

## **Housing management options appraisal; outcome of formal consultation**

Extraordinary Cabinet	<b>17 February 2020</b>
Report Author	<b>Tim Willis, Deputy Chief Executive and 151 Officer</b>
Portfolio Holder	<b>Cllr Helen Whitehead, Cabinet Member for Housing and Safer Neighbourhoods</b>
Status	<b>For Decision</b>
Classification:	<b>Unrestricted</b>
Key Decision	<b>Yes</b>
Reasons for Key	<b>Significant effect on communities</b>
Previously Considered by	<b>Cabinet - 17 October 2019</b>
Ward:	<b>All</b>

### **Executive Summary:**

An options appraisal was completed in October 2019, reviewing the delivery of housing management services provided by East Kent Housing (EKH) on behalf of Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council.

The four councils each agreed that the preferred option for future service provision to the four councils' tenants and leaseholders is that it should become an in-house service, subject to consultation.

This report sets out the outcomes from the formal consultation exercise undertaken with EKH tenants and leaseholders. It proposes that officers from across the four councils be instructed to negotiate ending the agreement with EKH and to make preparations for the housing management service to be brought in-house.

### **Recommendation(s):**

It is recommended to Cabinet that:

1. Having noted the results of the tenant and leaseholder consultation, the cost/benefit analysis and the risk analysis, it is agreed that the management of the council's housing stock be brought back in-house.
2. The Deputy Chief Executive and Section 151 Officer, in consultation with the Cabinet Member for Housing and Safer Neighbourhoods be authorised to terminate the management agreement with EKH as soon as practicable.
3. The Deputy Chief Executive and Section 151 Officer, in consultation with the Cabinet Member for Housing and Safer Neighbourhoods be authorised to take such decisions as may be necessary to facilitate the process of bringing the

- housing service in-house, including the use of Housing Revenue Account balances as required for any one off transition costs incurred.
4. To delegate authorisation to the Deputy Chief Executive and Section 151 Officer for the use of up to £250k of HRA Reserves for transitional costs.

<b>CORPORATE IMPLICATIONS</b>	
<b>Financial and Value for Money</b>	<p>Detailed financial implications are considered within section 7 of this report, and within the cost benefit analysis attached at annex 2.</p> <p>The working assumption at this stage is that the on-going costs of providing the landlord service in-house will be contained within the existing budget for the management fee.</p> <p>The proposal would have one-off transition costs, estimated at this stage to be around £250,000. It is proposed that these be funded, as required, from available HRA balances. In addition a revenue provision of £55,000 has been included within the 2020/21 draft HRA budget for an interim post of Transition Project Manager.</p> <p>This will be continually monitored and any significant costs above this level reported to members.</p>
<b>Legal</b>	<p>As required by the guidance issued in December 2011 by MHCLG, a risk analysis has been prepared. This document sets out the risks and their implications in detail and is given as Appendix 3.</p> <p>The guidance also requires councils to consider the cost/benefit analysis before reaching a final decision.</p> <p>The four councils as joint owners of EKH will need to achieve a mutually agreed termination of the contract, in accordance with the terms of the owners agreement.</p> <p>A decision to bring the ALMO back in house may result in a TUPE transfer of staff from EKH to TDC. This will be the case where, at the point of transfer, there is an organised grouping of staff whose main purpose is the provision of the housing service to TDC residents.</p> <p>There will be the need to transfer supply and service contracts and other assets held by EKH as part of the process. While the Council will take the benefit of those agreements, it will also have the burden of them.</p>
<b>Corporate</b>	<p><b>Strategic Aims:</b> The proposals set out in this report will provide an opportunity to improve services provided to the councils tenants and leaseholders and to ensure that the service is more accountable to members and open to scrutiny from tenants and leaseholders. The proposals set out in this report specifically support the council's service ambitions, as set out in its published Corporate Statement.</p> <p><b>Communications:</b> This report outlines that good communication, informing and involving tenants and leaseholders, elected members, EKH, council staff and other stakeholders will be</p>

	<p>required. A communications strategy will be developed to support the corporate project management group.</p> <p><b>Property:</b> An assessment of the future staff accommodation requirements will now need to be quantified. An Asset Management Strategy for the council's housing stock will also need to be established, considering alignment and opportunities for efficiencies with our corporate property asset portfolio.</p> <p><b>Risk:</b> A detailed assessment of risk is attached at annex 3.</p>								
<p><b>Equality Act 2010 &amp; Public Sector Equality Duty</b></p>	<p>Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy &amp; maternity. Only aim (i) of the Duty applies to Marriage &amp; civil partnership.</p> <table border="1" data-bbox="427 1055 1383 1317"> <tr> <td colspan="2">Please indicate which aim is relevant to the report.</td> </tr> <tr> <td>Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> <td></td> </tr> <tr> <td>Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td> <td></td> </tr> <tr> <td>Foster good relations between people who share a protected characteristic and people who do not share it.</td> <td></td> </tr> </table> <p>Considerable efforts were made during the consultation to consult harder to reach groups. Responses to the consultation could be provided online, by telephone or by post. Therefore, we can be confident that all council tenants and leaseholders were given the opportunity to participate in the consultation.</p> <p>People on low incomes, older people and more vulnerable households are all over represented among council tenants. Therefore, any changes to the service which will deliver efficiencies and improvements will benefit these people and households with these protected characteristics.</p> <p>A completed Equalities Impact Assessment is attached at Annex 9.</p>	Please indicate which aim is relevant to the report.		Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,		Advance equality of opportunity between people who share a protected characteristic and people who do not share it		Foster good relations between people who share a protected characteristic and people who do not share it.	
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<b>CORPORATE PRIORITIES (tick those relevant) ✓</b>	
Growth	
Environment	
Communities	✓

## **1. BACKGROUND**

- 1.1 The four councils of Canterbury City Council, Dover District Council, Folkestone and Hythe District Council and Thanet District Council are neighbouring district councils located in East Kent.
- 1.2 On 1 April 2011, the councils established East Kent Housing (EKH) under section 27 of the Housing Act 1985, delegating the management of its housing stock of approximately 17,000 homes. EKH is an Arms-Length Management Organisation (ALMO), jointly owned, in equal share, by the four councils. EKH was managed by an independent board up until 12 December 2019, when it was replaced by a new board consisting of the chief executives of the four councils.
- 1.3 In early 2019, the four client councils raised concerns about a number of key areas of the services provided by EKH in relation to asset management, procurement and delivery of the capital programme, which were further exacerbated by serious issues in relation to the internal control of health and safety, including fire safety, electrical safety, lift safety and legionella and limited assurance for gas safety.
- 1.4 The four councils agreed to self-refer to the Regulator for Social Housing (RSH), confirming that the councils, through EKH, had failed to meet statutory health and safety requirements across a range of areas. In September 2019, the RSH's investigation concluded that the four councils (under their statutory landlord responsibilities) were non-compliant, resulting in a Regulatory Notice being issued. The notice remains 'live' for 12 months or until full compliance is achieved.
- 1.5 As a result of the above, the four councils have continued to present reports to their various governance groups explaining why they have concerns about the way in which EKH has been managing council owned homes.
- 1.6 In June 2019, the four councils endorsed a review of the potential future options for the management of the housing stock. On 17 October 2019, TDC's Cabinet approved the report on future options for the housing management arrangements for the council's housing stock. The following recommendations were agreed:
  1. that the council's preferred option is to withdraw from East Kent Housing and return housing management services back in-house under direct management of the council, subject to formal consultation with all tenants (and leaseholders, as required) to satisfy the requirements of Section 105 of the Housing Act 1985.
  2. To delegate authority to the Chief Executive to make any minor amendments to the consultation documents.
  3. That the consultation results be presented to Cabinet for consideration and a final decision in early 2020.
- 1.7 Pennington Choices Ltd, a housing consultancy service, was appointed by the four councils to investigate the circumstances leading to the compliance failures, the main underlying causes, the effectiveness of the recovery action plans put in place and to make recommendations to ensure that the identified compliance failures do not happen again. The final report was published on 12 December 2019, alongside the decision to replace the board of EKH with the four council Chief Executives. Each council is fully committed to becoming compliant, as a priority, and endorsed the production of an 'action plan' to implement the recommendations outlined in

Pennington's report. The action plan, which is being compiled by Pennington Choices Ltd, will seek to bring improvements in the operation and management of health and safety by EKH, such that full statutory compliance is achieved and that the RSH is in a position to remove the Regulatory Notices served on the four councils.

- 1.8 During the transition period, EKH will need to ensure the continued effective delivery of housing management services, including the essential detailed work on compliance recovery, and, assuming the recommendations of this report are agreed, to work with the four councils to effectively transfer services back in house and wind up the activities of EKH.

## **2. TENANT AND LEASEHOLDER CONSULTATION**

- 2.1 All four councils provided their formal endorsement of the preferred option to withdrawal from EKH and return housing management services back in-house under direct management of each council, subject to consultation with all EKH tenants and leaseholders to satisfy the requirements of Section 105 of the Housing Act 1985.
- 2.2 The consultation exercise was administered by Canterbury City Council, running for 8 weeks from Tuesday 22 October to Friday 20 December 2019 and sought a test of opinion rather than a formal ballot in order to achieve consistency with the process used prior to the formation of EKH.
- 2.3 A programme of consultation was implemented across the four councils. All EKH tenants and leaseholders were written to by letter on 22 October 2019, informing them of the consultation survey and provided with a Frequently Asked Questions information sheet. Tenants and leaseholders were given the option to complete the consultation survey online or by post (using a pre-paid envelope).
- 2.4 Consultation drop-in sessions were organised and hosted in Canterbury, Dover, Folkestone & Hythe and Thanet between October to December 2019. The sessions were staffed and attended by council officers. All EKH tenants and leaseholders were invited and attendance is set out below. It should be noted that, unlike Thanet, the other three councils own a portfolio of sheltered housing and the figures below include drop in sessions held in sheltered housing schemes.

<b>Local authority</b>	<b>No. of attendees (tenants and leaseholders)</b>
Canterbury City Council	167
Dover District Council	77
Folkestone & Hythe District Council	50
Thanet District Council	11

- 2.5 The Corporate Consultation Manager at Canterbury City Council dealt with 45 tenant and leaseholder enquiries across the four council areas during the consultation, providing help and support, for example if someone needed information in a different format or additional information regarding the consultation. Other enquiries included tenancy, leaseholder, performance and repairs issues.
- 2.6 During December 2019, TDC's Cabinet Member for Housing and Safer Neighbourhoods attended the local Tenant and Leaseholder Board. The Thanet Tenant and Leaseholder Board expressed the view that they would want to see

resident involvement arrangements enhanced as a result of bringing housing management services back in house and that the relationship between the council and its tenants and leaseholds is critical. Currently resident involvement is managed by EKH and new arrangements will therefore be required for the future.

### **3. RESULT OF THE TEST OF OPINION**

- 3.1 The purpose of the consultation was to gauge opinions and gather feedback from tenants and leaseholders, evaluate their attitudes towards the proposal and identify any concerns they might have. This is usually referred to as a test of opinion.
- 3.2 Tenants and leaseholders were asked to provide their level of agreement with the proposal to bring the service back in house. The consultation document is attached as Appendix 4.
- 3.3 At the close of the consultation, across the four districts, 17,201 questionnaires were issued and 2,603 (15%) completed and returned. 332 of these were submitted online and 2,271 were paper copies. A summary is set out below:

#### Canterbury City Council

In total, 5,510 consultation surveys were issued. Of these, 843 were returned (15%).  
In terms of who has responded:

- 821 tenants and leaseholders
- 4 other individuals
- 18 respondents did not say in what capacity they were responding

#### Dover District Council

In total, 4,694 consultation surveys were issued. Of these, 731 were returned (16%).  
In terms of who has responded:

- 707 tenants and leaseholders
- 13 other individuals
- 11 respondents did not say in what capacity they were responding

#### Folkestone & Hythe District Council

In total, 3,575 consultation surveys were issued. Of these, 602 were returned (17%).  
In terms of who has responded:

- 588 tenants and leaseholders
- 4 other individuals
- 1 Shepway Tenants and Leaseholder Board
- 1 Age UK Hythe and Lyminge
- 1 shared ownership resident
- 7 respondents did not say in what capacity they were responding

#### Thanet District Council

In total, 3,422 consultation surveys were issued. Of these, 427 were returned (12%).  
In terms of who has responded:

- 403 tenants and leaseholders
- 17 other individuals
- 1 Addington Street Community Group
- 1 Newington Community Association
- 1 shared ownership resident
- 1 former tenant

- 3 respondents did not say in what capacity they were responding

3.4 Across the four councils, the majority of respondents strongly agree or tend to agree with the proposal to bring the housing service back in house. In Canterbury, 81% of respondents agree to some extent to the proposal, Dover 81%, Folkestone & Hythe 74% and Thanet 81%. The results are set out below:

Canterbury City Council

	All respondents	Tenants and leaseholders
Strongly agree	60% (492)	60% (487)
Tend to agree	21% (171)	21% (167)
Neither agree nor disagree	12% (96)	11% (92)
Tend to disagree	4% (30)	4% (30)
Strongly disagree	4% (37)	4% (37)

Dover District Council

	All respondents	Tenants and leaseholders
Strongly agree	62% (445)	62% (433)
Tend to agree	19% (138)	19% (135)
Neither agree nor disagree	12% (84)	12% (82)
Tend to disagree	3% (20)	3% (20)
Strongly disagree	5% (36)	5% (33)

Folkestone & Hythe District Council

	All respondents	Tenants and leaseholders
Strongly agree	54% (323)	54% (316)
Tend to agree	20% (120)	20% (119)
Neither agree nor disagree	13% (76)	13% (75)
Tend to disagree	4% (21)	4% (21)
Strongly disagree	9% (53)	9% (51)

Thanet District Council

	All respondents	Tenants and leaseholders
Strongly agree	60% (257)	60% (243)
Tend to agree	21% (91)	22% (88)
Neither agree nor disagree	9% (37)	9% (35)
Tend to disagree	3% (12)	3% (11)
Strongly disagree	7% (28)	6% (25)

3.5 The full consultation reports are attached at Annexes 5-8. However, a snapshot of comments made by respondents who strongly agree or tend to agree with the proposal is below:

- Lack of action by East Kent Housing to deal with repair and maintenance issues

- The council would be more responsive in dealing with issues
- The council would be more accountable than East Kent Housing
- The service provided by East Kent Housing has deteriorated in the last few years
- Lack of communication from East Kent Housing
- The council ran the service well before East Kent Housing was created
- Unhappy with the general standard of service provided by East Kent Housing
- Bringing the service back under council control would be more cost effective
- The council could build stronger relationships with its tenants

### 3.6 What the council should focus on for housing services

Respondents across the four council areas were asked what they feel are the three most important things for the council to focus on for housing services from the following list:

- Dealing with repairs and maintenance
- Dealing with anti-social behaviour
- Providing value for money for your rent and service charges
- Building new council homes
- Estate services (such as grass cutting, cleaning communal areas etc)
- Dealing with customer enquiries and complaints
- Involving and listening to residents

Other:

- Maintain reasonable rent charges
- Improve efficiency
- Improve consultation with residents
- Improve dialogue with disabled residents
- Dealing with communal repairs

At the close of the consultation, respondents highlighted the three most important areas of focus for Canterbury, Dover and Thanet as (in order of priority):

1. Dealing with repairs and maintenance
2. Dealing with anti-social behaviour
3. Providing value for money for your rent and service charges

In Folkestone & Hythe, respondents highlighted the three most important areas of focus as (in order of priority):

1. Dealing with repairs and maintenance
2. Dealing with anti-social behaviour
3. Dealing with customer enquiries and complaints

## **4. GOVERNMENT GUIDANCE ON ALMO CONSULTATION**

- 4.1 Government issued guidance in 2011 to Local Authorities (see Annex 1) considering the future of their ALMO housing management services. Councils are asked to undertake a cost-benefit and risk analysis exercise before reaching a final decision. These exercises have been completed and the results are given in annexes 2 (cost/benefit analysis) and 3 (risk analysis). Cabinet is invited to consider the two documents before reaching a decision on the report's recommendations.

## **5. PROPOSED IMPLEMENTATION PROCESS**

- 5.1 At present, the Secretary of State is not required to consent to the transfer of landlord functions from the EKH ALMO to the council.
- 5.2 The four councils as joint owners of EKH will need to achieve a mutually agreed termination of the contract, in accordance with the terms of the owners agreement. Once the process has been concluded, it is proposed that an in-house service be established through a two stage process, as follows:
- Taking the minimum legal and administrative action needed to close down EKH and pass responsibility to each council. This will involve transferring the housing management service from EKH to each council without significant change.
  - Drawing up proposals for the future housing service, which will cover new governance arrangements, organisational structures, integration with existing council services (e.g. call handling, property and grounds maintenance, community safety, communications and ICT) and the priorities and plans of the new service.
- 5.3 Officers from the four councils will establish a Transition Board to co-ordinate the overall East Kent project, with a transition delivery group reporting to the board to manage the delivery of detailed workstreams. It is likely that officers within each council will also need to establish an internal corporate project management group to oversee the legal, financial, human resources and ICT work necessary to wind up EKH and to create a new in-house service.
- 5.4 A communications strategy will be of critical importance. Each council will have responsibility for overseeing the communications necessary with tenants, leaseholders, staff, elected members and other stakeholders. There are many tenants and leaseholders who have expressed their views strongly at many of the consultation meetings, and it will be important to address the concerns that they raised at those meetings.
- 5.5 It will be necessary to look at how elected members and resident engagement will be addressed, for example, a Tenants and Leaseholder Panel in each local authority area may overcome the loss of the EKH Board under the in-house option. Thanet already has a local Tenant and Leaseholder Group that meets regularly.

## **6. ISSUES NEEDING FURTHER DECISION**

- 6.1 The transition process set out above will give rise to the need for decisions on a number of key issues:
- The name or branding to be used for the new in-house service (if required).
  - The transfer / recruitment of staff
  - Arrangements for leadership and management of the landlord service through the transition and beyond.
  - Decisions on the potential for the integration of EKH and council services which are currently provided separately.
  - A review of the role of the Thanet Tenant and Leaseholder Group to sustain resident involvement in key housing management decisions.

- Decisions about the winding up of East Kent Housing, as a separate company once the contract transfer has occurred (as required).
- Decisions about the novation of any contracts currently held by EKH to the council, such as ICT contracts.

6.2 These issues are discussed further in Annex 2, the Cost/Benefit analysis.

6.3 These decisions will either be taken by officers in consultation with the Cabinet Member for Housing and Safer Neighbourhoods or reported to Cabinet for decision as appropriate.

## 7. FINANCE IMPLICATIONS

7.1 The council's Housing Revenue Account (HRA) is used for the management and maintenance of the council's housing stock and for the repayment of the HRA debt. The HRA is a ring-fenced account.

7.2 Included within the annual HRA current budget is an approved amount for the management fee paid to EKH, as set out in the table below. These amounts are in addition to separate council budgets for repairs, maintenance and capital programme works to council homes. Once the council's landlord service has been returned to in-house delivery and the operations of EKH concluded, these amounts will be retained by the individual councils and will be available to fund the on-going revenue costs of the service. The funding for each council management fee to EKH is shown in the table below. The amounts shown include fee increases agreed during 2019/20 to cover the costs of the agreed improvement plan and additional costs in relation to the management of health and safety compliance.

	<b>2019/20</b>	<b>2020/21 (Provisional)</b>
Canterbury City Council	£3,311,800	£3,428,000
Dover District Council	£2,580,100	£2,717,100
Folkestone & Hythe District Council	£2,384,100	£2,480,300
Thanet District Council	£1,734,100	£1,895,900
	<b>£10,010,100</b>	<b>£10,521,300</b>

7.3 The working assumption at this stage is that the on-going costs of providing the landlord service in-house will be contained within these existing budgets.

7.4 As required by guidance issued in December 2011 by the Government, a cost/benefit analysis has been prepared and is attached at Annex 2.

7.5 The proposal will however have one-off transition costs, referred to in section 9 of the cost benefit analysis. These transition costs will be continually monitored and are in addition to the current approved budget, including the management fee paid to East Kent Housing. Any costs incurred will need to be met from available HRA balances. EKH have initially assessed these one-off costs to total around £900k across the four councils. EKH have requested an additional £900k funding for 2020/21 to cover these estimated costs, should the decision be to bring the service back in house. No additional funding has been agreed at this stage, as:

- it is dependent upon the decision taken about the future of the service,

- not all of the estimated costs would necessarily fall to EKH, as some may be direct council costs,
- costs associated with service risks may not materialise.

7.6 At this stage therefore, it is anticipated that transition costs for TDC could be in the region of £250k, and it is recommended that the Deputy Chief Executive and Section 151 Officer be given delegated authority to withdraw up to £250k from HRA balances to fund these costs, as required. An additional revenue provision of £55,000 has also been included within the 2020/21 draft HRA budget for an interim post of Transition Project Manager.

7.7 As EKH approaches dissolution, the EKH board and the four councils will want to ensure that EKH maintains adequate cash flow and cannot at any point trade whilst insolvent. The councils will want to ensure that steps are taken as are necessary to provide funding to EKH during this period. In order to respond quickly to such a scenario, it is necessary to delegate authority to the Deputy Chief Executive and Section 151 Officer, in consultation with the Cabinet Member for Housing and Safer Neighbourhoods to allocate such funds, from the £250k overall anticipated cost identified in 7.6 above, and to agree with the other councils the apportionment of such costs.

## 8. **IMPLICATIONS FOR EKH STAFF**

8.1 A decision to bring the ALMO back in house may result in a TUPE transfer of staff from EKH to TDC. This will be the case where, at the point of transfer, there is an organised grouping of staff whose main purpose is the provision of the housing service to TDC residents. The main effect of TUPE is that staff employed or assigned to work in the areas of the relevant business transfer functions and services (e.g. all those employed or engaged at the point of transfer by EKH) will be covered under the Regulations. The TUPE regulations effectively provides that staff affected by relevant business transfers have their terms and conditions protected from change following the transfer.

8.2 In light of the above, the implications of TUPE for bringing EKH back in-house may be summarised in the following terms:

- All staff employed by EKH at the point of transfer may have a right to transfer under TUPE to the four council owners.
- Staff who transfer to TDC under TUPE will have their EKH differential employment terms and conditions protected from harmonisation or standardisations that may be connected to the transfer of the service in-house.
- It is essential that relevant staffing information is gathered in regard to current terms and conditions (all formal and informal contractual terms) of relevant staff so that an assessment can be made of likely costs in preparation for moving towards a new delivery model for the eventual in house service.

8.3 Staff affected by TUPE will need to be determined. An HR work-stream will need to support the above to ensure that there is early identification of staff likely to be affected and appropriate consultation with all affected staff and trade unions.

8.4 Not all EKH staff are employed for the main purpose of providing services on behalf of a single council. Some staff are organised on a functional basis, providing services across all four councils. As a result, it is unlikely that TUPE will apply to all EKH staff.

That said however, the councils will want to retain as many staff as possible with key specialist skills that will be required in the new in house services and local arrangements to facilitate the transfer of staff not protected by TUPE will be needed.

## **9. CONCLUSION**

- 9.1 At the close of the tenant and leaseholder consultation, across the four districts 17,201 questionnaires were issued and 2,603 completed and returned. 332 of these were submitted online and 2,271 were paper copies. 2,037 (78%) respondents strongly or tend to agree with the proposal to bring the service back in house.
- 9.2 The level of responses to the consultation was very good and the considerably greater support amongst tenants and leaseholders for the preferred option to bring the service in-house is considered to be significant and decisive. However, independently of the consultation, joint work has already begun to improve the service now, plan for a more fundamental transformation of the service and a smooth period of transition if the four councils decide to formally adopt the preferred option in February 2020.
- 9.3 The EKH Board, consisting of the four council chief executives, retains accountability for the service, but additional measures have been put in place to advance joint working to improve the service now, and to plan for the future. It also ensures that there is a collaborative and inclusive approach and that we communicate a single message to tenants, leaseholder, EKH employees and council officers and members.
- 9.4 Bringing the service in-house provides each of the four councils with the opportunity to re-position the housing service with the aim of improving a broad range of outcomes for over 17,000 households. This is not necessarily the lift and shift of a self-contained housing service into each council's structure. This option provides the opportunity to engage the housing service with each councils' wider corporate agenda in order to secure improved outcomes for residents.
- 9.5 The four councils will each be able to redesign the corporate approach and consider afresh the opportunities that arise from having the housing management unit under direct council control. There is a desire to progress an overarching plan for returning EKH in-house, which is being developed by council officers.
- 9.6 At this stage it is anticipated that the transition to new in-house services is likely to take up to one year. The financial year to 31 March 2021 would therefore be a transition year for EKH and the four councils. Establishing an in-house service, if agreed, is complex and will take time to set up. It is therefore assumed that this would need to be completed and the new in-house service fully operational by 1 April 2021.

## **10. OPTIONS**

- 10.1 At its meeting on 17 October 2019, the cabinet considered the following four options for the future of the council's landlord service:
- Option 1:** Retain and refocus the current EKH ALMO arrangement.
  - Option 2:** Withdraw from EKH and return the provision of housing management services back in-house under direct management of each council.
  - Option 3:** Withdraw from EKH and form a new shared housing service with one or more of the other councils (this would not be an ALMO).

**Option 4:** Withdraw from EKH and outsource the service to one or more external providers.

10.2 Following consideration of the options, the Cabinet agreed:  
*'that the council's preferred option is to withdraw from East Kent Housing and return housing management services back in-house under direct management of the council, subject to formal consultation with all tenants (and leaseholders, as required) to satisfy the requirements of Section 105 of the Housing Act 1985.'*

10.2 The consultation with tenants and leaseholders has now been completed and the results are set out in this report. Cabinet therefore has the option to decide to either:

1. Withdraw from East Kent Housing and return housing management services back in-house under direct management of the council, or
2. Reject the recommendations of this report and decide to retain the current EKH arrangements.

10.3 Option 1, to withdraw from East Kent Housing and return housing management services back in-house under direct management of the council, is recommended, for the following reasons:

- EKH has experienced serious performance problems and health and safety non-compliance issues.
- Tenants and leaseholders have expressed their views clearly, that they would prefer their homes to be managed by the individual councils rather than retain the existing Arms-Length Management Organisation structure.
- It is in the best interests of tenants and leaseholders for the four councils to terminate the management agreement and transfer housing services back in-house.
- The integration of the housing management service with each council's remaining housing services would provide a more transparent and accountable structure for the housing service.

Contact Officer:	Bob Porter, Head of Housing and Planning
Reporting to:	Tim Willis, Deputy Chief Executive and Section 151 Officer

## Annex List

Annex 1	CLG Updated guidance for councils considering the future of their ALMO housing management services (2011)
Annex 2	Cost/benefit analysis
Annex 3	Risk analysis
Annex 4	Tenant and Leaseholder consultation document
Annex 5	Analysis of consultation responses, Canterbury City Council
Annex 6	Analysis of consultation responses, Dover District Council
Annex 7	Analysis of consultation responses, Folkestone & Hythe District Council
Annex 8	Analysis of consultation responses, Thanet District Council
Annex 9	Equalities Impact Assessment screening

## Background Papers

Title	Details of where to access copy
None	

## Corporate Consultation

<b>Finance</b>	Chris Blundell, Head of Finance
<b>Legal</b>	Estelle Culligan, Head of Legal and Democratic Services