

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Housing Portfolio Holder **8.7.2008**
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AUTHOR/S: Corporate Manager-Affordable Homes/Housing Strategy Manager
and Housing Advice & Homelessness Manager

HOUSING FUTURES AND RETAINED SERVICES-FUTURE OPTIONS IF TENANTS SUPPORT THE HOUSING TRANSFER PROPOSAL IN A BALLOT

Purpose

1. To consider the options for the delivery of retained housing functions in the event that a housing transfer proposal is supported by tenants in a ballot.

This is a Key Decision because it raises policy issues for decision which have not yet been considered as part of the Housing Futures project.

Executive Summary

2. The Council's lead consultant for the development of a housing transfer proposal –Savills- have a wide experience of housing transfer and they have provided detailed comments on aspects of the services in question that should be taken into account in considering service delivery options in a post transfer scenario. This information has been attached as Appendix 1 to this report.
3. The general conclusion is that with exception of Management of Travellers Sites, Community Lifeline Services and Floating Support Services, other services should be retained in-house at the point of any housing transfer. The long term future for these retained services (and some transferred services) will depend upon future reviews by the council and external factors such as the Supporting People (SP) commissioning strategy because SP contribute to the funding of homelessness services, floating support, sheltered housing services and the Home Improvement Agency.

Background

4. The council provides a range of housing services that are not subject to the development of a housing transfer proposal. These services could, potentially, be transferred to a new local housing association, be retained by the Council or, indeed, be outsourced to a different third party. This report considers the issues, options and conclusions as to future service arrangements. Agreement on the 'way ahead' is needed in order that future plans can be made for both housing transfer and retention scenarios.

5. This report will not attempt to duplicate all the material contained in the appendix. Perhaps the most useful general comment is a quotation from the ODPM (now the CLG) which is based on information from the Audit Commission's studies of the housing transfer process-

The Audit Commission has suggested that the immediate pre-transfer period is the worst time to consider future arrangements for the delivery of statutory housing functions, as competing priorities may mean that there is a risk that decisions will be based on an inadequate appraisal of the options.

6. In context, this does not mean that no plans should be made to ensure that services continue post transfer but that plans which involve anything other than the status quo should not be evaluated alongside the housing transfer process.
7. One of the major complications with even considering out-sourcing services is that very few authorities comparable in size to South Cambridgeshire nationally have completely outsourced non-landlord services, apart from maintenance of the housing register. There is, therefore, effectively no established and no local providers to study for the majority of these services. East Cambridgeshire have out-sourced their housing register functions to a housing association and Forest Heath originally went down this route but have now brought the service back in-house.
8. However, some specialised aspects of different services (rather than the whole service) have been out-sourced and this already happens in South Cambridgeshire . This includes the private leasing scheme (via King St Housing Society), Strategic Housing Market Assessment (via the County Council), Out of Hours Emergency Response (via PCT), homeless hostel management (via Sanctuary/Hereward Housing Association)
9. Where these continue to offer value for money it is envisaged that these arrangements would continue.
10. A further complication is that should a transfer to a new local housing association be supported by tenants at a ballot, that organisation does not currently exist and as yet has no track record as a housing association even though the staff who would join it are successfully delivering landlord services at present. Given the lack of an established market for non-landlord services, particularly in a largely rural area, there are no obvious local candidates to out source most services to, other than a new local housing association.

Considerations

11. **A) SERVICES CONSIDERED SUITABLE FOR OUT-SOURCING TO A NEW LOCAL HOUSING ASSOCIATION**

Travellers Site Management

The functions of this service are as follows-

- i) Developing and maintaining good relations between the site residents and the Council.

- ii) Maintaining the site grounds, pitches and block units
 - iii) Assisting with the allocation of pitches,
 - iv) To take action as required, including legal action, to resolve site disputes and non-compliance with Site rules.
 - v) Manage rents and site budgets
 - vi) Negotiation with the County Council (owners of the site) in relation to major repairs and other obligations relating to the management of the sites.
12. The provider of this service will need to access all of the functions that would transfer with the Councils housing eg repairs, rent collection, housing management. None of these would remain with the Council in the event that a housing transfer option is supported by tenants and it would not be viable to develop these services in house for such a limited number of units. The pragmatic solution which would deliver the service, and also maintain continuity with existing staff/services, would be to transfer site management along with all other housing management services.
13. Other strategic aspects of working with Travellers e.g. community development etc, would remain with the council.

Floating Support and Lifeline

14. The current Lifeline and Floating Support services are managed alongside the sheltered housing service. Lifelines are provided in the community for council tenants and private users. There are currently (23.6.08) 644 service users in private sector /housing association properties and 184 service users who are South Cambridgeshire District Council tenants. The fitting, collection and maintenance of these units is provided by sheltered housing officers and the whole process is managed by the Community Telecare Co-ordinator who is based within Supported Housing Services. Sheltered tenants who are in receipt of assistive technology to remain living independently in their homes also require a lifeline for the technology to work.
15. The floating support services are tenure neutral. They are, however, are a key element of the support service offered to Council tenants, homeless applicants and referrals from other Registered Social Landlords working in the South Cambridgeshire area. This service is now an integral part of supported housing services and would be most cost effectively delivered alongside those services.
16. The Floating Support service receives Supporting People funding and therefore there will be built in regulation of expenditure and value for money via the control mechanisms built into the Supporting People commissioning processes.

B) SERVICES PROPOSED FOR DELIVERING IN-HOUSE

17. **Housing Advice, Options and Homelessness**
The emerging consensus is that the following services should be retained. The services within the Housing Advice and Options team include housing advice, lettings, choice based lettings and homelessness. A number of visits to other Authorities have been carried out by officers within the section to get feedback on

how these services work post transfer. The outcome of this is that the preferred solution would be to retain these services based on:

18. The feedback from all the authorities visited recommended retaining these services.
19. The strategic responsibilities for homelessness and allocations (CBL), including the homelessness strategy, will remain with the local authority. Retention of these services will enable the authority to maintain control over the operational activities. One organisation visited had transferred these services, but has subsequently returned them to the council as they experienced difficulties carrying out their statutory functions, due to the priorities of the RSL.
20. There is a clear advantage for keeping lettings and housing advice/homelessness services together. This has been seen in SCDC since the restructure that enabled the two services to link together. This includes the reduction of households in temporary accommodation and the ability to provide a wider housing options service.
21. In addition there would be problems of perceived conflicts of interest if the CBL function were contracted out away from the authority to one housing association. Although the authority currently has stock of its own it is able to play an "honest broker" role in the sub regional CBL arrangement.
22. A lot of the success of the homeless prevention work is linked to building up awareness, with key agencies and the public, of the services provided and contact details. This is similar for the recently introduced choice based lettings scheme where a lot of awareness building of the new scheme and how to access it has taken place. There will be advantages in this remaining the same.
23. The ownership of the homelessness hostel would transfer along with all of the other council properties if stock transfer takes place. The current contract with Hereward/Sanctuary for day to day management needs to be reviewed and it would be prudent to do this once a final decision about transfer has been made.
24. **Housing Strategy and Enabling Housing and Health Strategy Manager***
These functions require-
 - considerable inter authority and inter agency work, including close working with government agencies. In many instances these agencies would not be able to share information/discussions with non public sector bodies, particularly where resource allocation was concerned.
 - close liaison with council services including Finance, Planning and Legal
 - competitive processes that would be difficult to contract to a third party RSL or other body because of conflicts of interests e.g. involving site allocations, grant allocations, spending commuted sums etc

In addition, they already involve outsourcing of specialist aspects of services

25. On balance there do not seem to be any practical or sensible options to outsource these services further. The authority needs to be able to call on the staff to attend a wide range of in house and external meetings, liaise with colleagues and represent the authority to outside organisations.
** (joint South Cambridgeshire/PCT/County post)**
26. **Private Sector Housing and the Home Improvement Agency (HIA)**
The key issues-as informed by the external consultants are-
- most agencies will not have the necessary skills, experience and expertise to undertake this function
 - private sector housing is not a traditional function of RSLs
 - private sector landlords and agents may be less willing to interact with anyone who is not the Council
 - private sector housing could be a distraction from the core activities of a new local housing association
 - The scale, scope and content of any contract would require considerable time and effort to construct
27. In addition, there is added value in operating the private sector function alongside other aspects of the work of Environmental Health. Other things that need to be considered include the links Private Sector Housing work has with other Core Council activities such as the Improving Health partnership and public health in general; Home Safety; HECA strategy, filthy and verminous and nuisance complaint investigations, private water supplies, drainage etc. To disentangle these activities is impractical and would lead to lost efficiencies and ineffectual strategy implementation.
28. Lastly, the Home Improvement Agency (HIA) is currently the subject of a county wide review carried out for Supporting People and it is likely that the service will be subject to some form of tendering process in the foreseeable future. Attempting to simultaneously contract it to an outside agency in the same timeframe as the lead in to competitive tendering would not be a practical proposition.
29. It should be noted that these functions are not currently located within Affordable Housing and therefore do not have existing organisational links with landlord services.

Strengthening the Retained Services/Strategic Role

30. The published guidance suggests that authorities should be looking to strengthen their retained services/strategic role post transfer where this is needed. However, the reports from the Audit Commission and the CLG are very dated and seem to be based around authorities which were –
31. 1. Weak on the strategic role in the first place and weak on partnership working.
2. Realising large levels of resources as a result of a housing transfer some of which could be used for enhancing or developing strategic functions, particularly large capital programmes.

3. Lacking dedicated staff delivering strategic services.
4. Using landlord resources to carry out strategic services before transfer
32. However, the non-landlord role within the Council is already a well developed and successful activity and outcomes can already be demonstrated. In addition, the landlord role is not as heavily “meshed” with strategic functions as it would be in an area where the Community Strategy prioritised activities that heavily involved social housing tenants and concentrations of social housing stock.
33. Typical examples would include tackling high crime levels, targeting minority populations, economic regeneration, area based renewal, targeting unemployment or low educational attainment etc.
34. There are staff dedicated to non-landlord services and established practice and policy in place. Obviously improvement is always possible but there are no glaring gaps or deficiencies. In addition, a housing transfer would not be designed to open the door to new types of activity which currently aren’t taking place such as area based regeneration, or developing local office outlets on social housing estates.
35. However, any housing transfer would “strengthen” the enabling role even without extra resources being available because staff time would be released from having to deal with disposing of/redeveloping local authority land and housing stock and could therefore be concentrated on improving the quality and scope of the enabling service and promoting new sites, new initiatives etc.
36. Lastly, keeping most of the retained services for in-house delivery helps to clarify the strategic/landlord split of functions promoted by the CLG.

Options

37. It would be possible for the Council to pursue outsourcing any of the functions recommended for retention in this report, providing that statutory requirements were met. Equally, the services recommended for outsourcing could be retained.
38. However, outsourcing the services recommended for retention would require considerable work in drawing up specifications and contract monitoring procedures and this would require buying in outside expertise, particularly given the lack of an established local market for homelessness services.

Implications

Financial Issues for the Council post Transfer -Introduction

39. The issue about appropriate charges to the HRA and the future source of funds relates to the whole principle of transfer or not irrespective of who delivers services post transfer and is not, therefore, considered within this report. When the consideration was last given to offering tenants the option to transfer the

Council properties to a RSL, the consultants (Tribal) estimated the overall increased costs to the GF at £1.2m in the first year falling eventually to £900K pa.

A new estimate of the amount involved is in the process of being calculated by the lead consultants for the current Housing Futures Project (Savills) and will be reported later in the year.

40. The financial implications outlined below refer to direct costs only and do not include any consideration of the staffing recharges.

RETAINED SERVICES

Service

| Implications

- Homelessness
Whilst it has been assumed that the actual HRA hostels will be transferred along with the homes, post transfer, the management costs (currently borne by the HRA) would fall on the GF. Last year this management cost was £56K, however, the 2008/09 estimate is only £40k.
- Advice
Under the present scheme the HRA makes a small (£40K in 2007/08) contribution for the advice given to tenants which would not be recoverable by the General Fund if the service is retained
- Options/CBL
At present a portion of the cost of the CBL scheme is charged to the HRA pro-rata to the number of HRA lettings compared to other lettings and RSLs pay a charge for the service. In 2007/08 there was a contribution of £62 K from the HRA, however, the estimated income from an RSL for the equivalent service would have only been around £20K. Based on last year's figures therefore it is likely that there would be a small additional cost to the General Fund of retaining the service
- Strategy/Enabling including Housing and Health Strategy Manager
The financial impact of retaining this service should be minimal.
- Private Sector/HIA
This is currently a General Fund Service so there is unlikely to be a cost implication of retention. Approximately £800,000 a year is spent on disabled adaptations to HRA properties. CLG guidance states the following-
"Authorities are strongly encouraged to enter into an agreement with the RSL which requires the latter to share a reasonable proportion of the future financial liabilities for the provision of adaptations under DFG. The precise terms of the agreement will depend on local circumstances but it is suggested that one determining factor should be the current budget set aside by the authority for providing adaptations to its properties pre-transfer."

CONTRACTED OUT SERVICES

- Traveller site management This is a wholly General Fund service and presumably a charge would be made by the new RSL for this.
- Floating Support The majority of the deficit on running this service is currently charged to the HRA
- Lifeline This service is expected to be cost neutral so there should be no significant financial implications

Other implications

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Financial	If a housing transfer option were to be supported by tenants in a ballot there will be financial implications and any costs of services currently borne by the HRA which cannot be charged to the new local housing association will fall on the General Fund (GF). The financial report produced by Tribal as part of the options appraisal carried out in 2007 estimated this residual cost to the GF at £1.2m in the first year. This report is, however, not about whether or not transfer goes ahead and is not about resolving the future arrangements between current HRA expenditure and future General Fund expenditure. At this stage clarification is needed on who is best placed to deliver the retained housing functions and not the cost of providing those services which will need to be considered as part of the Council's service review processes.
Legal	Statutory issues are included in appendix 1
Staffing	Those staff currently involved in delivering the statutory and strategic housing services have been involved in considering the options and consulted on the proposed recommendations.. Whatever in-principle decisions are made concerning the future location of services at this stage, detailed future consultation with staff affected will be needed should a housing transfer be supported by tenants. HR support will be required as part of any re-organisation and redefining of retained roles/services.
Risk Management	The option of largely retaining services in-house is one where the Council has experience of costs, governance and effective risk management. The option of outsourcing services where there is a very limited existing market at a time when developing a housing transfer proposal is a considerable drain on resources is not recommended by CLG and the Audit Commission.
Equal Opportunities	Equal opportunities will need to be a feature of all Council services whether delivered in-house or outsourced.

Consultations

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Those staff who currently deliver the statutory and strategic housing services have been involved in discussions about future options for their own services and visits have been made by staff to other authorities who have transferred their housing and have adopted a range of options for the delivery of retained services. In addition to general discussions at the sub-Regional Homelessness Group staff have made visits to East Hertfordshire District Council, North

Hertfordshire District Council and Huntingdonshire District Council who have all been through the transfer process (see paras 17-19). There has been no formal consultation with Trades Unions at this stage although this will be required as the project progresses. A Trades Union rep attends Project Team meetings where this report was discussed.

Effect on Annual Priorities and Corporate Objectives

43	<p>1. Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future.</p>
	<p>2. Deliver high quality services that represent best value and are accessible to all our community.</p> <p>An in principle decision on the best place to locate future services is central to delivering high quality, effective and efficient services and is set out in appendix 1. Retaining most of the non landlord services in-house at the point of any housing transfer complies with the CLG/Audit Commission advice at this stage but allows for alternative options for the future should these be shown to be appropriate, for example through a service review.</p>
	<p>3. Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work.</p>

Conclusions/Summary

44 The conclusions from Savills are-

Our suggestion would be that the authority does not seek to outsource the retained services at point of transfer but retains them, putting in place a robust structure to be able to deliver them successfully. If, following a successful transfer, there are any concerns about costs and ability to deliver, then this would be the more appropriate time to undertake a full options appraisal of the retained service (Section 8.5)

45 If outsourcing were to emerge as the preferred option as a result of future reviews, then this could be implemented at a later date.

46 It should be noted that currently there are no significant concerns about “ability to deliver” non landlord services. The Council has a proven track record in delivering affordable housing, making progress on its homelessness strategy, accessing Supporting People funding etc

47 Based on the external advice received, the experience of other housing transfer local authorities, the Council’s track record of service delivery and the views of the affected staff it is recommended that the non-landlord housing functions, with the exception of Management of Travellers sites, Floating Support and Community Lifeline Services are retained by the Council in the event of a housing transfer being supported by tenants, for reasons set out in this report.

Recommendations

- 48 That if tenants support a housing transfer then:
- i) The functions of Traveller Site Management, Floating Support and Community Carecall Services are included in the package of services that are to be delivered by the new local housing association
 - ii) That the other non-landlord housing services including administration of the housing register, allocations/CBL, homelessness and housing advice, private sector housing and the strategic and enabling functions are retained by the Council at point of transfer.

Background Papers: the following background papers were used in the preparation of this report:

“204: Housing allocation, homelessness and stock transfer: A guide to key issues”ODPM-

Supplement to the Housing Transfer Manual 2006

Both available from www.communities.gov.uk

The consultants acting for the council have provided a report entitled-“Options for Retained Services Post Stock Transfer”-as general guidance on the key issues. This report is attached in full as APPENDIX ONE

Contact Officers:

Housing Strategy-Mike Knight-Tel 01954 713377

Floating Support and Community Lifeline-Tracey Cassidy –Tel 01954 713271

Housing Management/Travellers Sites Management-Anita Goddard-Tel 01954 713040

Housing Options/Homelessness-Sue Carter 01954 713044

Finance-Gwynn Thomas-01954 713074

APPENDIX ONE TO THE MAIN REPORT

GUIDANCE SUPPLIED BY SAVILLS-“OPTIONS FOR RETAINED SERVICES POST STOCK TRANSFER”

South Cambridgeshire District Council

Date :

Title : Options for Retained Services Post Stock Transfer

1. Summary

1.1 This report identifies the policy context and sets out the options for current housing services which are not part of the stock transfer process.

1.2 Appendices attached

- Appendix 1 - What does contracting out involve?
- Appendix 2 - Relevant law and Statutory Responsibilities
- Appendix 3 - Outsourcing Homelessness – Summary of Option Appraisal

2. Background

2.1 South Cambridgeshire provides a range of housing services which are not currently part of the stock transfer process. These services could, potentially, be transferred to the new Housing Association, be retained by South Cambridgeshire District Council or, indeed, be outsourced to a different third party. This paper considers the issues and options for the Council and suggests conclusions as to future service arrangements. Agreement on the ‘way ahead’ is needed in order that future plans can be made and relevant arrangements put in hand. The Council’s application to join the Disposals Programme must include information on the approach.

3. Policy Context

3.1 There is increasing government emphasis on strengthening the strategic housing role and the role that housing can play in creating strong and Sustainable Communities. The Local Government White Paper, ‘Strong and Prosperous Communities’ introduced this new emphasis as it stated that Strategic Housing should be at the heart of achieving the social, economic and environmental objectives that shape a community and create a sense of place.

3.2 IDeA 05/07 gives the following context to the strategic housing function:

‘Nationally, local authorities and their partners are working towards the decent homes targets, and maybe beyond that to creating mixed, balanced and sustainable communities. Underpinning this, we all have a duty to assess housing needs, tackle homelessness and to help our citizens access a home suitable to their needs in whatever tenure they choose and making critical links with support services and the Supporting People programme. How well we do all

of this, recognising the diversity of needs across communities, is profoundly important for social cohesion and the health of our communities’.

- 3.3 This emphasis particularly requires authorities to make links between strategic housing and planning and community development requiring alignment of Local Development Frameworks and Sustainable Communities Strategies, and engage effectively with Local Strategic Partnerships.
- 3.4 The recent I&DEA paper on its Strategic Housing Programme highlights other functions which are linked to the core strategic housing function, where housing delivers outcomes both directly and indirectly in a range of other policy areas.
- 3.5 Examples of the ways in which strategic housing services deliver outcomes in other policy areas for the authority:

Community Safety:

- Enforcement of housing standards
- Licensing of Houses in Multiple occupation
- Contribution of new affordable housing to the creation of mixed communities
- Homelessness strategies addressing the needs of vulnerable and challenging households
- Domestic violence
- Harassment
- ASB

Sustainable Communities:

- Understanding the needs of different groups through surveys and presenting issues
- Housing Market Assessments
- Affordable housing

Health Inequalities:

- Disabled adaptations
- Decent homes for vulnerable households
- Affordable warmth
- Meeting housing needs
- Addressing homelessness

Affordable Warmth:

- Private sector grants
- HECA survey
- Maximising benefits to access grants
- New affordable housing

Young people:

- Mediation and tenancy management and support
- Anti social behaviour
- Needs surveys

3.6 The key service areas to consider are therefore:

- homelessness
- allocation of housing & the housing register
- private sector housing
- Housing strategy, including links to regional and sub regional activity & the enabling of new affordable housing

3.7 The Homelessness Act 2002 and the Housing Act 1996 (Parts 6 &7) set out what South Cambridgeshire's statutory responsibilities are. More details are given in Appendix 2. It should be noted that, after transfer, a local authority retains its statutory responsibility for:

- homelessness
- allocation of housing
- private sector housing

3.8 Effectively, although the service can be contracted out the statutory responsibility cannot. For example, even after transfer, South Cambridgeshire would still retain the statutory responsibility for any homelessness or allocations functions that are contracted out. South Cambridgeshire would, therefore, need to ensure that any contracted out services are carried out in manner which fulfils its ongoing statutory responsibility.

3.9 There are effectively three Options for South Cambridgeshire, with the above services, to be considered

- retain function in-house
- contract out to the stock transfer landlord
- contract out to another agency

3.10 For the contracting out option, South Cambridgeshire would need to assure itself, contractually and operationally, that services and statutory responsibilities were being delivered effectively by the other party. South Cambridgeshire would also need to ensure that services are adequately resourced either internally, or through contractual arrangements with the new provider. The areas which any contract would need to cover are set out in Appendix 1.

3.11 It is worth noting that transfer consent is unlikely to be granted by the Secretary of State if South Cambridgeshire cannot demonstrate convincingly that these services will be provided satisfactorily post transfer.

3.12 Whether retained or outsourced, the statutory and non statutory functions are likely to remain part of any future CPA assessment or Best Value reviews. The Audit Commission recommends, and good practice suggests, that Service Users are fully involved in the new arrangements for these services. The Audit Commission has also suggested that the immediate pre-transfer period is the

'worst time to consider future arrangements for the delivery of statutory housing functions, as competing priorities mean that there is a risk that decisions will be based on an inadequate appraisal of the options.'

- 3.13 CLG Guidance also says 'there should be a senior member of the housing authority's housing team, who will be remaining with the authority post transfer, who is designated as responsible for considering arrangements for the post transfer delivery of the statutory housing functions'.
- 3.14 The Housing Quality Network (HQN) guide to key issues on the retained services suggests that 'the decision as to whether to contract out these functions should be facilitated by a thorough Best Value review of current services. Authorities considering contracting out services must carry out a comprehensive options appraisal prior to decision making.'
- 3.15 The HQN guide also picks out a series of key considerations that would form part of this options appraisal. These include:
- **Control, conflict and efficiency** – the authority needs to retain control of services. Crucially, there is a need to specify clear targets and appropriate *incentives* for service improvement for the contractor, and clear *sanctions* where this improvement is not attained. Well written contracts help the authority to remain in control of services.
 - **Strategic and enabling roles** – the authority must have access to all relevant data to inform the strategic housing role, and an effective service level agreement is required to achieve this properly. There must be enough staff working at the council to effectively deliver strategic responsibilities.
 - **Staff morale** – often where stock transfer is carried out, the remaining function gets little priority within the authority and consequently can be under-resourced. The need to focus on taking a strategic approach to homelessness highlighted this issue in many transfer authorities – in many cases there were barely the staff, let alone the resources, to carry out the required homelessness reviews and write subsequent strategies.
 - **Irrevocability** – break clauses are essential where unsatisfactory performance is concerned.
 - **Exceeding statutory requirements** – the focus must be on improving, and contracting out should *add value*. Where it does not, what is the point?
 - **Impact on other services** – consider the knock on effects on services such as housing benefits, supported housing, private sector housing.
 - **Consider existing partnerships** – authorities should seek views of third party housing associations, gauge views and mitigate against any possible conflicts of interest if deciding to contract out. Involve them in the options appraisal process rather than face consequences unprepared.

- **Think local** – take into account all the local circumstances such as how well services work currently, what will happen to existing arrangements/structures/partnerships, the level of homelessness and housing need in the district. It is possible to learn from others but do see the local picture within this framework.

4. Homelessness

4.1 Overview

4.1.1 Homelessness is an important service of great sensitivity provided to a vulnerable client group. Appendix 3 sets out the arguments for and against the 3 options. Clearly, there is no ‘one-size-fits-all’ solution and many other authorities have made their decisions based on their own needs and aspirations.

4.1.2 The areas of the Homelessness service which could be outsourced are:

- homelessness assessment and decisions
- temporary accommodation arrangements
- allocation of long term social housing
- provision of advice on homelessness and the prevention of homelessness
- decision reviews*

(*For the purposes of this exercise we are suggesting that, even if the outsource option is chosen, that South Cambridgeshire should retain its current decision review function, under s202 of the Housing Act 1996. This would mean any appeals against a homeless decision would be heard by the Council, rather than by the agency delivering the service.)

4.2 Option 1 – Retain the Service

There are a number of arguments in favour of retaining the service:

For

- Retention of expertise: The authority has built up considerable experience over the years and retention would allow this to be retained
- Customer familiarity with service arrangements retained: Customers would continue to receive their service from the same people and at the same place
- Continuity of service: For the staff and Council members, arrangements continue as now
- Greater control of service and service quality: By retaining the service, South Cambridgeshire can control, review and develop the service in the way that suits them
- High profile for homeless issues with Members: This avoids what is a potentially difficult and sensitive issue falling ‘off the map’ for Members
- Clear public accountability and reporting mechanisms: Visibly, as well statutorily and ethically, the Council remains the publicly accountable body

- Retained performance and service data: South Cambridgeshire is able to track more closely trends and changes, and respond accordingly
- Homeless Strategy remains clearly with South Cambridgeshire: the statutory responsibility for producing a Homeless Strategy remains and South Cambridgeshire is able to shape future high level planning

Against

However, retention also brings some concerns:

- Costs could rise if demand increases or obligations rise: Homeless numbers have increased recently, and the cost of providing any increased service levels over time would be met by South Cambridgeshire
- Fresh service ideas not brought in from outside: Outsourcing offers an opportunity to bring in fresh ideas and new thinking for the provision of the service
- No market testing: Retaining the service means we are not able to see what other opportunities the market may be able to offer

4.3 Option 2 - Contract out to the stock transfer landlord

For

Contracting out to the transferring RSL has been undertaken by several authorities and there are some compelling reasons for doing so:

- More cost effective: Outsourcing may offer South Cambridgeshire efficiency savings and better value for money
- Potential improved service to customers: The new RSL may be able to bring in new expertise and thinking to improve the quality of service and facilities offered to customers
- South Cambridgeshire can concentrate on matters of Strategy and Policy: Once the relevant contracts and agreements are set up, South Cambridgeshire's role is reduced to that of quality monitoring, thereby creating more space for focus on strategy development
- Continuity: For customers, they are likely to be dealing with the same TUPE'd staff face to face, and this could offer reassurance in a time of change

Against

The arguments against outsourcing to the new landlord break down into short and long term concerns:

SHORT TERM

- Additional services could compromise success of new RSL. By taking on additional functions beyond those which are 'core', there is a risk that the new RSL is spread too thinly and this may compromise the delivery of some of the main reasons for the transfer – for example, the improvement programme

- Demands of set up costs, lead in time and tendering: Officers are currently heavily engaged in preparations for transfer. Investing time and energy in a new area could be a distraction
- Preparation of agreements and contracts is challenging: Although there are examples of such documents available, legal costs may be incurred in preparing these for South Cambridgeshire
- Additional negotiations: Transfer negotiations are lengthy and complex. Introducing a new function could add a further burden
- Seamless transition from the 'old' to the 'new' service could be hard to achieve: The challenge of transfer should not be underestimated and the period immediately post transfer is often a 'peak' period for the new RSL. Customers may detect a drop in service levels and quality
- Loss of key individual members of staff: South Cambridgeshire would lose those staff with the skills and knowledge, to deliver the function, to the new landlord.

LONG TERM

- Statutory responsibility remains with South Cambridgeshire: If, for any reason, the Contractor fails to deliver, the responsibility is South Cambridgeshire's to resolve the situation
- Ongoing Contract management can be complex and time consuming: This can be doubly so if the contractor underperforms
- Services may not improve: It is possible that, over time, and without the Council being in control of the service, it could actually deteriorate
- Customer satisfaction may decline: Homelessness is a sensitive service and the impact of a declining failing service on vulnerable households may be ethically unacceptable
- Poor performing contractors could compromise future strategic initiatives South Cambridgeshire may wish to take: For example, Common Waiting Lists or Choice Based Lettings
- Skills which are hard and costly to acquire would be costly to recreate in South Cambridgeshire should the service have to return in house

4.4 Option 3: Contract out to another agency

The advantages and disadvantages for this option are similar to those in Option 2, with some notable additions:

For

- Opportunity for market testing: A new provider could offer efficiency savings and economies of scale over and above what either South Cambridgeshire or the new RSL could offer. This could be more cost effective for South Cambridgeshire
- New methods and ideas: Fresh experienced contractors could bring benefits to customers from the 'cutting edge' of service provision

Against

SHORT TERM

- Commissioning a yet unknown provider could be a longer and more complex process than outsourcing to the new RSL
- Preparation of agreements and contracts could be more challenging and may need to be more robust
- Relationships: Relations with a new provider would be different to those with the new RSL
- The transition from the 'old' to the 'new' service may be more challenging than if the service were transferred to the new RSL
- TUPE arrangements could be more involved

LONG TERM

- Commercial pressures could mean a new provider not seeking to renew the contract or seeking to terminate early. This could have significant implications at a later date
- Poor relations may compromise further any strategic initiatives such as Common Waiting Lists or Choice Based Lettings

4.5 Summary

The above scenarios are not intended to be comprehensive, but they do give an indication of the risks involved in any particular option.

However, an 'in principle' decision is now required regarding the strategic direction South Cambridgeshire wish to take – either to actively seek to outsource the homeless service or to retain in house.

5. Allocation of housing & the housing register

- 5.1** As outlined in Appendix 2, local authorities have statutory responsibilities with regard to having an allocations scheme and publishing details of it.

South Cambridgeshire has a current Allocations Scheme and Housing Register service, which is subject to periodic review. The scheme is a strategic as well as a statutory responsibility.

- 5.2** The scheme is currently the subject of a strategic change with the introduction of the sub-regional Choice Based Lettings initiative

- A Choice Based Lettings scheme deliver a unified housing register/waiting list and lettings service, thus providing a 'one stop shop' for housing applicants.

- It is envisaged that all available local authority and registered social landlord properties would be let via the scheme.

5.3 Summary

Given this circumstance, and bearing in mind the advice regarding the outsourcing of services given in Section 2 (above) we are proposing that the Allocations and Housing register functions remain in house, pending delivery of the CBL project. (live from 2008)

6. Private sector housing

6.1 South Cambridgeshire has a current strategy for private sector housing and there are numerous objectives being worked on. It is theoretically possible, however, to transfer the Private Sector housing strategy activity to a third party. There are a number of issues to consider before opting for this:

- historically, South Cambridgeshire has taken considerable efforts to build up its network of contacts and relationships. This could be compromised if the service is outsourced
- most agencies will not have the necessary skills, experience and expertise to undertake this function
- private sector housing is not a traditional function of RSLs
- private sector landlords and agents may be less willing to interact with anyone who is not the Council
- private sector housing could be a distraction form the core activities of the transfer RSL
- the scale scope and content of any contract would require considerable time and effort to construct
- outsourcing the grant aided improvements (for disabled and elderly households) element of the private sector strategy would fit well with any aids and adaptations service offered by the transfer RSL

6.2 Summary

There are considerable risks in outsourcing our Private Sector strategy at this time. In the circumstances and bearing in mind CLG guidance (see above), we are suggesting that the service be retained in house at this time.

7. Housing strategy, including links to regional and sub regional activity & the enabling of new affordable housing

7.1 The development of a Housing Strategy is a key function of the housing department. It helps shape the approach to a variety of high profile issues and has developed a keen understanding of the housing market South Cambridgeshire operates within.

7.2 Increasingly, the need for strategic linkage with other South Cambridgeshire strategies (especially the Local Strategic Partnership) and synergy with the various Regional Strategies is becoming more important. The strategic landscape has changed considerably and our Housing Strategy can play a key role within this.

7.3 The Housing Strategy covers a range of areas which take in

- enabling the provision of new affordable housing

- the Private Sector strategy
- planning and development issues
- accessing council services
- influencing the Regional Strategies (Spatial, Housing, Cultural, Economic)

7.4 There may be ways of procuring certain elements of the Strategy from other agencies and it is potentially possible that some benefits could be gained, say, from using external advice to facilitate the supply chain of new affordable homes. However, such an approach would need to be balanced against South Cambridgeshire's commitment to shaping and directing its own Housing Strategy.

7.5 Summary

We are suggesting that the Housing Strategy be retained in house at the present time given the risks outsourcing would present at present.

8. The Experience of Others

8.1 The discussion above demonstrates the potential for outsourcing service areas and the risks inherent in doing so. In early transfers during the early 1990's, many authorities saw outsourcing homelessness and the housing register in particular as being an easy option, leaving themselves with minimal staffing to undertake the duties that remained.

8.2 Although this was popular at the time, problems occurred in many authorities due to lack of resources to manage the contract, develop the housing strategy and pick up other responsibilities such as changing legislation and good practice development. Indeed, some authorities actually transferred all their housing staff and delegated the tasks to other service areas.

8.3 Of those that did transfer out the services, there is considerable evidence that they have been taken back in-house when difficulties have arisen. Where this is not the case, our experience has been that this has been due to the culture of the Association or the approach of the individual responsible for the contract. This has been evident in Aragon HA who supply a successful service for Mid Beds DC, and in Hart DC, where the performance of the Association suffered after a key member of staff left and eventually the Council took the service back in house.

8.4 More recent experience is that only the very small authorities have seen a wholesale outsourcing at point of transfer as being attractive and then almost certainly for economic rather than strategic reasons. The trend has been to strengthen the position of the retained services, recognising the importance of the strategic role for the authority.

8.5 Our suggestion would be that the authority does not seek to outsource the retained services at point of transfer but retains them, putting in place a robust structure to be able to deliver them successfully. If, following a successful transfer, there are any concerns about costs and ability to deliver, then this would be the more appropriate time to undertake a full options appraisal of the retained service.

Appendix 1

What does contracting out involve?

If any statutory or non-statutory services were contracted out, South Cambridgeshire would need to ensure that they were provided to a high standard and meet the requirements of statutory responsibilities.

The relationship with the service provider would need to be put on a firm contractual basis and this would need to be thorough, clear and SMART.

Key to this would be:

- 1. A Contract with the provider agency, based on a clear service specification
 - o the service specification should include:
 - service standards
 - performance indicators
 - targets
 - continuous improvement
 - arrangements in the event of underperformance
 - some linkage between performance and fees paid, including incentives
 - possible procedural review to ensure ease of monitoring
 - arrangements for special circumstances e.g. where an RSL may turn down a nomination made to them
- 2. Monitoring arrangements to ensure service standards are met and that:
 - o statutory responsibilities are met and fulfilled
 - o operational staff are skilled, equipped and trained to carry out their jobs
 - o arrangements are in place for short term review (i.e. shortly post transfer to check the service is up and running) and longer term review (normally 5 years)
- 3. Quality assurance assessment mechanisms in place to ensure that services are being delivered on time, every time.

The Housing Quality Network guide suggests that the following key issues would need to be addressed, if outsourcing was being considered:

- Ensure relationships are formalised and well documented; protocols should supplement formal documents. Ensure all parties know their roles.
- Avoid the uncritical use of off the shelf documents – work on detailed service standards, PIs, targets & monitoring arrangements

- Specifications should be detailed and should include operational detail such as opening hours, the requirements for surgeries in rural areas, use of IT, waiting times in reception
- Build in contract review requirements and ensure specifications can respond to change
- Design fees to encourage good performance and improvement such as allowing the contractor to share benefits achieved from efficiency savings on temporary accommodation expenditure
- Allowing for contract review after 12 months, and contract modification to address any identified issues.

Appendix 2

Contracting Out - Relevant law and Statutory Responsibilities:

- Homelessness Act 2002
 - o LA's must publish a Homelessness Strategy: this cannot be contracted out

- Housing Act 1996 (Parts 6 &7)
 - o Part 6: LA's must publish an allocations scheme and allocate housing according to the scheme. RSLs are expected to co-operate with the scheme 'reasonably'

 - o Part 7: LA's must
 - make available advice and information about homelessness and its prevention
 - investigate applications for housing and make decisions about applicants homelessness status
 - ensure accommodation is found for those in priority need
 - ensure advice and assistance is available for those who are not in priority need

Appendix 3 - Outsourcing Homelessness

This table summarises discussions regarding the outsourcing of Homelessness and incorporates anecdotal evidence from other RSLs and LAs who have considered the option.

Retaining the function in house		Contract out to the stock transfer landlord		Contract out to another agency	
For	Against	For	Against	For	Against
<p>Continuity of service</p> <p>Retention of expertise</p> <p>Customer familiarity with service arrangements retained</p> <p>Greater control of service and service quality</p> <p>High profile for retained issues with Members</p> <p>Clear public accountability and reporting mechanisms</p> <p>Retained performance and service data</p>	<p>Costs could rise if demand increases or obligations rise</p> <p>Fresh service ideas not brought in from outside</p> <p>No market testing</p>	<p>More cost effective</p> <p>Potential efficiency/financial/staff saving to South Cambridgeshire</p> <p>Potential improved service to customers</p> <p>Once the relevant contracts and agreements are set up, South Cambridgeshire's role is reduced to that of quality monitoring</p> <p>South Cambridgeshire can concentrate on matters of Strategy and Policy</p>	<p>SHORT TERM</p> <p>Additional services could compromise success of new RSL</p> <p>Demands of set up costs, lead in time and tendering</p> <p>Demands on SCDC officers managing transfer process</p> <p>Preparation of agreements and contracts challenging</p> <p>Additional negotiations</p> <p>Seamless transition from the 'old' to the 'new' service could be hard to achieve</p> <p>Loss of key individual members of staff</p>	<p>Potential efficiency/financial/staff saving to South Cambridgeshire</p> <p>Potential improved service to customers</p> <p>Once the relevant contracts and agreements are set up, South Cambridgeshire's role is reduced to that of quality monitoring</p> <p>South Cambridgeshire can concentrate on matters of Strategy and Policy</p> <p>Fresh experienced contractors bring benefits to customers</p> <p>More cost effective</p>	<p>SHORT TERM</p> <p>Set up costs, lead in time and any tendering</p> <p>Further demands on officers managing transfer process</p> <p>Preparation of agreements and contracts challenging</p> <p>Additional and protracted negotiations</p> <p>Seamless transition from the 'old' to the 'new' service could be hard to achieve</p> <p>Loss of key individual members of staff</p> <p>South Cambridgeshire loses in house knowledge and expertise.</p>

Retaining the function in house		Contract out to the stock transfer landlord		Contract out to another agency	
For	Against	For	Against	For	Against
			<p>South Cambridgeshire loses in house knowledge and expertise.</p> <p>Skills hard and costly to acquire if service returns in house</p>		<p>Skills hard and costly to acquire if service returns in house</p>
			<p>LONG TERM</p> <p>Statutory responsibility remains with SCDC. If Contractor fails to deliver the responsibility is still SCDCs</p> <p>Contract management can be complex and time consuming especially if a contractor underperforms</p> <p>Services may not improve</p> <p>Customer satisfaction may decline - important for a sensitive services such as homelessness dealing w/ vulnerable households</p>		<p>LONG TERM</p> <p>Commercial pressures could mean a new provider not seeking to renew the contract or seeking to terminate early.</p> <p>Poor relations could foil strategic initiatives e.g. Common Waiting Lists or Choice Based Lettings</p> <p>Statutory responsibility remains with SCDC. If Contractor fails to deliver the responsibility is still SCDCs</p> <p>Contract management can be complex and time consuming</p>

Retaining the function in house		Contract out to the stock transfer landlord		Contract out to another agency	
For	Against	For	Against	For	Against
			<p>Poor contractors compromise future strategic initiatives e.g. Common Waiting Lists, Choice Based Lettings</p>		<p>especially if a contractor underperforms</p> <p>Services may not improve</p> <p>Customer satisfaction may decline - important for a sensitive services such as homelessness dealing w/ vulnerable households</p>