was taken to narrow the options down in the survey to:
 - a) Extend the management agreement with Enfield Homes
 - b) Transfer management of landlord services back to the Council
- 3.10.6 Survey packs were sent to 15,612 Council tenants and leaseholders (11090 tenants and 4522 leaseholders) on Wednesday 30 May 2012 and the advertised closing date for responses was Wednesday 27 June 2012.
- 3.10.7 Where an organisation held more than one tenancy with the Council (for example, the Saint John of God Hospitaller Service has over 60 tenancy agreements), only one questionnaire was sent to the organisation.
- 3.10.8 Each respondent that completed and returned their questionnaire was entered into a prize draw for one of four prizes of £250 of Tesco vouchers to encourage maximum participation in the survey.
- 3.10.9 The survey was promoted through the Enfield Homes and the Council's websites; full page adverts in the Enfield Independent and Enfield Advertiser (Thursday 31 May 2012); an article in Housing News; posters placed within blocks on housing estates; a recorded reminder on Enfield Homes' automated customer service telephone greeting and reminders as part of Enfield Homes' e-mail signatures.

3.11. Test of Opinion Results

3.11.1 A final report on the results of the survey is available in the Members' Library and group offices. Notwithstanding the overall response rate, it is important to note that not all of the respondents answered all of the questions and so each question has its own response rate.

3.11.2 Overall there was a 38.47 per cent response rate from tenants and leaseholders with over 6000 responses in total (41.8 per cent of tenants and 30.3 per cent of leaseholders). This response rate is considered very high for a postal survey and gives an accuracy level of plus or minus one per cent if applied to all 15,600 tenants and leaseholders

Replied To Survey (Percentage of Sample)			
Respondent Group	Yes	No	Total Sample
Tenants	41.80%	58.20%	11090
Leaseholders	30.30%	69.70%	4522
Both	38.47%	61.53%	15612

3.11.3 60.70 per cent of tenants were in favour of Enfield Homes continuing to provide their housing service, but the majority of leaseholders (54.4 per cent) preferred a return to Council run services. This equates to 57.32 per cent of residents (tenants and leaseholders who responded to this question) being in favour of continuing with Enfield Homes from April 2013, with 42.68 per cent in favour of returning housing services to the council.

Organisation That Resident Would Prefer To Manage Their Home & Provide Housing Services From April 2013			
Respondent Group	Enfield Homes	Enfield Council	Total Number
Tenants	60.70%	39.30%	4414
Leaseholders	45.60%	54.40%	1273
Both	57.32%	42.68%	5687

3.11.4 72.1 per cent of tenants and 44.4 per cent of leaseholders were either very or fairly satisfied with the overall service received from Enfield Homes. However, 22.26 per cent of respondents were dissatisfied with the service.

Satisfaction With The Overall Housing Service From Enfield Homes

Respondent Group	Very satisfied	Fairly satisfied	Neither	Fairly dissatisfied	Very dissatisfied	Total Number
Tenants	26.40%	45.70%	9.50%	9.20%	9.30%	4071
Leaseholders	5.60%	38.80%	19.90%	17.40%	18.30%	1139
Both	21.85%	44.19%	11.77%	10.99%	11.27%	5210

- 3.11.5 35.56 per cent of residents felt that the service had not changed since April 2008, whilst 41.41 per cent felt it has improved. However 23.42 per cent of respondents felt that the service had declined since 2008.

How Housing Service Has Changed Since April 2008						
Respondent Group	Greatly improved	Improved	Stayed the same	Got worse	Got much worse	Total Number
Tenants	12.40%	33.80%	33.80%	12.60%	7.90%	3751
Leaseholders	2.90%	21.50%	41.80%	19.40%	14.40%	1056
Both	10.31%	31.10%	35.56%	14.09%	9.33%	4807

- 3.11.6 89.95 per cent of residents were aware that their homes had been managed by Enfield Homes since 2008.

Resident Was Aware Their Home Has Been Managed By Enfield Homes Since April 2008			
Respondent Group	Yes	No	Total Number
Tenants	90.10%	9.90%	4083
Leaseholders	89.50%	10.50%	1317
Both	89.95%	10.05%	5400

- 3.12 At a meeting of the Cabinet on the 18th July 2012, the following decisions were taken, contingent on Council approving recommendation 2.1 set out on the first page of this report.

- 3.12.1 That the changes to leadership and governance arrangements (including to the Memorandum and articles of Association) are introduced to ensure Enfield Homes operates in closer partnership with the London Borough of Enfield.

- 3.12.2 That common support services are further reintegrated to provide efficiencies and savings across both organisations.

- 3.12.3 That all opportunities for shared contractual arrangements are rigorously explored and implemented to enhance quality and reduce cost.

- 3.12.4 That Enfield Homes improves the service received by Ward Councillors, particularly in respect of housing enquiries and complaints.
- 3.12.5 That Enfield Homes and the Council jointly review and improve the satisfaction of leaseholders with their housing services.
- 3.12.6 To work with stakeholders to agree a smooth transition to a successful Council led Housing Service after the expiry of the Enfield Homes Management Agreement in 2015, subject to a further review in 2014.

4. OPTIONS CONSIDERED

- 4.1 **Option One:** The Enfield Homes management agreement is extended with certain specified changes;
- 4.2 **Option Two:** The housing service is brought back in-house;
- 4.3 **Option Three:** An optimised ALMO is created to either take over additional Council services, share Council services, or create a “super ALMO” with neighbouring ALMOs;
- 4.4 **Option Four:** Transfer stock on a whole stock basis to an independent registered provider or a partial transfer to facilitate area/estate regeneration; plus consideration of the “CoCo variant” and a “long lease” option.

5. REASONS FOR RECOMMENDATIONS

- 5.1 As the management agreement with Enfield Homes expires at the end of March 2013 a decision is required about future housing management arrangements beyond that date.
- 5.2 The recommendation for providing a time limit [March 2015] to the extension of the Management Agreement serves to acknowledge the achievements of Enfield Homes since 2008 and co-ordinates the use of an ALMO for delivery of housing management functions with the completion of the externally funded decent homes programme which is also due to complete in March 2015.
- 5.3 The Council and Enfield Homes will apply changes to the leadership and governance arrangements (including the Memorandum and Articles of Association) which will ensure closer joint working for the benefit of residents.
- 5.4 Efficiencies and reduced costs will be created by the sharing of services between the Council and the ALMO, along with the exploration of the opportunities to share contractual arrangements. This work will be completed in 2013.

- 5.6 In consultation with Members during the review of housing management arrangements it was clear that there was a level of dissatisfaction with the handling of Members' enquiries by Enfield Homes. The Council and Enfield Homes will work jointly to improve this service following consultation with Members on any weaknesses that need to be addressed.
- 5.7 As the test of opinion survey highlighted a disparity in the satisfaction levels between tenants and leaseholders, Enfield Homes and the Council will work closely together to understand the reasons for this and devise an action plan to improve leaseholder satisfaction with housing services.
- 5.8 The Council will work with key stakeholders and Enfield Homes to agree the shape of the Council led service and also ensure the smooth transfer of the housing management service back to the Council, subject to a further review in 2014.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES DEPARTMENT

6.1 Financial Implications

- 6.1.1 The Campbell Tickell review sets out four principal options (as summarised in section 4) for the future management of the housing stock and estimates the financial implications of the different options where possible. The survey included only option 1 (Extend the management agreement with the ALMO) and option 2 (Bring the service under direct Council control)
- 6.1.2 **Option One:** The review includes estimates of savings from retaining the ALMO. These total £333k, however this includes £94k from sharing financial services which has already been implemented in 2012/13 and £133k from the council clienting side which is already in progress. The remaining £106k relates to sharing the HR function and EH internal clienting. The review also notes it is expected that EH would continue to deliver annual efficiency savings
- 6.1.3 **Option Two:** The review estimates that savings from bringing the ALMO back in house would be at least £400k and potentially £541k. This is due to savings from deleting the chief executive post and the governance function, further accountancy savings, HR savings and a review of senior management. There may be one off costs from bringing the ALMO back in house e.g. redundancy but it is not possible to quantify this at this stage.
- 6.1.4 The cost of the survey and the review has been funded from existing HRA resources.

6.2 Legal Implications

- 6.2.1 Under Local Government Act 1999 a best value authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness. A review of the arrangements for housing management of its Council stock helps to ensure that this duty is met.
- 6.2.2. Section 8 of the Housing Act 1985 places a duty on local authorities to review and provide housing in their area. By section 27 of the same Act, a local authority may enter into a management agreement with another organisation to manage its housing stock. Arm's length management of local authority housing became a stated Government housing policy on the publication of the Housing Green Paper 2000, Quality and Choice. The aims of ALMOs were to ensure that local authorities invest their housing resources efficiently and strategically, while housing services to tenants meet demanding targets for improvement. The ALMO's primary objective is to achieve the Decent Homes target across the local authority housing stock that they manage.
- 6.2.3 Communities and Local Government issued guidance in December 2011 with regards to Councils considering the future of their ALMO housing management services. The guidance makes it clear that a Council does not need to seek the Secretary of State's permission if considering bringing the service back in house but in the interests of fairness and consistency rigorous consultation should take place with the tenants which is no less rigorous than that when the service was recommended for transfer to an ALMO. The guidance also requires that a comprehensive risk assessment is undertaken.
- 6.2.4 In addition to the above, section 105 of the Housing Act 1985 requires local authorities to consult tenants on matters of housing management. It is noted that some consultation has taken place.
- 6.2.5 An Equality Impact Assessment should be carried out at an early stage of any plans to change or remove a service, policy or function, and should be an integral part of service planning and policy development.
- 6.2.6 The current Management Agreement between the Council and Enfield Homes, dated 1st April 2008 contains the necessary provisions to enable the Council to amend the contractual arrangements including extension provisions. The Company documentation such as the Articles of Association will need to be amended in accordance with the Companies Act 2006 and any amendments thereof. Such amendments/extensions will need to be in a form approved by the Assistant Director of Legal Services.

- 6.2.7 The procurement of any goods/works/services such as the appointments of any consultants to assist, or the new procurement of R&M services will need to be in accordance with the Councils Constitution, in particular Contract Procedure Rules and EU requirements.

6.3 Property Implications

- 6.3.1 It is good asset management practice to regularly review the methods and approach of managing stock to ensure that the management best meets the service needs; which in this case is management of the Council's housing stock on behalf both tenants and leaseholders.

7. KEY RISKS

- 7.1 Enfield Homes is the most recently formed ALMO nationally. The primary purpose in forming the ALMO was as a special purpose vehicle for receiving decent homes funding and implementing the decent homes programme of works. This programme is not due to be completed until April 2015. Only one ALMO nationally (Newham Homes with one year to run) has been brought back in-house before completion of their DH programme. Funding of the DH programme is now administered by the GLA who base future funding on past performance. There is therefore a risk that bringing the housing service in-house before the conclusion of the DH programme risks full payment of the remaining £26.6m of DH funding for years 2013-15.

It should be noted that the Coalition Government specifically revoked the former requirement that only local authorities with an ALMO could access decent homes funding.

- 7.2 As with all organisational change, bringing all or part of the service back in-house has some associated risks. The potential for staff demotivation, potential loss of performance and process risks in, for instance, the TUPE procedure, will be managed through sound change management processes to minimise disruption and to ensure continued improving housing management services.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

A survey of all Council tenants and leaseholders was considered the most effective way to ensure that all Council tenants and leaseholders had an opportunity to comment on the future housing management arrangements. The involvement of all Council tenants and leaseholders ensured that the process was as transparent and as fair as possible.

The proposal for the future delivery of the housing management service is not likely to have any immediate impact on customers as the scope of the services will not change. When any changes are made to the way that the service is delivered, appropriate impact assessments and

monitoring will be undertaken to ensure that they do not result in an adverse effect on the levels of service.

8.2 Growth and Sustainability

Whichever future housing management arrangements are deemed to best serve the interests of residents, growth and sustainability of the stock and the service will be governed through the HRA 30-year business plan and underpinned by the Asset Management Strategy.

8.3 Strong Communities

Excellent housing management and high quality housing stock are key components of strong communities. It is also anticipated that tenant and leaseholder participation in decision making will either continue under the ALMO model, or be incorporated in an in-house model to further promote strong local communities.

9. EQUALITIES IMPACT IMPLICATIONS

Corporate equalities advice is that an equalities assessment/analysis is neither relevant nor proportionate because there will be no immediate impact on customers and the service will continue to be delivered in compliance with the corporate Equality Opportunities Policy. If the decision is made to make amendments to the service that require changes to processes or a staff restructure, the appropriate Equality Impact Assessments/Analyses will be carried out.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

There are robust performance management arrangements in place for housing services delivered by Enfield Homes. It is anticipated that these will continue during 2012-13. The performance management framework governing performance of repairs and maintenance contractors has been made more stringent since April 2012 and this will continue to be monitored closely.

Should these services be taken back in-house in April 2013, performance management arrangements will be put in place that reflects this change.

11. HEALTH AND SAFETY IMPLICATIONS

It is not anticipated that there will be changes to the health and safety arrangements in place at Enfield Homes, such as fire risk assessments and Construction Design and Management, should there be a transition to the Council.

Background papers:

Updated guidance for councils considering the future of their ALMO housing management services. – CLG December 2011