

LONDON BOROUGH OF HARROW

Meeting:	Cabinet
Date:	11 November 2003
Subject:	Arms Length Management Organisation for the management of the Council's housing stock
Key decision	Yes
Responsible Chief Officer:	Executive Director (Urban Living)
Relevant Portfolio Holder:	Planning, Development, Housing and Best Value
Status:	Part I
Ward:	All
Enclosures:	Appendix 1 - the ninth schedule, service contracts Appendix 2 – annex 3, delegation agreement

1. Summary

- 1.1 At its last meeting Cabinet received a progress report on developing the ALMO and approved methods of demonstrating tenant support for the proposal and of recruiting independent members to the Board of Management. Most of the remaining key approvals will be sought in December and January.
- 1.2 This report seeks approval to the functions to be delegated to the ALMO, the length of the agreement, and the name of the new organisation.

2. Recommendations (for decision by Cabinet)

- 2.1 To approve for inclusion in the Section 27 (Housing Act 1985) application as the services to be delegated to the ALMO, those functions identified in Appendix 2 to this report.
- 2.2 To agree that the duration of the agreement with the ALMO be 10 years, renewable, with provision for a break after 5 years.
- 2.3 To approve that the new organisation be called Spire Community Homes and that the name be registered with Companies House.

Reason: To progress the Cabinet's previous decision to set up an Arms Length Management Organisation.

3. Consultation with Ward Councillors

3.1 All wards

4. Policy Context (including Relevant Previous Decisions)

4.1 The Government requires all Councils to meet the Decent Homes Standard for their own housing stock, by 2010. An options appraisal has shown that the Council faces an investment shortfall in meeting the Decent Homes Standard. In response to this, the Council transferred the Rayners Lane Estate to Warden Housing Association in October 2002 and in February 2003 approved that a bid be made for ALMO status.

5. Relevance to Corporate Priorities

5.1 The proposal to create an ALMO supports the Council's priority to enable choice and access to good quality housing.

6. Background Information and Options Considered

6.1 The options appraisal considered all options for closing the investment gap. Since Cabinet's last meeting this has been reviewed to assess the impact of proposed changes to housing revenue and capital financing, and of ALMO set up and operational costs, particularly on the prudential borrowing and ALMO options.

6.2 That review has concluded that the ALMO option remains the most appropriate and cost effective solution.

7. Functions to be delegated to the ALMO

7.1 For the purpose of the bid, Cabinet used the definitions included in ODPM guidance to state which functions or services should be delegated to the ALMO, and which should be retained by the Council. More detailed consideration needs to be given to the functions before they are included in an annex to the management agreement, and in the Section 27 delegation application.

7.2 It is proposed that as a general principle the ALMO should be a direct provider of housing management services and the housing client in relation to procured services. This means, for example, that the ALMO would prepare the improvement works programme, ensure that funding was in place, and provide briefs on its requirements. It would not directly employ the technical staff who would let and supervise the contracts.

7.3 Costed service contracts are being drawn up with a number of support service providers within the Council. They all include a full service specification, variation procedures, performance measures, performance review mechanisms and procedures for the resolution of disputes. A list of proposed service contracts is shown at appendix 1 in the form of the ninth schedule to the management agreement.

7.4 The functions proposed to be delegated to the ALMO and those to be retained by the Council are shown at appendix 2 in the form of an annex which will accompany the management agreement. Cabinet's approval is sought. The question of whether the Council or the ALMO should be responsible for overall management of the Housing Revenue Account is still to be resolved and it is proposed that the Executive Director (Business Connections) determines this matter subject to Cabinet's approval of the management agreement.

7.5 Approval of the functions to be delegated will enable the list of transferring employees to be finalised, necessary at this stage to allow sufficient time for the ALMO to be admitted as a scheduled body to the Council's pension scheme. The list will include Building Maintenance DSO staff transferring to Housing on operational grounds.

8. **Duration of agreement between the Council and the ALMO**

8.1 ODPM guidance suggests that the length of the contract should be either 10 years, renewable with provision for a break after 5 years; or an initial period of 5 years, renewable.

8.2 It is proposed that the contract be for 10 years, renewable, with provision for a break after 5 years.

9. **Name**

9.1 Clearly it is important that the name of the new organisation is acceptable to the ALMO Shadow Board of Management. At a recent training day, shadow board members expressed a preference, by a majority, for the name Spire Homes. A check with Companies House revealed that this name was already taken.

9.2 An acceptable alternative would be Spire Community Homes which includes both a well-know landmark and a sense of purpose that the homes are being managed for the benefit of the community. Accordingly, Cabinet's support for the name Spire Community Homes is sought.

10. **Trade Union Involvement**

10.1 A copy of this report has been sent to UNISON with whom regular meetings continue to be held. A meeting with the local GMB organiser is being arranged. Trade Union comments will be sought and included in the report to December Cabinet.

11. **Conclusion**

11.1 Tenants were sent a Homing In "Special" newsletter about the ALMO before the bid was submitted and in a telephone survey 63% of the 16% contacted, expressed support for the proposal. A further newsletter is imminent and there will be further consultation before seeking views of tenants, as agreed by October Cabinet, through a postal survey.

11.2 As previously advised, an Independent Tenants Adviser has been appointed to work with tenants and their representatives.

12. Finance Observations

- 12.1 There are no particular financial implications arising from the three matters for Cabinet decision. It is anticipated that detailed costings against budgets will be provided in a report to the next Cabinet meeting.

13. Legal Observations

- 13.1 Under S27 Housing Act 1985, an authority may, subject to the consent of the Secretary of State, delegate such of its housing management functions as it thinks appropriate.

14. Conclusion

- 14.1 This report has sought approval to the functions to be delegated to the ALMO and to be retained by the Council, to the length of the agreement between the Council and the ALMO, and to the name of the new organisation.

15. Background Papers

- 15.1 ALMO template documentation.

Any person wishing to inspect the background papers should telephone 020 8424 1331

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THE NINTH SCHEDULE

SERVICES SUPPLIED BY COUNCIL

[One or more specifications describing the service(s) with (if relevant) rights to vary and terminate]

Legal Services

Human Resources

Financial Services

Pensions

Payroll

ICT

Insurance

Switchboard

Design & Build

Contracts & Accounts

Occupational Health

Property & Valuations

Grounds Maintenance

Cashiers

Facilities Management

Creditors / Income

Security

ANNEX 3

FUNCTION	PROBABLE RESPONSIBILITY IDENTIFIED IN THE GUIDANCE X = RETENTION ✓ = DELEGATION	ACTIVITIES THAT ARE NOT SET OUT IN THE GUIDANCE THAT MIGHT BE DELEGATED	SECTION 27 CONSENT REQUIRED?	FUTURE DELEGATIONS	FURTHER COMMENTS
1. Housing Strategy	X				
1.1. Strategic work in partnership with RSLs and others	X				
1.2. Tenant involvement in strategy	X				
1.3. Market analysis	X				
1.4. Enabling and resource planning	X				
1.5. Contribution to corporate planning	X				
2. Stock Condition (including house condition surveys)	X				
3. Housing Needs	X				

¹ Note in the final version of this Table ‘?’ must be replaced with ‘✓’ to denote delegation or ‘X’ to denote retention. Future versions of this Model Agreement will make suggestions for the third column. The fourth column is available if there are future “transfers” of functions. The last column is applicable in the case of “group” arrangements.

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3.1. Assessments 3.2. Surveys					
4. Home Energy Conservation Act	X				
5. Housing land and other assets	X				
6. Homelessness	X				
7. Housing Advice	X				
8. Private sector housing: 8.1. Renewal/redevelopment 8.2. Renovation grants 8.3. Disabled facilities grants 8.4. Area renewal activity and clearance 8.5. Work in relation to HMOs 8.6. House condition surveys	X				

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8.7. Home improvement agencies 8.8. Fitness enforcement activity and other enforcement activity in respect of unsatisfactory housing conditions 8.9. Empty property 8.10. Energy efficiency					
9. Co-ordination with corporate policy in relation to: Care Services Community safety Neighbourhood renewal Regeneration Housing and health Sustainable development Social exclusion Equalities		X			
10. New tenancies					

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10.1. Housing Register		X			
10.2. Making best use of housing stock		X			
10.3. Selection of tenants for vacant properties		X			
10.4. Notification to and signing of new tenants	✓				
10.5. Transfer waiting list management		X			
10.6. Granting of new tenancies	✓				
10.7. Successions		✓			
10.8. Mutual Exchange management		✓			
10.9. Homes	✓				
11. Repairs and Maintenance –the client procurement or housing management function	✓				
11.1. Stock condition survey local authority housing		✓			
11.2. Responsive & cyclical repairs	✓				
11.3. Planned maintenance	✓				Further discussions needed on the

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					consultancy procurement role
11.4. Modernisation and improvements	✓				
11.5. Redevelopment and renewal	✓				
11.6. Energy efficiency		✓			
12. Void and Empty Property Management					
12.1. Terminations	✓				
12.2. Inspection and repairs	✓				
12.3. Major repairs		✓			
13. Tenancy Management	✓				
13.1. Estate Management	✓				
13.2. Enforcement of Conditions of Tenancy	✓				
13.3. Evictions and court action to support enforcement		✓			
13.4. Alterations to Conditions of		X			

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Tenancy					
13.5. Illegal occupation		✓			
13.6. Responsibility for Anti Social Behaviour Orders	X			✓	Anticipated legislation in Housing Bill
13.7. Requests for Anti Social Behaviour Orders	✓				
14. Estate Management					
14.1. Caretaking housing schemes		✓			
14.2. Environmental services		X			
14.3. Grass cutting/ground maintenance		X			Client procurement function only to be delegated
15. Supported Housing					
15.1. Sheltered housing schemes		✓			
15.2. Call centres		X			
15.3. Supported housing schemes		✓			
15.4. Refuges		X			

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15.5. Homeless accommodation		X		✓	
15.6. Temporary accommodation		X		✓	
16. Right to Buy					
16.1. Valuations	X				
16.2. Administration	✓				
16.3. Calculation of discount	X				
16.4. Approvals	X				
17. Leasehold Management	✓				
17.1 Consultation		✓			
18. Finance					
18.1. Rent setting	X				
18.2. Rent collection	✓				
18.3. Recovery of arrears	✓				
18.4. Recovery of other charges	✓				
18.5. Financial returns		?			

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18.6. Financial management		?			
18.7. Insurance and claims		✓			
19. Procurement					
19.1. Policy	X				
19.2. Letting of contracts in relation to delegated activities	✓				
20. Tenant Involvement					
20.1. Tenant Compact	✓				
20.2. Tenant association development	✓				
20.3. Information to Tenants	✓				
20.4. Reports to Tenants	✓				
21. Other Assets (including lettings management and clearance)					
21.1. Garages		✓			
21.2. Shops and buildings		X			
21.3. Estate Offices		✓			
21.4. Tenant Resource Centres or		✓			

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Tenant Offices					
21.5. Meeting Rooms		✓			
22. Clearance and Disposal of Dwellings					
22.1. Sale of dwellings		X			
22.2. Clearance		X			
22.3. Consultation		X			
22.4. Decanting tenants		X			

