



**Report of** Assistant Chief Executive/Director Environment & Neighbourhoods

**Report to** Executive Board

**Date:** 19 June 2013

**Subject:** Review of ALMOs and Housing Management Arrangements

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	x No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	x No
Is the decision eligible for Call-In?	x Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	x No
If relevant, Access to Information Procedure Rule number: Appendix number:		

### Summary of main issues

In January 2013, following a recommendation from the housing management review team, Executive Board made a decision to consult with tenants and other key stakeholders, on two options for the future of council housing management in Leeds:

1. Move to a single company model (e.g. a single ALMO) with a retained locality delivery structure and strengthened governance arrangements; or
2. Move to all services being integrated within direct council management with a retained locality delivery structure and strengthened governance arrangements to include tenants and independent members.

This consultation took place from January to April 2013, with 61% of tenants stating a preference for council housing to be managed by Leeds City Council. This compares to 21% stating a preference for a single ALMO and 18% stating no preference. Taking this into consideration, along with performance, financial and other considerations, the review team are minded to recommend that Executive Board take the decision to implement option 2, and move to all services being integrated within direct council management.

This paper briefly provides Executive Board with the results of the consultation, a recommendation on the future model for council housing management, and outlines implementation arrangements to move this forward.

### Recommendations

Executive Board is invited to:

1. Note the results of the consultation exercise;

2. Support the recommendation that we progress with option 2;
3. Agree to receive a further paper at its July meeting detailing implementation and governance arrangements.
4. Agree the commencement of the winding up process for the existing companies as noted in section 10.5.
5. Agree to the renaming of the Environment and Neighbourhoods Directorate to 'Environment and Housing'.

## **1. Purpose of this report**

- 1.1 This report sets out the outcome of the review of housing management services in Leeds and presents Executive Board with a recommendation on the future delivery of housing management in the city and sets out implementation arrangements.

## **2. Background**

- 2.1 In September 2012 a review was initiated to consider whether changes should be proposed in regard to the delivery of housing management services across Leeds. The review covered both the delivery aspect of the service, predominantly provided by the three ALMOs, but also the strategic landlord and other related functions provided by the Environment and Neighbourhoods directorate. The review was undertaken in two stages. The first involved extensive engagement work with key stakeholders, including ALMO Chief Executives, Elected Members, Staff (both LCC and ALMOs) ALMO Boards, Area Panels and the Leeds Tenants Federation.
- 2.2 The context within which the ALMOs were formed and developed was significantly different in 2003 than it is now. The previous government made it conditional that to be in receipt of decency funding, councils should either enter a stock transfer arrangement or set up arms-length organisations. Leeds opted for the arms-length model. At that time, the government set a limit on the maximum size of ALMOs at 12000 properties, which was crucial to the original decision to establish six ALMOs within Leeds in February 2003. This allowed Leeds to apply for funding from the government to bring council housing up to the decent homes standard, bringing in an additional £450m as part of an £850m programme of investment.
- 2.3 In 2006 Leeds undertook a review of its housing management arrangements and reduced the number of ALMOs to three. The main drivers for this change were financial viability and falling stock numbers. The housing service in Leeds is, therefore, currently provided by three ALMOs (namely East North East Homes, West North West Homes and Aire Valley Homes) supported by a client and other related services within the Environment and Neighbourhoods directorate. All three ALMOs were judged in 2010 as being 2 star performing under the Audit Commission performance assessment arrangements.
- 2.4 This period saw a step change in housing conditions, moving from under 50% of homes meeting the decency standard at the beginning of the period, to over 96% meeting the standard at its completion.
- 2.5 In November 2010, Executive Board agreed to retain the three ALMO model and agreed two key reforms: the creation of a Strategic Governance Board (SGC) – to provide a more coordinated approach to decision making; and, the development of a Shared Service Centre (the ALMO Business Centre Leeds) to maximise efficiencies. These changes have since been implemented and the review aims to build on these improvements to ensure we have the best arrangements in place to meet the changing policy context and the needs of council tenants in 2013 and beyond.
- 2.6 Since the last review, there has been unprecedented change to both the economic and policy context in which we operate. Significant economic and

social pressures face public services; we are experiencing ever increasing customer expectations; and, a comprehensive programme of change from the coalition government means the landscape that local government and its partners are operating in is now undergoing rapid change.

- 2.7 The Audit Commission was abolished and the national performance management framework for housing management is no longer in place. Decency funding has also now come to end, being replaced with a new self-sustaining Housing Revenue Account (HRA). The latter reform was not in place when the housing management arrangements were last looked at and this removes the financial incentive that was previously in place for retaining an ALMO based model.
- 2.8 The Belle Isle Tenant Management Organisation (BITMO) does not fall within the scope of this review as it operates under different legislation. It is currently performing very well, with high satisfaction rates and will be unaffected by the changes identified in this report, other than the impact in terms of the support they receive from the current ALMO arrangements. This support will need to be built into the new arrangements to ensure there will be no impact on BITMO service delivery.

### **3. Aims of the Review/Outcomes for tenants**

- 3.1 The outcome of the review was to ensure the most effective management arrangements are in place to deliver a high quality, efficient service that offers value for money to tenants particularly given the current economic and social pressures facing public services. There were a number of key drivers behind the review:
  - a need for clarity around decision making, governance and accountability arrangements;
  - a need to offer a consistent and improved service for tenants;
  - the end of government decency funding and the move to a self-funding HRA places even more importance on having a cost effective/value for money service in order to maximise investment in the city's housing stock, and;
  - the current management agreement is outdated and needs to be reviewed.

### **4. Results of the Consultation**

The review team undertook an extensive period of consultation between January and April 2013, primarily focused around tenants (including introductory tenants and leaseholders) but also engaging with elected members, ALMO Boards and Chief Executives, staff (both from ALMOs and the council), Area Panels, Trades Union and other stakeholder groups. Leeds Tenants Federation was involved throughout the process both in the design and delivery of the consultation to ensure independence. A summary of stakeholder feedback can be found among the background papers.

#### **4.1 Tenant Consultation**

- 4.1.1 The tenant consultation process was designed and delivered by a team led by the council's corporate support team and including representatives from the ALMOs, Leeds Tenants Federation and the council's communications and consultation and engagement teams to ensure it was as transparent as

possible. The survey forms were counted and analysed by a separate team in the council's Adult Social Care directorate to ensure independence from the consultation team in verifying the results.

- 4.1.2 All 70,000 tenants received a consultation pack along with a survey form, and we held a number of public meetings, road shows and mobile drop in sessions. In total the review team undertook more than 75 consultation sessions.
- 4.1.3 In total 8,889 tenants completed the survey, which is about 13% of the total tenant population. The large number of responses means that the results have a relatively low margin of error, (of +/- 1.0%) which suggests that the findings are an accurate reflection of the tenant population's views.
- 4.1.4 The key findings are:
- 69.3% strongly agree / agree that the best way to make savings and deliver better and more consistent housing services is to move from three ALMOs to a single organisation. (Question 1)
  - 77.5% strongly agree / agree that within a single organisation services should be delivered through locally based teams. (Question 2)
  - 60.9% would prefer all housing services to be provided by the Council, compared to 20.9% preferring a single ALMO and 18.2% undecided. (Question 3)
- 4.1.5 The results show a strong preference from the tenant population for the council to deliver all housing management services. It is clear both from the public meetings and the consultation results that tenants value locally delivered services and that this must be protected in moving to the new delivery model.
- 4.1.6 A full summary of the tenant consultation results can be found in the background papers.

## **4.2 Building on the successes of the ALMO Model**

- 4.2.1 There is no desire to return to the style of housing management service that existed pre 2002/03. The introduction of the ALMO model has successfully enabled significant investment in the Council's housing stock and the delivery of the government's decent homes standard; we have also seen improved responsiveness to local issues; increased the involvement of tenants in the decisions of the business; improved overall performance in areas such as rent collection and untenanted properties; led to agreement with tenants about service standards; enabled improved environmental standards on estates; and have secured increased tenant satisfaction. There has been a clear improvement in both housing decency and tenant involvement since the introduction of the ALMO model in 2003, and there are a number of key successes that have been demonstrated. They include:
- a) Delivery of an £850m decency programme;
  - b) Reduced the number of properties that didn't meet the national decent homes standard from 50% to 3.9%, and;
  - c) Improved performance in a number of areas including rent collection, reducing arrears, and reducing the number of untenanted properties.

4.2.2 Our findings suggest a number of key strengths of the ALMO model that the new arrangements should build upon:

- a) A local delivery focus to ensure services are responsive to tenant needs. The original campaign to move housing management to the ALMOs was entitled 'Going Local' and in part, acknowledged the shortcomings in a centrally run housing management department. The new arrangements will therefore seek to preserve and strengthen locally responsive services that reflect the diverse nature of the city;
- b) Effective services tend to be those developed locally in response to local needs and reflecting the local conditions in which those needs arise. It is extremely important that we retain the capacity to respond to and reflect the diverse conditions across the different areas of the city.
- c) Engagement – ALMOs have been successful in engaging with tenants. Area Panels are seen as a positive way of engaging with tenants and general opinion was that they should stay in any future model. In developing the new Board arrangements, it is proposed to retain the mix of independent members, elected members and tenants, which was seen as a positive aspect in the current ALMO Board structure. There is a high level of satisfaction in the Area Panel model on the whole – although it needs to be recognised that this is inconsistent across the 3 areas.
- d) Innovation and creativity emerges locally and should be harnessed to inform/improve services. We will seek to ensure that the new model retains the freedom, flexibility and capacity to respond to and reflect the diverse local conditions across the city; and build on the creativity and local knowledge of tenants and other stakeholders.

4.2.3 There is no doubt that housing management and the overall service provided to tenants is in a much better position now than it was 10 years ago. In developing the new service model there is a need to ensure we recognise and retain the strengths of existing arrangements whilst acknowledging the need to resolve the main operational issues this review has identified, against a backdrop of acute social and economic pressures.

## **5. Principles for housing management**

5.1 If Executive Board approve the recommendation of the review there will be a lot of work to do to ensure the successful development and implementation of the new service model.

5.2 With this in mind, it is proposed that the new service will be built upon the following principles:

- the best quality housing service should be delivered to all Council tenants;
- there should be clear accountability in decision making;
- services should provide value for money;
- services should be informed by, and be responsive to, local need;
- there should be consistency in policy direction;
- there should be no or minimal duplication of front line services; and

- services should draw on the best expertise available.
- 5.3 The need to ensure tenants remain at the heart of what we do is vital in future arrangements, and echoes the general direction of travel across the council towards a more locality focused approach to service delivery where possible.
- 5.4 The council's approach to locality working has been developed over time as we have striven to be more local in our understanding, thinking, decision making and service delivery arrangements. In 2011, new locality working arrangements were introduced which brought about changes to area management teams, with the appointment of three Area Leaders and Area Leadership Teams and the creation of new area-based support teams. One of the key conclusions of the Leeds led "Commission for the Future of Local Government" determined that a critical aspect of the Council's future blueprint was to move towards "**locally responsive, integrated front line services**" to ensure local needs are at the heart of decision-making.
- 5.5 This is also echoed in the national policy context, where government is driving its localism agenda. We will work to ensure that housing management is continued to be delivered on a local basis as we develop new ways of working.
- 5.6 Any savings generated from budgets across the ALMOs or council services as a result of the new arrangements being put in place will be reinvested into front-line housing services for the benefit of tenants.

## 6. Recommendation of the Review team

At its meeting on 09 January 2013, following a recommendation from the housing management review team, Executive Board made a decision to consult with tenants and other key stakeholders on two options for the future of council housing management in Leeds:

- Move to a single company model (e.g. a single ALMO) with a retained locality delivery structure and strengthened governance arrangements; or
  - Move to all services being integrated within direct council management with a retained locality delivery structure and strengthened governance arrangements to include tenants and independent members.
- 6.1 The option to develop a single ALMO offers some advantages. The model would address issues around governance and consistency in service provision, and would also make cost savings and efficiencies over the existing three-ALMO structure. It could retain a local service delivery model and would address a number of the issues raised throughout the review process. Some efficiencies could be delivered through removing duplication between the existing ALMO functions and the council although cost savings by reducing senior management costs would be offset by the need to strengthen local management arrangements. The single ALMO model, however, would not address some of the key issues raised throughout the review, including accountability and duplication of resources – and does not reflect the majority opinions from the consultation exercises. For these reasons this option is not recommended by the review team.

## **6.2 Recommendation – To proceed with option 2: Direct delivery – integrate housing management within council’s Environment and Neighbourhoods directorate.**

- 6.2.1 The existing ALMOs will be dissolved and the management of its housing stock will be integrated within direct council control. Leeds City Council will be the sole landlord for its housing stock, taking over responsibility for all ALMO functions, including overall management, engagement with tenants and responsibility for any repair work needed.
- 6.2.2 It is important to note that this does not suggest a return to the pre-ALMO model of housing management. There is a general recognition that housing management is in a much better position now than pre 2003. We will therefore build on the strengths and successes of the ALMO model and its evolution and will be based on some shared principles.
- 6.2.3 This option addresses most of the issues raised throughout the review, notably around governance and accountability, inconsistency in service provision, avoiding duplication, and creating a better fit with wider council objectives.
- 6.2.4 In addition to efficiencies delivered through removing duplication between the existing ALMO functions and the council, this model will make cost savings by reducing senior management costs in both the ALMOs and within the council.
- 6.2.5 During implementation we will look to amalgamate support services from ALMOs/ABCL and Environment and Neighbourhoods to deliver cost savings and increased efficiencies. By applying similar ratios to back office services as currently applied within the council there would be a significant cost saving. There would be an additional cost saving of around £500,000 through not having to maintain the company arrangements and related client function. Further financial analysis is needed to explore any further savings that could be made in this regard

## **7. Key features of the model**

### **7.1 Governance**

- 7.1.1 Subject to a further paper to Executive Board in July 2013, there will be recommendations to the General Purposes Committee and full Council to establish:
- a) A new Housing Management Advisory Board chaired by the Executive Member with responsibility for housing.
- This would set strategic direction for the management of council housing, propose investment plans and oversee performance – and would retain a mix of political, independent and tenant members.
  - Decision making on all housing functions would be delegated to the Director of Environment and Neighbourhoods. The Housing Service would likely consist of 3 elements – statutory housing, council housing tenancy management, and property and investment.
  - The Director would be responsible for the whole management of council housing. This would also mean that there would be no need for a separate strategic landlord function, creating further efficiencies.



- Area Panel functions will be retained and strengthened to ensure that tenants remain fully involved and engaged in the work of the new service, and in turn allow the service to be responsive to local needs.
- b) A group consisting of the Area Panel chairs as a subcommittee of the Housing Management Advisory Board to strengthen links.

7.1.2 A further paper will be brought to the July Executive Board meeting outlining the new governance arrangements in more detail. Links between the Housing Management Advisory Board and tenant scrutiny arrangements will also be developed.

## 7.2 Local Delivery

- a) The strong focus on tenant engagement and involvement in housing management created by the ALMOs would be retained and strengthened;
- b) We will continue with three locally based housing management delivery teams that mirror existing ALMO arrangements managed by three senior officers reporting directly to the relevant chief officer. This would minimise impact on frontline housing services and maintain ability to be responsive to local needs. Close interaction with Area Panels, tenant scrutiny and the Housing Management Advisory Board will be explored. This will also allow greater synergies with other council services, including environmental management.
- c) Local housing management will focus on core activities. Interagency arrangements for tackling antisocial behaviour will be retained. Other key functions could transfer to other parts of the authority. e.g. environmental management.
- d) The council will retain some in-house repairs/maintenance capacity, based around the model developed within East North East Homes, but balanced with a more mixed provision. How this is configured and managed will need to be reviewed further as we move into the implementation phase. The problems experienced with the current contractual arrangements, have supported the argument for having city wide in-house capacity available in this model.
- e) The council will explore how best to provide better joined up working with other key council services, including adult social care and children's services.
- f) Creation of a forum to agree a tenant engagement strategy and deliver an effective partnership between the council and Leeds Tenant Federation;
- g) Commitment to retain and strengthen community involvement and tenant participation infrastructures;
- h) Further work is needed to explore how wider services beyond core housing management activity (including environmental services, work on anti-social behaviour etc) could best be delivered within the new arrangements.

### 7.3 **Support Services**

The ABCL and support services within Environment and Neighbourhoods will be combined to provide a single support service across the directorate based on best practice ratios applied within the council.

- 7.4 The Department for Communities and Local Government (DCLG) will be notified about the changes to the ALMO Board arrangements as part of the process of terminating the ALMO Management Agreements and winding up the ALMO companies.

## 8. **Opportunities identified by the review**

Despite the recognition that there has been a step change in housing management performance over the past decade, the review has highlighted a number of opportunities for improvement in the current model that will be addressed in the move to a council-run service.

### 8.1 **Governance and Accountability:**

- 8.1.1 The new arrangements will offer greater accountability and a much clearer governance model. There is sometimes a lack of clarity concerning who takes responsibility when there is a service failure and sometimes strategic direction and prioritisation is not always as clear as it might be. This is of particular concern where the reputation of the council is at stake and was one of the key drivers behind the recommendation to integrate all housing management services within direct council control.
- 8.1.2 The new arrangements will bring services directly into council control and allow synergies to be made with existing services such as environmental management, to improve performance and reduce duplication and confusion. The review identified a number of ambiguities and confusion in the role of the ALMOs and council in the current model. A lack of clarity in the procurement and management of contracts has been particularly evident. These unclear responsibilities and accountabilities contributed to the problems we have faced in respect to some contractual arrangements, most notably around repairs and maintenance.

### 8.2 **Greater Consistency across the city**

- 8.2.1 The review highlighted a clear need to have a consistent housing management service across the city, and with other service providers. While we recognise that there will be a need to tailor services to meet varying tenant needs across the city, bringing all housing management functions within a single organisation will allow the development of a core housing offer to help drive improvements across the city.
- 8.2.2 The 2010 review of ALMOs noted significant duplication across the three organisations and variation in service standards and service priorities across the city. This was emphasised during the initial stakeholder engagement and emerged strongly as a key concern during the consultation stage, notably with staff and elected members. On the whole the level of service experienced by tenants is very much dependent on which ALMO area you live in. In the current context this is increasingly difficult to justify. It has made it very difficult to agree a common standard of service and can be a source of frustration, particularly to

elected members, but also staff and tenants, and other service providers. The establishment of a Strategic Governance Board has assisted in the sharing of best practice and collaboration across the 3 ALMOs, but the lack of decision making powers means problems remain. In the new model, a balance needs to be struck between ensuring minimum citywide standards with the need to retain a locality focus to deliver locally responsive services. Tenants and staff will need to be involved in the development of the service models to ensure this is appropriately reflected. We must also be mindful to not lose sight of some of the excellent work that has already been done within the ALMOs around needs analysis and understanding of the needs and wants of their communities.

8.2.3 Inconsistency in decision making has also emerged as a key weakness of the current model. The 3 ALMOs have different approaches to decision making, with the level of delegation from the Board varying significantly. This will be addressed with the creation of the single Housing Management Advisory Board.

8.2.4 With the changes to a self-funding HRA, the opportunity to have an overarching asset management strategy for the city has become even more critical and will be a key challenge in developing the new model.

### 8.3 **Greater efficiency**

8.3.1 A key criticism of those consulted about current arrangements relates to not only the perceived duplication of staff between the ALMOs but also the need for the council to also have staff employed on the client side. Some of the duplication in the support services functions across the ALMOs has already been addressed through the creation of a single ALMO Business Centre (ABCL), which has realised savings in the region of £1.6m. Nevertheless there continues to be some double handling, particularly in the area of property services, and there is a suggestion that more savings can and should be derived from support services as part of any future work. There also remain three sets of senior management and headquarters costs. In the current financial climate it is no longer justifiable having 3 separate companies, management structures and the associated costs. If money is to be reinvested into the frontline housing management, savings need to be made to management and back office functions to support this.

8.3.2 There has also been an issue raised with duplication of resources and overlap between council services and the ALMO activities, including for example, work on antisocial behaviour, environmental services and health and wellbeing initiatives. This will be addressed in the new model, with relevant ALMO services being integrated with existing council services to ensure efficiency, value for money and improved performance.

### 8.4 **Delivery of wider council objectives**

Council desired outcomes are defined in the Performance Framework; but individual ALMOs are responsible for service delivery – and there appears to be three differential set of services. Formal arrangements put in place to link ALMOs into the council strategy and policy development functions have not been as successful as envisaged. These arrangements lead to differential engagement with the council's strategic vision and plans, thereby losing the opportunity to influence and play a key role on the creation of strong, healthy

communities. This can also lead to tensions between city aspirations and local decision making.

## **9. The new management model – implementation arrangements**

- 9.1 Subject to the recommendations to the General Purposes Committee and full Council being agreed it is proposed that a Housing Management Advisory Board be established, Chaired by the Executive Member for Neighbourhoods, Planning & Support Services. The Board will be cross party and include independents and tenant representatives. The full Board is to be formally appointed by Full Council through General Purposes Committee at its next meeting. A further report will be brought to Executive Board at July meeting with more details, full terms of references and membership details for the new Board. Shadow arrangements will be put in place until the new Board is fully established.
- 9.2 Project governance will be through a Project Board, to be chaired by the Director of Environment and Neighbourhoods and consisting of key officers from the Council and ALMOs, including ALMO Chairs, and a representative from the Leeds Tenant Federation. Project management capacity has been identified and day to day management will be undertaken by a project coordination Group that will meet frequently and bring together key work-stream leads.
- 9.3 A number of service redesign work-streams have been established, each with a clear lead that will report progress into the Project Coordination Group and Project Board.
- 9.4 The process of starting the TUPE transfer of all ALMO/ABCL staff into the council will begin immediately with a view to being completed by October 2013. The current Chief Executives will report directly to the Director of Environment and Neighbourhoods, with reporting lines below that remaining in place until a full restructure has been completed. The senior management structure will be agreed during September 2013, with the remaining restructuring being completed by 31 March 2014.
- 9.5 Closure of existing ALMO Companies – the winding up process for the existing companies will begin immediately following the Executive Board decision. The current company directors will be replaced by a new set of directors, nominated from the current boards to form part of the shadow housing management advisory board. This new Board will fulfil the statutory role of the current boards during the winding up process. A process for future recruitment to the board will need to be developed alongside service redesign. It is anticipated this will be completed by 1 August 2013.
- 9.6 We will engage with tenants, staff and other key stakeholders in developing the new service delivery model, particularly the tenant involvement infrastructure. This was a particular issue raised in the tenant consultation, with the majority of tenants feeling they were not adequately engaged in current model.
- 9.7 Summary of timetable:
  - June 2013 process of winding up existing companies and boards to commence with issue of 28 day notice to existing directors;

- June – October 2013 TUPE (Transfer of Undertakings [Protection of Employment] Regulations). Complete move of ALMO/ABCL employees and any associated liabilities from their current employer to the council.
- July – further paper to Executive Board outlining governance and implementation arrangements;
- July 2013 establish and convene shadow Housing Management Advisory Board;
- July – revision of officer delegation to include previous ALMO functions under the Director of Environment and Neighbourhoods accountable.
- August – ALMO Chief Executives to report to Director of Environment and Neighbourhoods.
- September 2013 restructure of top/senior management;
- October 2013 proposals for new Housing Management Advisory Board formulated and submitted for approval by full Council via the General Purposes Committee;
- October 2013 – March 2014 restructure and formulation of new operating model, including realignment of the charts of accounts to the new operating model;
- April 2014 – formal go-live of new operating model.

## **10. The Environment and Neighbourhoods Directorate**

- 10.1 In light of the changes identified in this report and the emerging changes being progressed through the Enabling Corporate Centre project, it is felt that this would be an appropriate time to look at the name of the Environment and Neighbourhoods directorate.
- 10.2 The term “neighbourhoods” was adopted for this directorate approximately six years ago when it had responsibility for a range of neighbourhood functions, most notably area management and neighbourhood regeneration. Changes in recent years have seen area management responsibilities move to the corporate centre and regeneration to City Development.
- 10.3 In recognition of this and the significance of bringing the management of the city’s 58,000 council homes within the directorate, Executive Board are asked to consider renaming the Environment and Neighbourhoods directorate to “Environment and Housing.”

## **11. Communications**

Executive Board agreed in January that, subject to consultation, we would move from the existing three company model to a single organisation delivering housing management services in Leeds. Therefore moving away from the status quo has been widely publicised and engagement activities have fostered an atmosphere and platform for change. However, communications have largely been focused on establishing information and engagement to inform the review, so we now need to provide continuity and a bridge between the review and implementation phase. All

major stakeholders are now aware of the recommendation, and the results of the consultation with tenants.

A draft Communications Strategy and Plan is available in the background papers.

## **12. Corporate Considerations**

### **12.1 Consultation and Engagement**

The exercise has involved comprehensive consultation with all stakeholders and in full compliance with the Communities and Local Government Department (CLG) published updated guidance for Councils considering the future of their ALMO housing management services in December 2011. Details are given in para 1 of the main report – and in the supporting background documents.

### **12.2 Equality and Diversity / Cohesion and Integration**

There are no specific issues around equality and diversity, cohesion and integration in the recommendation. Once Executive Board confirms its preferred option individual implementation work-streams will consider them as appropriate.

### **12.3 Council policies and City Priorities**

The recommended option is considered to be the optimum solution to meet the council's ambitions and priorities in the City Priority Plan, particularly those set out in the "best city to live in" section.

### **12.4 Financial implications**

12.4.1 The recommended option aims to ensure Leeds has the right arrangements in place to deliver high quality, efficient services that offer value for money to Leeds' taxpayers and tenants.

12.4.2 An important driver for the review was the extent to which any changes could deliver financial savings in back office or overhead costs from council, housing service, ABCL and ALMO budgets to free up resources that could be reinvested in front-line services for council tenants or investment in the council's housing stock.

12.4.3 In looking at the recommendation, financial savings could be made in three principal areas:

- A reduction in senior management costs moving away from three separate organisations to integrate services within the council. Such savings arising are estimated to be up to £600k.
- A reduction in support costs building on the £1.6m savings already achieved through the development of the ALMO Business Centre Leeds (ABCL). Estimated additional savings could be between £1.4m and £2.4m depending on the support services model ultimately agreed. Further work is necessary to test the assumptions made in reaching these figures.
- Additional savings will accrue from the removal of the costs associated with maintaining a separate company arrangement as well as additional savings in not requiring a client side function. The potential savings in this regard are estimated at around £500k.

12.4.4 Members should note that all of the above estimated savings are indicative and based on a number of assumptions which will need to be tested further, and are as such subject to further analysis and due diligence. Any savings generated from budgets across the ALMOs or council services as an outcome of this change will be reinvested into front-line housing services for the benefit of tenants.

### **12.5 Legal Implications, Access to Information and Call In**

The recommendation being put forward takes full account of the updated guidance for Councils considering the future of their ALMO housing management services published by the Communities and Local Government Department (CLG) in December 2011.

### **12.6 Risk Management**

The project scope is successfully completed and is now green. There is however a number of interdependencies between the recommendation to Executive Board and issues around implementation in which the project review team is heavily involved. So current rating remains amber.

A risk register is being developed as an integral part of the implementation planning exercise.

## **13. Conclusions**

In considering the outcome of the consultation, along with performance, financial and other considerations, the review team are minded to recommend that Executive Board take the decision to implement option 2, and move to all services being integrated within direct council management. It is the view of the review team that this option would best address the aims set out in the review and allow Leeds to build on the excellent work to date and create the best possible housing management arrangements to meet the needs of all tenants in the city.

Executive Board is asked to agree this approach and implementation arrangements outlined throughout the report.

## **14. Recommendations**

Executive Board is recommended to:

- 14.1 Note the results of the consultation exercise;
- 14.2 Support the recommendation that we progress with option 2;
- 14.3 Agree to receive a further paper at its July meeting detailing implementation and governance arrangements
- 14.4 Agree the commencement of the winding up process for the existing companies as noted in section 10.5.
- 14.5 Agree to the renaming of the Environment and Neighbourhoods Directorate to 'Environment and Housing'.

## 15. Background documents<sup>1</sup>

- Summary of stakeholder feedback.
- The full summary of the tenant consultation results.
- Draft communications and engagement plan.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.