



Derby City Council

Council Cabinet
30 April 2014

ITEM 14

Report of the Cabinet Member for Housing and Advice

Derby City Council/ Derby Homes Partnership Arrangements

SUMMARY

- 1.1 In 2002, the City Council established Derby Homes as its Arms Length Management Organisation (ALMO) to enable it to apply for government money to bring the Council's housing stock up to the Decent Homes standard. As a result the Council invested some £97m of government funding and in 2006 was jointly the first Council to bring all of its stock up to the Decent Homes standard. The Council subsequently secured from the government and invested a further £7m in improvements to communal areas.
- 1.2 The Council renewed its management agreement, under the previous administration, with Derby Homes which runs from 2012 to 2022 with a break clause at year five. The rationale for this was that Derby Homes was a well performing ALMO and should be allowed to continue.
- 1.3 In May 2013, following an options appraisal involving both Council and Derby Homes representatives, Cabinet agree to adopt a new and innovative new model for council housing that harnesses the best of local government and the ALMO. This is referred to as the Partnership model.

It is a new model of working between Derby City Council and Derby Homes. It is based on the following guiding principles:

- Maximising quality of service and value for money for both tenants, leaseholders and council tax payers
 - Harnessing the strengths of both organisations
 - Integrating services where it makes sense and can add value
 - Ensuring the integrity of the commissioner/ provider relationship
- 1.4 This report now concludes the process by putting in place the revised arrangements relating to the governance and accountability of Derby Homes. This is formally reflected in two key refreshed documents;
 - i) The management agreement

- ii) A new overarching agreement that incorporates all the Derby City Council /Derby Homes service level agreements for the delivery of support services.

RECOMMENDATION

- 2.1 To approve the revised Management Agreement and the Overarching Agreement which formally recognises the new partnership arrangements between the Council and Derby Homes.
- 2.2 To authorise the Strategic Director for Adults Health and Housing to write to the Secretary of State for Communities and Local Government notifying of the new partnership arrangements.

REASONS FOR RECOMMENDATION

- 3.1 To ensure Members are kept abreast of the new partnership arrangements that have been implemented.
- 3.2 To secure compliance with the requirement of the Housing Act 1985 that the Council informs the Secretary of State of changes of this nature, in relation to the governance arrangements for Derby Homes.



SUPPORTING INFORMATION

- 4.1 In September 2012, the Cabinet Member for Housing and Advice asked for an options appraisal to evaluate the future of council housing arrangements. Within the scope of the appraisal was:
- Housing management
 - Repairs and Maintenance
 - Development and new build
 - Support Services
- 4.2 An options appraisal led by a Strategic Board was undertaken which involved a number of workshops and consultation exercises including with the Derby Association of Community Partners (DACP) and a wider tenants meeting, together with a table top exercise which considered potential back office savings.
- 4.3 Following these discussions and evaluation exercises, it was felt that all of the four traditional options had some disadvantages when compared to the Council's aspirations. As a result the Strategic Board recommended the adoption of a new partnership model of working between the City Council and Derby Homes. This new model was adopted in principle by Cabinet on 15 May 2013 and is based on the following guiding principles;
- Maximising quality of service and value for money for tenants, leaseholders and council tax payers
 - Harnessing the strengths of both organisations
 - Integrating services where it makes sense and can add value
 - Ensuring the integrity of the commissioner/provider relationship
- 4.4 Following Cabinet's adoption of the partnership model a number of significant changes have been undertaken.

4.5 **Governance and tenant participation arrangements**

The Derby Homes Resources Sub- Committee has been abolished with its business now being divided between the main Derby Homes Board and a significantly remodelled City Board.

The City Board which previously consisted of up to 26 members, with only a minority being tenants and leaseholders, has been significantly remodelled to increase tenant involvement. The new structure for the City Board is currently being implemented and will consist of just 12 Members. Three of these members will be drawn from the main Board with one Council Member, one Tenant and one Independent. The remaining nine City Board places will be held by eight tenants and one leaseholder giving tenants a far stronger presence and say on the Board than under the old system.

In addition, tenant involvement is undergoing a significant refresh involving a more Community led, 'door knocking' approach rather than the previous meeting-based structure. It is anticipated that this new approach will involve a broader range of tenants.

4.6 **Staffing**

The post of Derby Homes Chief Executive has been deleted. A new structure led by the post of Director of Derby Homes, in turn supported by two service Directors has been implemented effectively slimming the Derby Homes Executive team by a service Director post.

In addition, the Council has integrated its Housing Options and Derby Advice services with the Derby Homes Housing Management Service. Council staff have retained their employment status with the Council, but come under the day to day management of Derby Homes' managers in line with the principles of the Partnership Agreement. This restructure is delivering savings and offers a holistic housing and advice service.

Derby Advice has retained its branding and independence but is now working alongside Derby Home's welfare reform and income management teams thereby providing a more joined up approach to service delivery.

A number of Council and Derby Homes back office functions such as Finance, Information Technology, Performance Monitoring, Communications and Human Resources are also in the process of being integrated in order to deliver further efficiencies and savings.

4.7 **Accountability**

Under the new governance arrangements, the Leader of the Council has taken the responsibility for commissioning of services from Derby Homes. At officer level, the Council's Strategic Director for Adults, Health and Housing Services is the Commissioner for Derby Homes, holding the Board and the Director for Derby Homes to account for the delivery of the management agreement. Furthermore, the Director of Derby Homes has become a partner officer and member of the Adults, Health and Housing Directorate Leadership Team with a direct reporting line to the Council's Strategic Director with regard to the Housing Options and Derby Advice service.

OTHER OPTIONS CONSIDERED

- 5.1 The decision to adopt the Partnership model was taken by Cabinet in May 2013. No other options have been considered in relation to the implementation of this partnership arrangement.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	Olu Idowu Toni Nash Brian Frisby Maria Murphy, David Enticott
For more information contact: Background papers: List of appendices:	Ian Fullagar 01332 640333 e-mail ian.fullagar@derby.gov.uk The Management Agreement and Overarching Agreement are available on CMIS in conjunction with this report. Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 The target saving for the Council General Fund attached to these changes is £612K. The associated target saving for the HRA is £620K. The Council and Derby Homes are on track to deliver both of these savings.

Legal

- 2.1 As required under the Housing Act 1985, the Secretary of State's approval was sought before entering into the original management agreement and approval was given in 2002. The Council is required to seek the Secretary of State's further approval to vary a provision in the agreement if it is specified, or of a description specified, in the original approval. The terms of that approval require the Secretary of State to be given notice of any proposed changes to the terms of the agreement and for comments by him to be taken into account before determining whether and how to proceed with the changes.
- 2.2 Counsel's advice was taken before the May 2013 Cabinet decision to adopt the Partnership model. This advice concluded, that subject to ensuring that the proposals stayed within certain parameters, which officers are satisfied is the case, consultation with the Secretary of State would not be required because the changes would not have a significant impact on tenants. It is therefore proposed that the Secretary of State now be notified, rather than consulted, in relation to the changes.

Personnel

- 3.1 None directly

Equalities Impact

- 4.1 The new governance arrangements, particularly those concerning the refresh of Derby Homes City Board will strengthen tenant involvement in the governance of Derby Homes. Many of the Council's tenants belong to the Council's equality target groups.

Health and Safety

- 5.1 None directly arising from this report

Environmental Sustainability

- 6.1 None directly arising from this report

Asset Management

7.1 None directly arising from this report.

Risk Management

8.1 Risks are managed through a number of Council and Derby Homes governance structures including the joint Strategic Partnership Board.

Corporate objectives and priorities for change

9.1 The continued effective and efficient management of the Council's housing stock through the delivery of the Derby Homes management agreement will support the following commitments in the Council Plan;

More good quality affordable homes

Less household carbon emissions

More people living longer and in better health.