

Meeting: COUNCIL

Portfolio Area: Housing

Agenda Item:

2

Date: 22 SEPTEMBER 2011

HOUSING FUTURES: MANAGEMENT OPTIONS APPRAISAL

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1 PURPOSE

- 1.1 To consider a recommendation for the return of housing management services currently being undertaken by Stevenage Homes Ltd to the Council, having regard to the results of the tenants test of opinion and the conclusions and recommendations of the Housing Options Appraisal Steering Group.

Members are requested to read and consider the following reports (attached as appendices) in order to gain a full appreciation of the issue:

Appendix A consult CIH's "Final Report to the Steering Group, 7th Sept 2011"

Appendix B Open Communities' "Final report to FoSTA & Stevenage Borough Council"

Appendix C Voluntas' "Test of Opinion Survey, August 2011"

Appendix D Stevenage Homes' "Road Map to Change"

Appendix E consult CIH's "SBC Housing Futures Project Options Appraisal Equalities Impact Assessment"

2 RECOMMENDATIONS

- 2.1 That the outcome of the tenant and leaseholder test of opinion be noted.
- 2.2 That the conclusions and recommendations of the final report of the Housing Options Steering Group be noted.
- 2.3 That having taken account of those considerations in 2.1 and 2.2 above that the services currently being undertaken by Stevenage Home Ltd on behalf of the Council and set out in the Management Agreement are returned to direct management by the Council.

- 2.4 That subject to 2.3 above, officers are authorised to negotiate a return of services in the said Agreement carried out by Stevenage Homes Limited on behalf of the Council on 1 December 2011, subject to the agreement of its board.
- 2.5 That officers are authorised to work with Stevenage Homes Limited's board members and staff to take all necessary steps to return those services to the Council leaving the company dormant.
- 2.6 That officers are authorised to review contracts entered into by Stevenage Homes Limited and seek to novate or otherwise transfer to the Council those required for service delivery.
- 2.7 That subject to recommendation 2.5 above, officers be authorised to consult with Stevenage Homes Ltd's staff and to take all other steps to comply with the Transfer of Undertakings [Protection of Employment] Regulations 2006.
- 2.8 That the Chief Executive, in accordance with Officer Employment Procedure rules and Managing Organisational Change policies and subject to 2.7 above, create a detailed structure for a new integrated Housing service, including any necessary post deletions, and implement this structure following appropriate consultation.
- 2.9 That a comprehensive review of tenant and leaseholder engagement with a focus on developing real and meaningful empowerment in line with national standards be carried out. A supplementary estimate of £150,000 is requested to fund this work.
- 2.10 That a governance and scrutiny structure for housing which ensures tenants and leaseholders are central to decision making is established in line with best practice with any required amendments to the Council's constitution being presented to the Council at its meeting on 7 December 2011.
- 2.11 That a time-limited 'housing commission' is established to review best practice in the retained management sector, to keep emerging models of management under review and to consider the wider issues of housing provision within Stevenage. Delegated authority to decide the membership of this commission be given to Strategic Director Community in consultation with Executive Members.
- 2.12 That Richard Protheroe be appointed as the Council's representative as a member of Stevenage Homes Limited effective from 29 September 2011 in place of Marcel Coiffait.
- 2.13 That the Council Members authorise the Council's representative to make such changes as may be necessary to Stevenage Homes' company structure to facilitate the recommendations set out above.

3 BACKGROUND

- 3.1 The Council's Arms Length Management Organisation (ALMO) Stevenage Homes Limited, was established in 2006 as a vehicle to access Government financial support and bring homes up to the Decent Homes Standard. Having achieved a 2* rating from the Audit Commission in 2009 a £55 million, five year, programme of capital investment was secured.
- 3.2 Through the Localism Bill the Government proposes to introduce changes to the way council housing is funded from April 2012, with the introduction of 'self-financing' and the need for individual Councils to produce viable 30 year business plans. Base-line studies of the investment needs of Stevenage Borough Council's homes and the income available to fund these needs over 30 years has highlighted a significant capital shortfall of around £ 110 million.
- 3.3 In January 2011 the Government required Councils to re-bid for outstanding Decent Homes funding and as part of this process removed the requirement for Councils to manage their Decent Homes programme via an ALMO.
- 3.4 Following this change and in response to the rapidly changing context of housing policy in general and changes to the method of funding for council housing in particular, the Council's Executive considered a report in January 2011 seeking to review the management arrangements for the Council's homes. The reasons a review was considered prudent were:
- An ALMO arrangement is no longer a requirement to access future Decent Homes funding.
 - The ALMO model is potentially an inefficient one with duplication of management and processes between SBC and SHL.
 - We are entering a period of fundamental change in Government housing policy and must be able to be flexible in response.
 - A significant capital investment shortfall has been identified which the current arrangements do not address.

The report asked the Executive to identify their preferred delivery models, and sought approval for officers to carry out detailed feasibility studies of these.

- 3.5 The Executive approved detailed analysis and comparison of two options, an in-house service delivery model versus an ALMO arrangement with a modified Management Agreement, both bench-marked against existing provision.
- 3.6 They also approved the establishment of a Steering Group to carry out this work, with delegated authority to the Strategic Director (Community) to carry out a test of tenants' opinion should one be required.
- 3.7 The Steering Group comprised the Portfolio holder for Housing, the Strategic Directors of Community and Resources, the Head of Housing, Partnerships and Communication, the Chair of Stevenage Homes' board, a tenant board member of SHL, the leaseholder board member of SHL and the Chair of the Federation of Stevenage Tenants' Associations (FoSTA).

- 3.8 Consult CIH, the consultancy arm of the Chartered Institute of Housing were commissioned to support the work of the Steering Group and gathered evidence working in conjunction with staff from both SBC and SHL and consulting tenant and leaseholder groups.
- 3.9 The Steering Group established an agreed set of eight criteria against which the two options were considered once evidence had been gathered, these were:
- Quality of service.
 - Ability to release resources to maintain homes.
 - Ability to deliver efficiencies.
 - Having tenants at the heart of decision making.
 - Ability to deliver more affordable homes.
 - Partnership working.
 - Helping SBC's wider financial position.
 - Meeting SBC's wider strategic objectives.
- 3.10 Consult CIH produced and presented a series of interim reports covering finance, organisational structures and governance and performance. These were drawn together to provide a single report presented to a meeting of the Steering Group in May 2011 at which each option was evaluated against the eight criteria set out in 3.7 above. Details of the findings from these reports can be found within Consult CIH's final report attached at appendix A.
- 3.11 Whilst both options had advantages and risks, as detailed in Consult CIH's report (pages 28 – 31 of Appendix A) on balance the Steering Group determined that its preferred option was to return the housing service to in-house provision by the Council and to subject this preferred option to a test of opinion.
- 3.12 In order to change housing management functions significantly, including returning them to direct Council control, several key activities need to be undertaken. Under section 105 of the Housing Act 1985 local authorities are required to consult their tenants on any change in management arrangements which, in the local authority's opinion, is likely to substantially affect it is secure tenants.
- 3.13 The Department of Communities and Local Government (CLG) issued guidance in June 2006 which confirmed the department's expectations that a Test of Opinion should be undertaken prior to the transfer of housing management from an ALMO where a Test of Opinion was undertaken before the ALMO was set up. Although the Council only has a statutory obligation to consult with secure tenants it was agreed to consult with leaseholders also as a matter of good practice.
- 3.14 In order to ensure every tenant and leaseholder had the opportunity to express their opinion it was agreed, following discussion with tenant representatives, to send a questionnaire to each tenanted and leasehold

household. This document set out the Steering Group's preferred option and the reason it had been selected. In addition because of the innate risk of self-selection within a questionnaire (only people with a particular interest replying) and to ensure responses from different groups within our tenant population were received, a stratified telephone survey designed to give statistical confidence at the 95% limit was conducted by the market research firm Voluntas.

3.15 In order to support tenants and leaseholders in general and FoSTA and the tenant and leaseholder representatives on the Steering Group in particular an Independent Tenant Advisor (ITA), Open Communities, was appointed jointly by the Council and FoSTA. A series of drop-in sessions and a free-phone number were offered by Open Communities to give tenants and leaseholders access to impartial advice, and meetings were held with FoSTA and tenants representatives. Open Communities also analysed the questionnaire results and provided a final report to the steering group, attached at appendix B.

3.16 The results of the test of opinion were as follows:

Questionnaire: 1210 responses received (12.8%)

85% of respondents said they understood the proposed changes well or fairly well.

- 63% tended to or strongly agreed with the proposal.
- 14% tended to or strongly opposed the proposal.
- 20% had no opinion either way.
- 3% did not know.

Telephone Survey: sample of 1413 tenants to give statistically accurate results of +/- 2.4% at the 95% confidence limit.

67% of interviewees said they understood the proposals well or fairly well.

- 42% tended to or strongly agreed with the proposal.
- 11% tended to or strongly opposed the proposal.
- 41% had no opinion either way.
- 6% did not know.

Full analysis of the telephone survey is included in Voluntas' report at appendix C and Open Communities' report at appendix B breaks down the results from the questionnaire further.

3.17 The outcome of the Test of Opinion was considered by the Steering Group in September 2011 and Consult CIH produced a final report on the group's behalf setting out its conclusions and recommendations. This report is attached at appendix A.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 The financial climate in which ALMOs operate has changed. What were previously financial advantages associated with the ALMO option have been removed. For Stevenage the practical implications are that Decent Homes funding is no longer dependant on having an ALMO and that there is no longer any financial or grant advantage to bidding for the development of new houses via an ALMO.
- 4.2 The proposed new policy environment of new flexible models of tenure, affordable rent and new approaches to housing provision combined with cuts to central grants for new housing will place a strong emphasis on the need for a strong strategic and enabling housing role coupled with a landlord service that is able to work positively and closely as a partner in delivering the Council's overall housing objectives.
- 4.3 The Housing Options Steering Group fully considered the two options put forward by the Council's Executive, recommending that the in-house model on balance was that better option. This recommendation was subject to a Test of Opinion and of those who responded a clear mandate for this option was delivered by both tenants and leaseholders.
- 4.4 It is clear from the final report to the Housing Options Steering Group (appendix A) that there is significant duplication in the current ALMO arrangements. Removing this duplication would release financial efficiencies which, whilst not sufficient on their own to solve the shortfall in capital investment required identified in the 30 Business Plan could be used to resolve part of this shortfall (up to £23 million over 30 years).
- 4.5 The total amount that could be released annually through this process is within the range of £ 635,000 to £ 861,000, dependant on the management structure put in place, and whilst there would be costs associated with the change to in-house provision it can be expected that these would be less than the savings made in one year.
- 4.6 The Steering Group also concluded in its initial recommendations that an in-house service could give more opportunity to contribute via partnerships, financially and strategically towards meeting wider Council objectives.
- 4.7 There is potential to provide opportunities for greater linkages to services provided across the Council and with other partners. This could include improved processes, delivery of shared services and partnering arrangements which would in turn lead to improved outcomes for service users.
- 4.8 Whilst not a key driver for this appraisal process there would also be a resultant benefit to the Council's General Fund through the sharing of management in addition to hose savings falling to the HRA, estimated by consult CIH to be £ 120,000 - £199,000.

- 4.9 Conversely the Steering Group agreed that if the decision is taken to bring housing services in-house there is a risk that tenant empowerment, explicitly locked in to the ALMO concept, is reduced. The Independent Tenant Advisor's report (appendix B) however suggests that the current ALMO arrangement in Stevenage has not as yet delivered significantly on enhanced empowerment.
- 4.10 In order to mitigate this risk it is recommended that if the in-house model is chosen, a governance structure in line with the best practice seen in authorities with retained housing management is established. This is likely to include tenants with voting rights sitting alongside elected Members on a scrutiny committee, and would require changes to the Council's constitution.
- 4.11 It is recognised that Stevenage Homes has greatly improved the performance of housing services in Stevenage in achieving the Audit Commission's 2* assessment. However this improvement only represents the improvement seen in the sector generally over the same time period and when benchmarked against other non-metropolitan ALMOs Stevenage Homes' value for money indicators place the ALMO towards the bottom of this group particularly in terms of administration and management overheads.
- 4.12 The report from the Independent Tenants' Advisor, Open Communities (appendix B) suggests that there is a need for a fundamental review of tenant engagement and empowerment practices in order to ensure tenants and leaseholders are able to meaningfully inform decision making and that this should be carried out irrespective of the option chosen. It is also key that this affords those tenants and leaseholders currently active in working with SHL and the Council the opportunity to continue to participate.
- 4.13 The Housing Options Steering Group understood that neither model solves the overall capital shortfall in the HRA 30 year business plan and recommended that emerging models be kept under review. Returning housing services to direct provision by the Council does not preclude any future decision to adopt a different model and as costs are more than offset by savings within the first year it remains prudent to recommend the in-house model whilst still keeping future models of provision under review.
- 4.14 Stevenage Homes' board has proposed an alternative course of action set out in appendix D. This sets out the premise that neither an in-house model nor an ALMO model is suitable as neither addresses the total capital shortfall identified in the 30 year business plan. Instead it suggests that the decision on management options be deferred and SHL be retained in its present form until April 2013 whilst a review of social enterprise models be carried out in the interim as potential alternative models.
- 4.15 Retaining SHL in the short term would not release the duplication savings set out in 4.3 above and whilst their paper does propose alternative efficiency savings these could potentially also be taken through an in-house model as they are not exclusive to the ALMO.

- 4.16 The creation of a 'housing commission' to consider the wider role of housing in Stevenage was raised during the Council's Executive meeting in January 2011, with a wider scope suggested than that set out in Stevenage Homes' paper. Rather than focus on the single issue of management models, this commission could look at how affordable housing provision in the town would be best enabled, how some of our poorly constructed stock could be regenerated and how issues such as energy efficiency and fuel poverty can be tackled for our tenants. Looking at housing in a holistic sense might be a better basis for setting out the key policy directions the Council needs to take as it moves into self-financing.
- 4.17 If the decision is taken to bring the housing service back in-house it would be necessary to transfer some external contracts to the Council in order to continue to operate effectively. As current arrangements require that major capital contracts are approved by the Council's Executive following Stevenage Homes' board approval it is unlikely that this will pose a significant risk.
- 4.17 If the decision is taken to bring housing services back in-house it is possible that the Strategic Director (Community) may be required to play a role in the transition of services that is at odds with his position as the Council's representative Member of Stevenage Homes limited and consequently the recommendations include making the Head of Housing, Partnerships and Communications, Richard Protheroe, the representative Member.
- 4.18 In order to avoid the instability created by interim arrangements it is recommended that whatever decision is taken by Council is implemented as soon as practically possible according to a well defined project plan.
- 4.19 If it is decided that housing services are to be brought in-house it is imperative that SBC officers and Stevenage Homes' staff and board work together to avoid disruption to services to customers and insecurity of employees in both organisations. As the need to deliver fully supported front-line housing services would remain if the housing function is returned to direct provision the large majority of staff roles will remain unchanged. This should in turn help minimise the level of disruption to both customers and employees alike.

5 IMPLICATIONS

5.1 Financial Implications

- 5.1.1 Context** – There are a significant number of housing policy changes proposed at a national level. The Housing Revenue Account (HRA) in particular faces a number of financial challenges over the next two years. The most significant of these are:-
- The abolition of the subsidy system and its replacement with a self financing system.
 - Hertfordshire County Council funding cuts in the region of 28% to fund the Council's Supporting People Services.

- A funding shortfall in respect of meeting the decent homes backlog.

It is essential that the HRA maintains sufficient reserves to manage these risks. Therefore, it is important that all opportunities to generate efficiencies and savings for the HRA are explored and ultimately, if appropriate, implemented.

5.1.2 From 1 April 2012, the housing subsidy system will cease (subject to the Localism Bill being enacted) and the Council will retain its rental income and be allocated a debt settlement figure. In preparation for this the Council will need to:

- Develop a 30 year business plan for the costs of managing the existing housing stock (The current system is based on annual subsidy settlements made by government)
- Develop, review or refresh a range of housing related policies e.g. rents, right to buy receipts, investment standard etc.
- Develop and integrate a dedicated HRA treasury management strategy to support the HRA 30 year business plan and manage the new debt.

Based on the consultation documents published to date, it is expected Stevenage will receive a debt settlement of £211 million, but in return get to keep the £13 million of subsidy currently withdrawn from our HRA for national re-distribution.

The 30 year business plan continues to be developed, although latest projections are showing a resourcing shortfall of £50.5 million over the next 30 years in order to maintain our housing stock at an asset management standard, with a debt overhang of £47 million.

Therefore, significant and immediate efficiency savings are required to address this shortfall. A more detailed report on the development of the new HRA 30 year business plan will be presented to the Executive in the autumn, and Council in January 2012 as part of the HRA budget settling process.

5.1.3 **Housing Options Appraisal (HOA)** – As part of the HOA Steering Group consideration, a financial analysis to estimate the level of potential revenue savings to the HRA and General Fund from bringing the housing management service back in-house and removing duplication was considered. In addition, SHL have developed an alternative efficiency package through their “Shifting Gear” transformation programme.

The economic benefit to the HRA from bringing the housing management service back in-house arises through significant savings from administration, management and other back office functions. Thereby, allowing a transfer of resources into frontline housing related services which directly improve the lives of tenants, leaseholders and residents. Council Officers have estimated

that indicative savings of **£0.908m per annum** (HRA and General Fund) can be made. These can be summarised as follows:

Area	Detail	CiH Potential Savings identified £'000	SBC CFO View on Savings £'000
HRA			
Senior Management	Reduction and re-designation of the senior posts and administrative support	(£181) – (£233)	(£253)
Support Services re-integration (previously SLA's)	Savings on management and support costs	(£55) – (£82)	(£167)
Duplication of Service	Duplication in the Finance and Business Improvement functions	(£177) – (£307)	(£194)
Council's Client Function	Costs in the performance and policy functions	(£94)	(£18)
ALMO Governance	Change in governance structures	£0 – (£18)	(£53)
ALMO Compliance	No ongoing need for external audit	(£23)	(£23)
Other Costs	Reduction in divisional support and overheads	(£104)	(£182)
Recharges	Increase in recharges to HRA from GF for strategic direction and support services	-	+200
HRA Total		(£635) – (£861)	(£690)

General Fund			
Monitoring and Compliance recharge from Strategic Housing	No longer a relevant recharge into the HRA. The costs would fall to the General Fund or actions need to be taken to reduce costs	+£94	(£200)
Costs of strategic financial and operational management of the service	Allowance made for this cost within the HRA. If there is no cost increase due to additional staffing as a result of the changes then GF will have additional income to off-set existing costs	(£120k) – (£143k)	
Cost of managing back office services	As above	(£56k) – (£112k)	
Internal Audit services provided by PKF	Shared Internal Audit Services daily rate 'v' PKF rate	(£38k)	(£18)

GF Total		(£120k) – (£199k)	(£218)
Total Potential Efficiency Savings (associated with removal of duplication)		(£755) – (£1,060)	(£908)

Annual savings could be increased to an indicative level of over **£1m per annum** in due course depending on the new structure to be developed under the Council's re-integration and transformation programme, but this cannot be accurately quantified at this stage.

As part of the developing HRA 30 year business plan an efficiency target of **£750,000** is already assumed in 2012/13, which the savings listed above would contribute to. With regards to the General Fund Medium Term Financial Strategy, no savings from the HoA have been assumed at this stage.

- 5.1.4 **Transition Costs** - It is anticipated that there will be one-off transition costs associated with bringing the housing management service back in-house, including the release of some staff where structures can be amalgamated and rationalised to remove duplication. Costs will be incurred where employees are made redundant, or take early retirement. It is estimated that the one-off costs incurred as a result of bringing the management of housing services back in house could be in the region of **£500,000**, although this is significantly less than the annual savings that would be achieved and, therefore, the level of savings would accrue in full in the second year after transfer. In addition, if it is agreed to ultimately dissolve the company structure of SHL, then the retained balances of **£400,000** (as at 31 March 2011) could also be used to fund these transition costs.
- 5.1.5 **Management of the Housing Revenue Account** Linked to the implementation of the HRA Self Financing system both the Council and SHL have been in discussions regarding the return of the management of the HRA to the Council. SHL have found it difficult to focus sufficient resource and skills on managing the HRA, ensuring housing subsidy is maximised, and supporting the council's corporate financial monitoring processes. Therefore, irrespective of the decisions reached on the recommendations contained within this report, the Chief Finance Officer has made arrangements for the management of the HRA to return to the Council on 23 September 2011.
- 5.1.6 **Tenant and Leaseholder and Resident Engagement** - The CiH consultant and Independent Tenant Advisor reports both identified the need to fundamentally review tenant, resident and leaseholder involvement with an improved focus on developing real and meaningful empowerment in line with national standards. To support this immediate work a supplementary estimate of **£150,000** is recommended for approval within this report.

5.1.7 **Housing Options Appraisal Budget** - A HOA project budget of **£150,000** was agreed at Executive in January 2011. The current actual spend and commitments to date total **£60,716**. It is anticipated that the budget will be sufficient to complete the appraisal.

5.2 Legal Implications

5.2.1 As noted the Council is required to undertake consultation with its tenants under section 105 Housing Act 1985 prior to transferring housing management from Stevenage Homes to the Council where the transfer is, in the opinion of the Council, likely to affect its secure tenants.

5.2.2 Under section 105 of the Housing Act 1985 the Council must under its arrangements to consult;

- inform tenants about its proposals;
- enable tenants to make their views known to the Council; and
- consider the representations it receives from tenants.

5.2.3 Whilst clearly the Test of Opinion is an important component of any decision and something to which Members must have due regard, the Council is also entitled to have regard to those other considerations set out in Consult CIH's report not least the ability to generate financial efficiencies which will ultimately reduce costs.

5.2.4 The Council does not need the consent of the Secretary of State under section 27 of the Housing Act 1985 for it to manage its own housing.

5.2.5 The Management Agreement between the Council and Stevenage Homes commenced on 1st October 2006 and is recognised in law as a contract and like any other contract its terms can be varied with the agreement of both parties to it. The Council cannot unilaterally bring the Management Agreement to an end before its end date but there is nothing to prevent it from negotiating an earlier termination date with Stevenage Homes.

5.2.6 If the decision is taken to transfer management of housing services back to the Council the Transfer of Undertakings (Protection of Employment (TUPE) Regulations 2006 would apply to the transfer of the housing management service from Stevenage Homes to the Council, entitling employees currently engaged in the service to transfer their employment to the Council.

5.2.7 Stevenage Homes (and the Council) would, prior to the transfer of the housing management service, need to consult with the employees of Stevenage Homes in accordance with the TUPE Regulations. The Council would be liable for any liabilities Stevenage Homes has to its transferring staff.

5.2.8 There are three options open to the Council in regard to how its company, Stevenage Homes Limited is treated if the housing services are

transferred to the Council; liquidation, to leave the company dormant or to strike the company after a period of dormancy.

- 5.2.9 Leaving the company dormant allows the Council to protect the name Stevenage Homes Limited and give the Council an immediately available vehicle for future trading should it so wish, it is also the least expensive option.

5.3 Equalities and Diversity Implications

- 5.3.1 The Public Sector Equality Duty (Section 149 of the Equality Act 2010) requires the council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations in the exercise of its functions. The Equality Duty and the impact of decisions on people with protected characteristics (age, disability, race, gender, sexual orientation, gender reassignment, religion and belief, pregnancy and maternity, marriage and civil partnership) must be considered by decision makers before making relevant decisions. An Equality Impact Assessment on the Housing Futures Project Options Appraisal is attached to assist with the consideration of the Equality Duty. Consultation has captured the views of the diverse groups within the community of tenants and leaseholders in Stevenage to inform the development of the council's policy.
- 5.3.2 An Equalities and Diversity Impact Assessment for the proposed changes relating to tenants and leaseholders has been completed and is attached at appendix E.
- 5.3.3 A further Equalities and Diversity Impact Assessment will need to be completed considering the impact on staff if the decision is taken to bring the service back in house and this will help inform the consultation process and any subsequent reorganisation.

5.4 Risk Implications

- 5.4.1 The table below identifies the risks if the recommendations are agreed. The risks have been assessed in accordance with the Council's risk management strategy:

Description of risk		Mitigation	Residual Risk Level
1.	Identified savings are not realised.	Establish specific targets for savings and monitor progress against them. Communicate outcomes to tenants and leaseholders (including use of saving balances)	Medium

2.	Reputational risk if service quality declines.	Clear strategic and project planning including specific staff resources. Minimise disruption to frontline services by avoiding major change in these areas.	Medium
3	Transitional Risk – loss of focus	Work with SHL staff and board to deliver seamless ‘lift and shift’ transfer of staff under existing structure. Clear strategic and project planning including specific staff resources. Minimise disruption to frontline services by avoiding major change in these areas.	High
4	Disenfranchise customers – loss of explicit tenant role on ALMO board	Adopt retained management best practice for tenant involvement in governance and scrutiny. Undertake independent review of tenant engagement and empowerment and implement findings.	Medium
5	Lack of clarity between HRA and General Fund	Ensure fully qualified HRA management accountants are in post.	Low
6	Loss of strategic capability	Ensure sufficient specialist housing knowledge in place coupled with strong financial management and business management capacity. Greater resilience through combined senior management with wider skills base.	Low
7	Service Structure not fit for purpose	Frontline services remain largely unchanged Support service resilience increased through single combined teams resulting in improved skills base	Low

** this is the level of risk after mitigating actions are put into place to manage it.*

5.5 Staffing and Accommodation Implications

5.5.1 The Transfer of Undertakings [Protection of Employment] Regulations 2006 is considered to apply if the decision is taken to bring housing services under the direct control of the Council. TUPE applies to and protects all employees who are “wholly or substantially employed” in the undertaking which is transferring and it is therefore anticipated that most Stevenage Homes employees would be eligible to transfer back to the Council under the protection which these regulations provide.

5.5.2 In the event of a decision to bring housing services back to the Council TUPE would impose obligations on both the Council and Stevenage Homes to provide certain information to and consult with employees of SBC and Stevenage Homes who are likely to be affected by the transfer. A dialogue would need to be set up with the Trade Unions and the following information would need to be provided:

- The fact of the transfer and when it is likely to take place
- The reason for the transfer
- The legal, economic and social implications for affected employees
- The measures which both the Council and Stevenage Homes will be taking in relation to these employees.

5.6 Service Delivery Implications

5.6.1 Service delivery implications and risks are covered in the body of the report.

5.7 Community Safety Implications

5.7.1 Stevenage Homes is contracted to carry out operational ASB case management on behalf of the Council beyond those cases associated directly with the Council’s homes. A decision to bring housing services back to the Council would allow for the integration of the operational and strategic ASB teams under the auspices of a single community safety team. This will allow for a more seamless and efficient service which should lead to better outcomes for the community.

5.8 Information Technology Implications

5.8.1 The majority of Stevenage Homes’ IT requirements are currently delivered by the Council through a Service Level Agreement. Whilst there are some bespoke systems within Stevenage Homes, if housing services are brought back to the Council it is unlikely there are any major IT implications.

5.9 Safeguarding Children Implications

5.9.1 A decision to bring housing services back to the Council would allow a single Safeguarding Children policy to be adopted across a broader service base which should lead to better outcomes for those at risk. This would apply equally to Safeguarding of vulnerable adults.

BACKGROUND DOCUMENTS

Part 1 Background Documents are included as appendices to this report

APPENDICES

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|------------|-------------------|--|
| Appendix A | consult CIH's | "Final Report to the Steering Group, 7 th Sept 2011" |
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