

Southend-on-Sea Borough Council
Report of Corporate Director for People
to
Cabinet
on
22nd September 2015

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**Review of the Arm's Length Management Organisation (ALMO) – South Essex Homes
Policy & Resources Scrutiny Committee – Executive Councillor: Councillor Norman**

A Part 1 Public Agenda item

1. Purpose of Report

This report seeks the approval of Cabinet to extend the Council's management agreement with South Essex Homes (SEH).

2. Recommendation

That Cabinet agrees that the Management Agreement with South Essex Homes be extended for a further 3 year period from 1st April 2016 to 31st March 2019.

3. Background

3.1 The Council owns the Council's Housing Stock and in effect SEH are our managing agents. SEH has a separate staffing structure and its own Management Board, which includes Councillors nominated by the Council.

3.2 The current management arrangement expires in March 2016 and a decision is needed on what future arrangements should be put in place.

4. Other Options

4.1 To not extend the Management Agreement and to bring the service back into the Council;

4.2 To not extend the Management Agreement and to consult tenants on other options.

5. Reasons for Recommendation and Next Steps

- 5.1 In discussion with the Portfolio Holder, it has been suggested that in the short term the Council could make the decision to renew the Management Agreement with SEH.
- 5.2 Members, including Members of the Housing Working Party, are generally happy with the services that SEH provides to the Council's tenants and there is little appetite for the services to be brought back in house, or any other option to be explored, at this time.
- 5.3 Should the Council decide to extend the Management Agreement, the Council would then review the governance arrangements in full between the Council and SEH and how the partnership between the two organisations can be strengthened in the coming years, with the aim of reducing unnecessary duplication between the work of the Council's housing teams and that of SEH. This would allow us time to properly evaluate the impacts for Southend-on-Sea of recent Government changes, the potential effects of the 2015 comprehensive spending review and other public sector cutbacks over the next three years. This recommendation will give South Essex Homes a level of certainty to operate over that period, whilst also providing some assurance for local tenants and leaseholders.
- 5.4 It is proposed that the Management Agreement should form the basis of a new partnership approach with South Essex Homes, should Cabinet endorse these proposals. Subject to Cabinet's agreement the following are indicative dates:-
- September 2015 – Cabinet decision
 - October 2015 - January 2016 – Review of legal and governance issues
 - March 2016 – Cabinet Report on proposed options
 - April 2016 – New Management Agreement implemented

6. Corporate Implications

6.1 Contribution to Council's Vision & Corporate Priorities

The provision of good tenancy management to Council tenants contributes to the Council's aims of safe, clean and healthy.

6.2 Financial Implications

- 6.2.1 There have already been considerable savings made through closer joint working between the Council and SEH, which includes sharing of the Civic Offices and sharing of support service staff.
- 6.2.2 In the Budget the Chancellor made an unexpected announcement that the Government wants to see a 1% rent reduction on social housing rents over the next four years. This is likely to have a considerable impact on the Council's HRA Business Plan income over that period. In summary over the course of the next four years this will remove a cumulative total of around £9 million from HRA resources as the anticipated rent increases over this period will now not

materialise, whilst at the same time the impact of rent decreases is felt. Therefore it is crucial that the management arrangements that are put in place to provide the best value for money.

6.3 Legal Implications

A revised legal agreement will be required

6.4 People Implications

None at present

6.5 Property Implications

None at present

6.6 Consultation

None required

6.7 Equalities and Diversity Implications

No specific implications

6.8 Risk Assessment

The extension of the agreement protects current good performance

6.9 Value for Money

The proposed option allows for further potential efficiencies

6.10 Community Safety Implications

None

6.11 Environmental Impact

None

7. Background Papers

None

8. Appendices

None