

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of the meeting: 22 December 2009

Report of: Places

Title: Review of the Housing Options and Homelessness Service

Portfolio Holder: Councillor Jamie Macrae

1.0 Report Summary

- 1.1 A comprehensive review has been carried out of the way in which services are delivered to those in need of housing, in order to ensure that a high quality and consistent service is available to residents throughout Cheshire East.
- 1.2 This report provides a summary of the review, outlining the opinions and recommendations put forward by Andy Gale Housing Consultancy, who carried out an independent assessment on behalf of the three former District Borough Councils.

2.0 Decision Requested

- 2.1 To consider the service review options outlined within the report.
- 2.2 To give approval for the contracted Homelessness and Housing Options Service to be delivered in house.

3.0 Reasons for Recommendations

- 3.1 The Homelessness and Housing Options Service is currently administered by three organisations across Cheshire East. These are: Wulvern Housing (former Crewe and Nantwich district); Cheshire Peaks and Plains Housing Trust (former Macclesfield district) and Cheshire East Authority (former Congleton district).
- 3.2 The contracts with both Wulvern and Cheshire Peaks and Plains Housing Trust are due to end March 2010 and to ensure that the residents of Cheshire East receive a consistent standard of service

in the most cost effective way an independent review of the service was carried out to determine options available to the authority.

- 3.3 Andy Gale Housing Consultancy recommended that the best option for Cheshire East is to provide the Homelessness and Housing Options functions in house from 1 April 2010. An alternative option made by the consultant was to extend current contracts and include the former district of Congleton within these arrangements. This option cannot be pursued due to procurement regulations.

4.0 Wards Affected

- 4.1 All Wards

5.0 Local Ward Members

- 5.1 All Ward Members

6.0 Policy Implications including - Climate change - Health

7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)

- 7.1 None

8.0 Financial Implications 2010/11 and beyond (Authorised by the Borough Treasurer)

- 8.1 The financial implications of each of the options being considered for delivering the Homelessness and Housing Options service are presented in the table below.
- 8.2 The three options which were considered are as follows:
- i. Option One – To provide a Homelessness Policy, Housing Register and Central Housing Options Team within the Cheshire East Authority;
 - ii. Option Two – To provide a Homelessness Policy, Housing Register, North and South Housing Options Team within the Cheshire East Authority or

Cheshire East Homelessness and Housing Options						
	Option One		Option Two		Option Three	
	£	FTE	£	FTE	£	FTE
Employee	691,470	24.6	701,477	24.6	338,009	12.6
Premises	50,000		50,000		25,200	
Transport	38,208		37,930		15,394	
Supplies & Services	236,260		236,260		174,810	
Third Party Payments	25,680		25,680		702,297	
Total Expenditure	1,041,618		1,051,347		1,255,710	
Income	171,573		171,573		162,500	
Total Net Expend	870,045	24.6	879,774	24.6	1,093,210	12.6
2009-10 Forecast	904,341		904,341		904,341	
Potential (Savings)/costs	(34,296)		(24,567)		188,869	
Start Up Costs	15,000		15,000		nil	

- iii. Option Three – To provide a Homelessness Policy and Housing Register Team within the Cheshire East Authority and contract out the Housing Options and Advice Service to an external service provider.

- 8.2 From the table above Options One and Two in purely financial terms demonstrate the best value for money in comparison to option three in contracting out the Housing Options element of the Homelessness and Housing function, based on an estimate of a contract value for the Cheshire East Authority. There will however be start up costs in 2010-11 estimated to be approximately £15,000 for the additional twelve staff involved with either options one or two in relation to ICT and office equipment.
- 8.3 Whichever option is preferred there are operational possible operational costs relating to the Transfer of Undertakings Protection of Employment Regulations 2006 (TUPE) as staff currently working for the external organisations delivering the Homelessness and Housing functions in the East may have right to transfer their employment to the Authority on their existing terms and conditions. In addition if as a result of the transfer the Council has an excess for staff for the proposed structure there are likely to be severance costs, which will need to be funded by Cheshire East in 2010-11.

With options one and two, the remaining 12 FTE's will be responsible for the delivering the Housing Options service. The current staffing numbers from all three organisations involved with delivering the Housing Options service are estimated to be 21 FTE (Wulvern 8 FTE; CPP 6.5 FTE and CE 6.5 FTE). Therefore, with all three options there are likely to be severance costs for up to nine staff but at this stage it is only possible to estimate these costs until the exact numbers and terms and conditions of the staff involved are known. In addition

- there may be costs in relation to the transferring out of the Housing option to an external provider in option 3 as the Council will have to ensure the pension provisions for any transferring staff is fully funded.
- 8.4 As shown on the table above, based on the current 2009-10 estimates of providing the service with a mix of in house and external contracts by financial appraisal of the three options being considered the Authority are likely to realise potential savings in the region of between £34,000 to £25,000 to the Authority under options one and two, whereas under option three there will be additional costs of approximately £189,000.
- 8.5 In addition, under option 3 to procure a contract with an external service provider under option three it is likely to take in the region of nine months to complete the procurement process. This will take the authority past the contract expiry date (31st March 2010), which would involve renegotiating contract extensions for up to a further six months with the two existing Housing Associations.
- 8.6 Wulvern has expressed a desire to extend the contract for a further 12 months until 31st March 2011, which they would be prepared to do at the same level of funding. However, if the authority are only willing to offer a further six months (to 30 September 2010), then they have advised that an additional cost for this period would be incurred. With regards to Cheshire Peaks and Plains Housing Trust within the terms and conditions of the contract we have to increase the level of funding by RPI plus 0.5 percent.

9.0 Legal Implications (Authorised by the Borough Solicitor)

- 9.1 Under Part VI and Part VII of the Housing Act 1996 (as amended by the Homelessness Act 2002) the authority has a statutory duty to deal with homelessness and allocations as outlined further within the report.

10.0 Risk Management

- 10.1 The contracts, which are currently in place with Cheshire Peaks and Plains Housing Trust and Wulvern, will have to be renegotiated if a decision is taken to tender the service out, as the procurement process will take in the region of nine months and contracts expire on 31 March 2010.
- 10.2 If Members take the decision to tender the service this could result in the contract being awarded to an organisation that has no local presence and could potentially damage the relationship with existing partners.
- 10.3 Choice Based Letting is due to be implemented early in the New Year. This has been a partnership approach between Cheshire East and the three local RSL's (Wulvern, Cheshire Peaks and Plains and Plus Dane Group) The administration of

the waiting list forms part of the contracts with Wulvern and Cheshire Peaks and Plains and if this element of the service was included within the tender process there is a risk that this could jeopardise the existing partnership, as a third party outside of the partnership could potentially administer the waiting list. Having discussed the potential risks with the partnership they have agreed that the waiting list should not be tendered out and should form part of a central CBL team, located within Cheshire East.

- 10.4 Whilst a Local Authority can contract out its functions in administering the homelessness process, it retains the statutory responsibility and accountability for the decisions made by the organisation to whom the contract has been awarded. To ensure compliance with the legislation the authority would have to monitor decisions made and take responsibility for the review of those decisions. In the case of a judicial review, it is the local authority who would be accountable.
- 10.5 If a decision is taken to bring the service in-house there are TUPE arrangements that have to be adhered to. This includes consultation and giving reasonable notice of our intention. The date of the decision will determine if there is sufficient time to bring the service back before 31 March 2010.

11.0 Background and Options

- 11.1 The Housing Options and Homelessness Service is currently provided by three organisations across the authority. Wulvern and Cheshire Peaks and Plains Housing Trust are contracted to provide the service within the former districts of Crewe and Nantwich and Macclesfield. The former district of Congleton is covered by an in house service provided by Cheshire East.
- 11.2 The contracts that are currently in place with Wulvern and Cheshire Peaks and Plains Housing Trust are due to end in March 2010. Wulvern were issued with a twelve-month notice to terminate their contract in accordance with the transfer agreement and Cheshire Peaks and Plains contract has been extended to ensure that both contracts expire together. Legal advice is that it is feasible to extend both the notice period and contract for a further six months if required. However, to exceed this further could be challenged.
- 11.3 In September 2008, Andy Gale Housing Consultancy was commissioned to undertake a review of the Housing Options and Homelessness Service across Cheshire East, in preparation for 'Vesting Day'. The project was undertaken in two stages, the first stage was to produce an action plan which the three district authorities could use in preparation for 'Vesting Day' to ensure that the services provided were fully operational. This stage of the project has now been implemented.

- 11.4 The second stage of the project was to produce a report which gave clear recommendations in relation to the delivery of the service, the location of the service and who should provide the service.
- 11.5 Following the review process, which consisted of a combined desktop analysis of documents, performance data and on-site interviews with officers, the consultant has put forward his opinions and recommendations.

12.0 Statutory Obligations

- 12.1 Part VII of the Housing Act 1996 (as amended by Homelessness Act 2002) places a general duty on Local Authorities to ensure that advice on homelessness and homeless prevention is provided free of charge to all residents and that the authority assists those that are homeless or threatened with homelessness, providing temporary and settled accommodation where appropriate. The Homelessness Act 2002 placed additional duties on local authorities, which also included the production of a homelessness strategy, which has to be reviewed at least every 5 years and the requirement to assist 16 to 17 year olds and other vulnerable groups.
- 12.2 Part VI of the Housing Act 1996 relates to allocations and lettings Legislative requirements. Cheshire East Council is required to:
- Maintain a scheme for the letting of social housing to those in housing need (the housing register)
 - Hold and operate a lettings policy that complies with the Housing Act 1996 Part VI, including the assessment of those in housing need
 - Fulfil its duties to the homeless under the Housing Act 1996 Part VII (as amended by the Homelessness Act 2002)
 - Hold information about its lettings scheme at its offices
 - Provide housing advisory services

In carrying out these functions the Council must:

- Consider both the objectives of central Government and local priorities as determined by the housing strategy, corporate plan and other key documents.
- 12.3 Services should be delivered in a way that reflects identified need within the area in terms of access, service priorities and the priorities of the customers. To do this, the day to day operation of these services may be

carried out by third party contractors. However, the Local Authority must retain responsibility for:

- The formulation and amendment of lettings policies
- Monitoring of the discharge of statutory duties
- The Homeless review and the production of the Homelessness Strategy

12.4 In all cases, the Local Authority remains liable in law for the discharge of its housing functions irrespective of whether they have been contracted out or not. It must therefore ensure that these duties are discharged appropriately. This relates not just to the housing legislation directly but also:

- Equality and Diversity
- Human rights
- Data protection and freedom of Information

12.5 One of the most important elements is that if the authority contracted out the service they are judged by Communities and Local Government (CLG) on the performance of the contracted organisation.

13.0 **“Cheshire Homechoice” – The implications.** The introduction of a single housing register as part of the Cheshire Homechoice project will change the way that customers can access housing, putting them at the centre of the process and requiring them to be proactive in the selection of a new home. The new scheme and the technology that will be used to run it mean that there will be significant changes required to the way in which lettings and the housing register are administered.

13.1 The Cheshire Homechoice partnership consists of Cheshire East, Wulvern, Cheshire Peaks and Plains and Plus Dane Group. Each organisation has contributed to the procurement of a specialist ICT system to deliver the service and the employment of a Project Manager and Assistant. A Common Allocations Policy has been adopted by the all the partners.

13.2 The administration of the housing register forms part of the contracted out service and is carried out by Wulvern and Cheshire Peaks and Plains Housing Trust. However, if a decision was taken to contract out all operational homelessness and housing register functions (within the parameters set by legislation) there is a risk of a negative impact on the partnership.

13.3 In the event that a third party, from either the private or the Registered Social Landlord sector would be successful, this contractor would operate outside of the existing partnership agreement. This would remove much

of the inter-agency flexibility on co-operation currently built into the partnership agreement and restrict future development of the scheme.

- 13.4 It is considered that such a contractor would have a detrimental effect on customer understanding and experience of the service. Potential third party contractors have no current presence or infrastructure in the area and importantly, no local knowledge, relying heavily on information and services from the existing partners.
- 13.5 Partners of Cheshire Homechoice have therefore requested that the housing register function be excluded from any procurement exercise and that it forms part of choice based lettings central functions located with Cheshire East.
- 13.6 If this was to be agreed by Members then potentially the Homelessness function could be carried out by a third party whilst the housing register would still be retained, causing confusion for customers.

14.0 Temporary Accommodation

- 14.1 Part of the review looked at the provision of temporary accommodation which it was felt is currently provided on an ad hoc basis, at varying costs. Whilst these arrangements may have worked in the previous district authorities, it is felt by the consultant that this would not work within a new unitary authority.
- 14.2 Cheshire East owns direct access temporary accommodation which is no longer fit for purpose and requires a considerable level of investment. Whilst this can be utilised in the short term, a full review of temporary accommodation is required.

15.0 Performance

- 15.1 Andy Gale Housing Consultancy highlighted problems with the existing service delivery

The report states that "There is a strong performance on Homelessness and Housing Options from both Congleton Council and Macclesfield through Cheshire Peaks and Plains Housing Trust. The service provided by Wulvern has not been fully effective in terms of the administration of statutory Homelessness, Prevention and Housing Options. This is a long standing position though the appointment of an experienced Housing Options Manager is beginning to bring about improvements in administration of the service. There must however still be a question as to whether the service has the potential to improve and operate to the

highest standard set by the top 25% of Councils in the country and currently met by Macclesfield and Congleton”.

Since the publication of Andy Gale’s report, there has been a marked improvement on performance from Wulvern.

- 15.2 Since LGR, the amalgamation of the three Councils has resulted in service delivery which is:

- Inconsistent across the area in terms of quality and access
- Confusing in terms of access for the customer
- Confusing for other stakeholders such as social services, probation etc
- Difficult to manage and monitor

16.0 Best Practice

- 16.1 Highlighted within the independent review is the experience of other local authorities who have contracted out their services. Statistics provided within the report show that 50 Councils took the decision to contract out their homeless function, 25 of those (50%) are known by CLG to have taken them back in house and a number of others are considering their options. Of the 50 local authorities, 16 were from the North West and of those only 6 now provide their homelessness service through their Large Scale Voluntary Transfer organisation (LSVT) or Arms Length Management Organisation (ALMO). One of the 6 was Macclesfield who were satisfied with the performance of Cheshire Peaks and Plains.

17.0 Value for Money

- 17.1 Cheshire East is currently contracted to pay £279,836 in 2009/10 (excluding V.A.T.) to Cheshire Peaks and Plains and £281,283 in 2009/10 (excluding V.A.T.) to Wulvern for both the homeless and housing options services. This also includes the administration of the housing register, both of which are subject to annual increases. For the provision of the in house service the costs equate to £290,435 which includes those staff dealing with the strategic homelessness and housing options functions.
- 17.2 The consultants report highlights the fact that this should not be a cost cutting exercise, as the number of staff undertaking the function at the moment would still be required under the proposed new structure. However the internal review has considered the current staffing structure and the ability to make savings by the rationalisation of the former district authority arrangements. Indicative structures have been produced and

these demonstrate that there is a potential for efficiency savings if the service was to be brought back in-house.

18.0 Service Delivery Options

- 18.1 As stated previously there are now two options available to the authority that being to either provide the functions in house or alternatively contract these services out to contractor.
- 18.2 A SWOT analysis has been undertaken and it is evident that the strongest case would be to provide functions through an in house service.

19.0 Overview of Year One and Term One Issues

- 19.1 In order to establish a consistent approach across Cheshire East a decision in relation to the service has to be reached.

20.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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