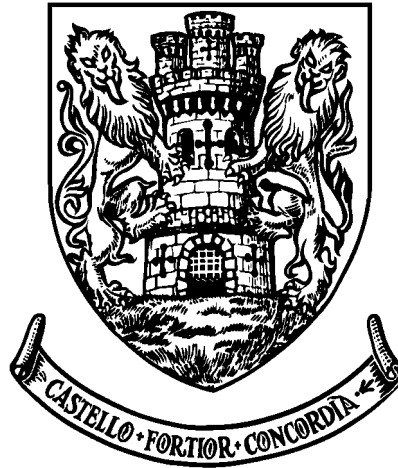


NORTHAMPTON BOROUGH COUNCIL



COUNCIL

Monday, 9 December 2013

YOU ARE SUMMONED TO ATTEND A MEETING OF NORTHAMPTON BOROUGH COUNCIL, WHICH WILL BE HELD AT THE GUILDHALL NORTHAMPTON ON MONDAY, 9 DECEMBER 2013 AT 6:30 PM WHEN THE FOLLOWING BUSINESS IS PROPOSED TO BE TRANSACTED

1. DECLARATIONS OF INTEREST

2. MINUTES.

To approve the minutes of the proceedings of the Meeting of the Council held on 28th October and the Special Council Meeting on the 28th November 2013.
(Copies herewith)

3. APOLOGIES.

4. MAYOR'S ANNOUNCEMENTS.

5. PUBLIC COMMENTS AND PETITIONS

6. MEMBER AND PUBLIC QUESTION TIME

(Copy herewith)

7. CABINET MEMBER PRESENTATIONS

(Copy herewith)

8. OPPOSITION GROUP BUSINESS

Councillor Stone to make a statement on “Public Sector Employment”.

9. HOUSING OPTIONS REVIEW

(Copy herewith)

10. TREASURY MANAGEMENT MID YEAR REPORT 2013-2014

(Copy herewith)

11. NOTICES OF MOTION

i) Councillor Stone to propose and Councillor Palethorpe to second that:

“This Council notes that this Conservative Cabinet wants to open up the top section of Abington Street to road traffic next year.

This Council believes sufficient public consultation has yet to be carried out whether this is actually what the general public want for the town centre. Nor have the Conservative Cabinet provided a proper rationale for this decision.

This Council further believes opening up the top section of Abington Street would be a retrograde step for the town centre and puts the interests of the car and associated traffic problems ahead of pedestrians. This Council opposes the opening up of the top end of Abington Street until proper consultation has taken place”.

ii) Councillor Mason to propose and Councillor Palethorpe to second that:

“This Council notes that the Conservative Cabinet carried out low key consultation on the Council Tax Reduction Scheme.

Northampton Borough Council is proposing to reduce the maximum amount of discount a person can receive each year. In 2014/15 the proposal is to reduce the maximum amount of discount a person can receive to 85% of their Council Tax bill, which may then be reduced to 64% in 2015/16.

This Council believes these proposals are iniquitous as they harm the most disadvantaged and vulnerable in Northampton. In order to fill any shortfall this Council should look seriously at revenue raising measures”.

iii) Councillor Eales to propose and Councillor Subbaryan to second that:

“This council recognises that local government workers’ earnings have fallen by 18% since 2010 and that over 500,000 across the country now earn less than the Living Wage outside of London of £7.65 pence an hour. We recognise that this has placed many of our employees in financial hardship.

This council notes and supports calls by Government, Shadow Cabinet Ministers and MP’s from all parties for action on low pay, for a significant increase in the National Minimum Wage and for the Living Wage.

This council therefore resolves to:

- support the 2014-15 NJC pay claim by UNISON, GMB and Unite
- call upon the LGA to support the claim and lobby government for funding for it.

This council further resolves to call upon the Chancellor and Secretary of State for the Department for Communities and Local Government to ensure that funding is made available for councils to meet the NJC pay claim for a minimum increase of £1 an hour to:

- achieve the Living Wage for the lowest paid and
- begin to restore the earnings of the rest of the workforce”.

iv) Councillor Beardsworth to propose and Councillor Meredith to second:

“This Council recognises that:

- It, and its members, are here to serve the people of Northampton, not be served by them.
- That often, service users and local residents have a far better understanding of local services and the needs of their local communities than Council officers, or even Councillors – particularly as not all Councillors are as engaged as they should be with their wards, as the current fiasco at Blackthorn Workshops shows.
- With these facts in mind, the Council has procedures for consultation laid out in consultation documents.
- Unfortunately, these procedures have been, at times, ignored.

This Council therefore resolves that:

- Cabinet decisions should demonstrate Consultation in line with the Council’s own consultation document at all times. “

v) Councillor Glynane to propose and Councillor Conroy to second:

“The Delapre tea rooms are a beloved institution in the local area. The tea rooms, run by the Friends of Delapre Abbey, have been established for a number of years, and run by people who have a passion for the abbey and community, often volunteering substantial amounts of time with no expectation of return. That it has become a social and community hub, where many people from across the town meet

This Council therefore resolves that:

During the works at Delapre Abbey, there will be proper provision in place to ensure an uninterrupted service, protecting the tea rooms customer base, and allowing what has become an essential community facility to keep serving the town”.

12. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE MAYOR IS OF THE OPINION SHOULD BE CONSIDERED.

Public Participation

1. Comments and Petitions

- 1.1 A member of the public (or an accredited representative of a business ratepayer of the Borough) may make a comment or present a petition on any matter in relation to which the Council has powers. A comment or presentation of a petition shall be for no more than three minutes. No notice of the nature of the comment to be made or of the petition is required except for the need to register to speak by 12 noon on the day of the meeting.

(Public comments and petitions will not be taken and the Annual Council Meeting or other civic or ceremonial meetings.)

NOTES

- i. *Comments may be on one or more subjects but each person has no longer than three minutes to have their say.*
- ii. *The same person may make a comment and present a petition on different subjects. In such instances that person will have three minutes to make their comment and a separate three minutes to present a petition.*

2. Member and Public Questions

- 2.1 A member of the public (or business ratepayer of the Borough) may ask a maximum of two written questions at each meeting, each limited to a maximum of 50 words, on any matter in relation to which the Council has powers. Each question shall:
- be submitted in writing and delivered, faxed or e-mailed to Democratic Services no later than 10.00am seven calendar days before the day of the meeting; and
 - include the name and address of the questioner and the name of the Cabinet member/Committee Chair to whom the question is put.
- 2.2 At the meeting, copies of all questions and the responses to them from the public and Members will be made available to the public and press. The Mayor may allow one supplementary question, without notice, that arises directly from the original question or response.

(Questions will not be taken at the Annual Council Meeting or at civic or ceremonial meetings or meetings called to deal with specific items of business.)

NOTES

In respect of paragraph 2.1 above, questions may be rejected on certain grounds that are set out on page 4-12 of the Council's Constitution and which may be viewed at www.northampton.gov.uk/site/scripts/download_info.php?fileID=1919 or by seeking advice using the contact details below.

3. Motions

- 3.1 A member of the public may register to speak to a motion under the 'Notices of Motion' item on the agenda. Registration to speak must be made to Democratic Services by 12 noon on the day to the meeting. Speaking to a motion is restricted to three minutes per person.

(The 'Notices of Motion' item will not be taken at the Annual Council meeting or meetings called for civic or ceremonial purposes.)

4. General

A member of the public may make a comment, present a petition, ask a question or speak to a motion at the same meeting subject to the restrictions set out above.

5. Contacts

Democratic Services: e-mail democraticservices@northampton.gov.uk

Tel 01604 837722

Mail Democratic Services
Northampton Borough Council
The Guildhall
St Giles Square
Northampton NN1 1DE

MINUTES

OF THE PROCEEDINGS OF A MEETING OF NORTHAMPTON BOROUGH COUNCIL HELD AT THE GUILDHALL, NORTHAMPTON, ON Monday, 28 October 2013 AT SIX THIRTY O'CLOCK IN THE EVENING

PRESENT: HIS WORSHIP THE MAYOR Councillor Marriott (in the Chair).

COUNCILLORS: Caswell, Ansell, Aziz, Begum, Bottwood, I Choudary, N Choudary, Duncan, Eldred, Flavell, Ford, Glynane, Hadland, Hallam, Hibbert, Lane, Larratt, Mackintosh, Malpas, Markham, Mason, Mennell, Nunn, Oldham, Palethorpe, Parekh, Patel, Sargeant, Stone, Wire DL and Yates.

1. DECLARATIONS OF INTEREST

None.

2. MINUTES.

The minutes of the meeting held on 16 September 2013 were agreed and signed by the Mayor.

3. APOLOGIES.

Apologies were received from Councillors Capstick, Eales, Lynch, Meredith and Strachan.

4. MAYOR'S ANNOUNCEMENTS.

The Mayor announced that the Poppy Ball had had to be cancelled and asked people to wear poppies and to give generously to the poppy appeal.

The Mayor then announced that tickets were selling well for the Charity Gala Dinner on 29 November 2013, although there were still some tickets available.

5. PUBLIC COMMENTS AND PETITIONS

Mr Leach addressed Council about changes to legal aid which he said would impact on dignity and fairness locally and nationally. He referred to a post card campaign being sent to Government about the changes.

Mr De Rosario addressed Council regarding the reduction in the number of rubbish sacks to two per household when some families used three or more.

Mr Adams addressed Council stating that the decision on the Council's housing stock should be based on a ballot of all tenants, not on the views of the Tenants Panel.

Mr Brooks addressed Council stating that it was one of the few councils to use zero hour contracts. These contracts were currently under review by the government. They made working arrangements difficult for people it and he asked that their use be re-

considered.

Mr Seamark had registered to address the Council but withdrew.

6. MEMBER AND PUBLIC QUESTION TIME

The Mayor advised that four questions had been received from Councillors and that they, and the answers, had been tabled in accordance with the Constitution.

Questions asked and answers given were as tabled (included in an updated agenda on the website).

In response to a supplementary question asked relating to Question 1. Councillor Markham stated that she was reviewing the arrangements to bring more void properties back into use more quickly.

In response to a supplementary question asked relating to Question 2. Councillor Markham stated that the situation regarding emergency accommodation was not ideal. Families were only placed outside the Borough when there was an on-going case of domestic violence or if the property was insufficiently large. A report last year had stated that the Council was one of the best local authorities in the country regarding this issue.

In response to a supplementary question asked relating to Question 3, Councillor Mackintosh stated that he had previously had correspondence on this matter and would take up the matter with the Member outside the meeting.

In response to a supplementary question asked relating to Question 4, Councillor Mackintosh stated that the Council would be working with partners, including Northamptonshire County Council, and committing £40,000 over a three year period.

7. CABINET MEMBER PRESENTATIONS

Each Cabinet Member gave a presentation of their respective portfolios, which had been circulated in the agenda.

Councillor Mackintosh submitted his Cabinet Member report and elaborated thereon. He commented on the progress of the regeneration projects, particularly the bus interchange, the refurbishment of the Grosvenor Centre starting in November 2013 and the demolition of the Greyfriars complex to begin in March 2014. He also referred to the recent visit by the Prime Minister to Northampton and the new home to be found for Northampton Athletics Club when development commences at Sixfields.

In response to questions from Members Councillor Mackintosh stated that:

- Companies should be encouraged to come to and invest in the Borough. Any questions regarding their employment practices such as zero hour contracts should be addressed to those companies and not to the Council.
- The Enterprise Zone was bringing investment and job growth into Northampton. There had been 122 jobs created in Q1 & Q2 this year. Many companies had told him it was refreshing to have an administration they could

work with.

- He had publicly thanked officers and Members for their work at a recent regeneration event and was happy to do so again at this meeting.
- He agreed to respond by email to Councillor Davies' enquiry about the number of new businesses setting up in the Enterprise Zone.

Councillor Markham submitted her Cabinet Member report and elaborated thereon. She referred to the recent visit by the HRH the Duke of Gloucester to Oasis House, the relocation of Call Care, the success of the Estate Services apprentice scheme and seeking residents' opinions and ideas on SCATE (Safe, Clean and Tidy Estates). She also referred to the Tenants Panel's preference for an Arms Length Management Organisation (ALMO) to manage the housing stock, which would be considered by the Housing Options Panel and then Cabinet and full Council.

In answer to questions Councillor Markham stated that:

- It would not be appropriate to make any statement or decision on the housing stock options at this stage. The views of the Tenants Panel reflected the scoring of the options. A report would be presented to a special meeting of the Cabinet on 4 December and a decision made at full Council on 9 December 2013.
- There was currently no decent homes work underway in Kingsley Ward. Any queries by tenants regarding works or contractors should be raised with Ward Councillors or the Council direct.
The Supporting People funding was currently under review, with the aim of continued funding after April 2014.

Councillor Hallam submitted his Cabinet Member report and elaborated thereon. He referred to the new refuse and recycling rounds introduced in September which had favourably changed the views of many residents, the request from residents for 7,000 new recycling containers, and the Northamptonshire Waste Partnership's visit to schools with a collection vehicle.

In answer to questions Councillor Hallam stated that:

- Packaging was an issue for companies rather than the Council but he would encourage a reduction in the amount of packaging.
- The detail of the refuse and recycling contract was agreed at the Tender Acceptance stage by the previous administration.
- There had been 7,000 requests for recycling containers since the introduction of the new refuse and recycling rounds. Requests had previously been at under ten per week.

Councillor Eldred submitted his Cabinet Member report and elaborated thereon. He referred to the various events held or being held in Northampton, the switch on off the Christmas lights scheduled for 21 November, the forthcoming "Strictly Shoes" event, the "my Favourite Shoe" coming up in January 2014, the Leisure trust awards and grants made under the Councillor Community Fund.

In answer to questions Councillor Eldred stated that:

- He was aware of the significance of Richard III to Northampton and that a replica of the king's head was currently on display in Northampton Museum until January 2014.
- He had agreed to answer 10 written questions supplied direct by Councillor Glynane.

Councillor Bottwood submitted his Cabinet Member report and elaborated thereon. He stated that it was proposed not to increase the Council Tax for 2014/15 and work was underway on the budget setting process which would involve some difficult decisions. He referred to the Revenues and Benefits team achieving accuracy figures of 97% and 99% in areas of their work, which was excellent, particularly in view of the changes made and transfer to LGSS.

In answer to a question Councillor Bottwood stated that decisions to be taken by Northamptonshire County Council would impact on the level of Council Tax charged, but he could only respond regarding the levels proposed by the Borough.

Councillor Hadland submitted his Cabinet Member report and elaborated thereon. He referred to the selection of three artists commissioned to provide displays in the North Gate Bus Station and the Council supporting the transfer of land at Midsummer Meadow to create an access route to the University's proposed new campus.

In answer to questions Councillor Hadland stated that:

- Refurbishment of the existing Grosvenor Centre facilities would begin in October 2013 at a cost of £3m.
- The redevelopment of the Grosvenor Centre and Greyfriars was a complicated issue, but work with the owners continued.
- Additional cars were coming into the town, but the existing cameras were not capturing all of the footfall in the town centre. A camera would be installed to capture the footfall before and after the opening of the North Gate Bus Station.

8. OPPOSITION GROUP BUSINESS

Councillor Mason stated that she was deeply concerned regarding the cost of living and the benefit changes, especially the benefit cap. She stated that 25% of children were living in poverty in Britain and rickets was now on the rise once more in malnourished children. The Chief Medical Officer had called this situation shameful. Councillor Mason stated that the welfare reforms were stalled and not working and that this was negatively affecting family life, particularly with rising fuel costs. The bedroom tax in particular was affecting vulnerable people and families, particularly disabled people, and leading to rent arrears. Working people were being affected by the welfare reforms and not just those on benefits. She stated that the Labour party would challenge fuel companies on prices and abolish the bedroom tax.

Councillor Mackintosh responded, stating that the welfare system had trapped families on benefits and it was helpful to fix welfare limits to encourage people into work. He considered that there should be a safety net to support those who needed

help and referred to working tax credits to help those who were in work and needed support.

9. CHANGES TO COMMITTEE PLACES AND CONSULTATION APPOINTMENTS

Councillor Wire DL submitted a report asking Council to confirm the appointment of Councillor Mason as Deputy Leader of the Labour Group, following the resignation of Councillor Davies as Deputy Leader, and the appointment of Councillor Mason to the Police and Crime Panel and the Appointments and Appeals Committee to replace Councillor Davies in each case.

Councillor Mason seconded adoption of the report.

RESOLVED:

That the appointments to Committees and Consultation Appointments, as set out in the report, be confirmed.

10. NOMINATION TO NORTHAMPTON HOPE CENTRE

Councillor Mackintosh submitted a report asking the Council to nominate the appointment of Councillor Markham to the Northampton Hope Centre Charity as a trustee.

Councillor Hadland seconded adoption of the report.

RESOLVED:

That Councillor Markham be nominated to be appointed to the Northampton Hope centre Charity as a trustee for a period of three years.

11. PROPOSED RESIDENTIAL DEVELOPMENT AT NORTHAMPTON NORTH SUE, LAND OFF A43 KETTERING ROAD

Councillor Mackintosh submitted a report seeking authority from Council to devolve this Council's decision making authority as local planning authority to Daventry District Council (DDC) in respect of the cross-boundary outline planning application for the development at Northampton North SUE, A43 Kettering Road.

Council debated the appropriateness of devolving the whole application to DDC, or whether to maintain planning consideration for the small parcel of land to the south of the site.

Councillor Mackintosh moved adoption of the report.
Councillor Hadland seconded adoption of the report.

Upon a requisition for a recorded vote:

There voted for the proposal: Councillors Ansell, Bottwood, Caswell, I Choudary, Duncan, Eldred, Flavell, Ford, Golby, Hadland, Hibbert, Hill, King, Mackintosh, Malpas, Markham, Oldham, Parekh, Patel and Sargeant.

There voted against the proposal: Councillors Aziz, Beardsworth, Begum, N Choudary, Conroy, Davies, Glynane, Gowen, Mason, Mennell, Palethorpe, Stone, Subbarayan and Wire DL.

There abstained: the Mayor and Councillors Larratt and Yates.

RESOLVED:

That agreement be given to devolve this Council's decision making authority as local planning authority to Daventry District Council as set out in the report.

12. NOTICES OF MOTION

i) Councillor Mackintosh proposed and Councillor Hadland seconded:

"Council welcomes the announcement that Cosworth Engineering is planning to build a new Centre of Excellence in Northampton, creating around 70 new jobs and up to 200 additional jobs for their suppliers.

The announcement is further evidence that, through the Northampton Alive programme, an increasing number of firms see Northampton as the perfect place to invest and do business.

Next year will mark Cosworth's 50th anniversary in the Borough, and this Council notes the positive contribution this prestigious company has made to our local economy, and its commitment to our towns future."

Council debated the motion.

Upon a vote the motion was carried.

ii) Councillor Glynane proposed and Councillor Conroy seconded:

"Council notes that:

- The recent commitment by the Government to maintain the existing post office network and to invest £1.34m in the service will mean that none of the current offices across Northampton will face programs of closure.
- Government is now looking at rolling out the trial scheme championed by Sheffield City Council and the National Federation of Sub Postmasters. This scheme established the scope to deliver a wide range of Public Services through local Post Offices thus underpinning their viability as a key community resource.

Council therefore resolves:

- To confirm its support for local Post Offices and to recognise the key part they play in communities across the district and

- To ask the Chief Executive to examine the Sheffield trial scheme and report back to Council on how our services could be delivered through the Post Office network across the district thus improving their viability and bringing our services closer to local communities.”

Council debated the motion.

Upon a vote the motion was .carried.

iii) Mr Adams addressed Council and stated that more homes were needed in the right places. He stated that the reason people objected to new homes was the percentage of affordable housing and that people did not want social housing near their homes.

Mr Huffadine-Smith addressed Council and stated that speculative builders had pushed up house prices to unsustainable levels, where they were well beyond the income of local people. He asked the Council to think outside the box and consider schemes like park homes, which were a quarter the price of a traditional house.

Councillor Beardsworth proposed and Councillor Glynane seconded:

“Council notes that:

- We are not building enough homes in England.
- Rising house prices mean the dream of home ownership is beyond the reach of millions and the size of a mortgage deposit alone stops many would-be first-time buyers from getting on the housing ladder.
- More and more people are therefore being pushed into the private rented sector and as demand rises there, so too do the rents.
- One in 12 families in England is now on a social housing waiting list.
- The average house price in the East Midlands is over £161,000 – over 8 times the average household income in the region.

Council believes that:

- We need to build more of the right homes, in the right place, at the right price.
- Too often private developers try and force high density housing on huge sites that will cripple local infrastructure, causing vast public opposition to the idea of increasing the housing supply.
- All too often the people who actually need homes are missing from local debates.

- Councils need to take an active role in making the case for building more homes locally in a sensible, sustainable manner that is beneficial for communities as well as individuals.

Council resolves to:

- Support the Yes to Homes campaign and commits to increasing the delivery of the right homes, in the right place, at the right price in Northampton.
- Organise Housing Hearings to help local people, community groups and businesses to give evidence on the need for more homes, and will report the finding of these hearing to this council meeting.
- Work with Yes to Homes supporters, local groups and organisations to actively make the case for new homes and explain the benefits of new homes for the whole community.
- Investigate the reasons why people object to new homes and will produce a strategy for removing or mitigating these concerns.

Further resolves to:

- Inform local people through local media of this decision.
- Write to local MPs, informing them of this decision.”

Councillor Markham proposed and Councillor Oldham seconded an amendment to the motion:

“Delete:

Council resolves to:

- Support the Yes to Homes campaign and commits to increasing the delivery of the right homes, in the right place, at the right price in Northampton.
- Organise Housing Hearings to help local people, community groups and businesses to give evidence on the need for more homes, and will report the finding of these hearing to this council meeting.
- Work with Yes to Homes supporters, local groups and organisations to actively make the case for new homes and explain the benefits of new homes for the whole community.
- Investigate the reasons why people object to new homes and will produce a strategy for removing or mitigating these concerns.

Further resolves to:

- Inform local people through local media of this decision.
- Write to local MPs, informing them of this decision.”

Replace with:

Council resolves to:

Continue to work with tenants, developers and communities to make sure that the right types of housing are built in the right place, and to increase the amount of affordable housing in the borough.”

Amended motion to read:

“Council notes that:

- We are not building enough homes in England.
- Rising house prices mean the dream of home ownership is beyond the reach of millions and the size of a mortgage deposit alone stops many would-be first-time buyers from getting on the housing ladder.
- More and more people are therefore being pushed into the private rented sector and as demand rises there, so too do the rents.
- One in 12 families in England is now on a social housing waiting list.
- The average house price in the East Midlands is over £161,000 – over 8 times the average household income in the region.

Council believes that:

- We need to build more of the right homes, in the right place, at the right price.
- Too often private developers try and force high density housing on huge sites that will cripple local infrastructure, causing vast public opposition to the idea of increasing the housing supply.
- All too often the people who actually need homes are missing from local debates.
- Councils need to take an active role in making the case for building more homes locally in a sensible, sustainable manner that is beneficial for communities as well as individuals.

Council resolves to:

Continue to work with tenants, developers and communities to make sure that the right types of housing are built in the right place, and to increase the amount of affordable housing in the borough.”

Council debated the amended motion.

Upon a vote the amended motion was carried.

iv) Councillor Stone proposed and Councillor Wire DL seconded:

“This Council welcomes the UK-wide campaign to end ‘legal loan sharking’.

This Council believes that the lack of access to affordable credit is socially and economically damaging. Unaffordable credit is causing a myriad of unwanted effects such as poorer diets, colder homes, rent, council tax and utility arrears, depression (which impacts on job seeking behaviour) and poor health.

This Council further believes that unaffordable credit is extracting wealth from the most deprived communities.

This Council notes it is the responsibility of all levels of government to try to ensure affordable credit for all, and therefore pledges to use best practice to promote financial literacy and affordable lending in Northampton. This will help to ensure that wealth stays in the local economy. This Council also pledges to promote based community organisations offering access to affordable credit, like Northampton Credit Union, and promoting saving in our town.

This Council asks the Chief Executive to write to the relevant Secretary of State saying this Council calls on the government to introduce caps on the total lending rates that can be charged for providing credit. In addition, this council calls on central government to give local authorities the power to veto licences for high street credit agencies where they could have negative economic or social impacts on communities.”

Councillor Eldred proposed and councillor King seconded an amendment to the motion:

“Delete:

This Council asks the Chief Executive to write to the relevant Secretary of State saying this Council calls on the government to introduce caps on the total lending rates that can be charged for providing credit. In addition, this council calls on central government to give local authorities the power to veto licences for high street credit agencies where they could have negative economic or social impacts on communities.

Amended motion to read:

“This Council welcomes the UK-wide campaign to end “legal loan sharking”.

This Council believes that the lack of access to affordable credit is socially and economically damaging. Unaffordable credit is causing a myriad of unwanted effects such as poorer diets, colder homes, rent, council tax and utility arrears, depression (which impacts on job seeking behaviour) and poor health.

This Council further believes that unaffordable credit is extracting wealth from the most deprived communities.

This Council notes it is the responsibility of all levels of government to try to ensure affordable credit for all, and therefore pledges to use best practice to promote financial literacy and affordable lending in Northampton. This will help to ensure that wealth stays in the local economy. This Council also pledges to promote based community organisations offering access to affordable credit, like Northampton Credit Union, and promoting saving in our town.”

Council debated the amended motion.

Upon a vote the amended motion was carried.

- v) Mr Adams addressed Council and congratulated the Council on the decision to remove Council tax reductions on empty properties. He asked the Council to let properties out for a number of years and to recycle the money.

Councillor Gowen proposed and Councillor Mason seconded:

“This council believes that empty properties that could be made habitable for housing should be logged with a property street doctor. There is a national empty property doctor.

This Council proposes to set up a local one on line to encourage people to log empty properties near them.

This Council will plan for bringing a percentage back into use every year either through negotiations with landlords or by CPOs.”

Council debated the motion.

Upon a vote the motion was carried.

- vi) Mr Adams who had registered to address Council withdrew.

It was proposed by Councillor Mason and seconded by Councillor Palethorpe:

“This Council believes it is unacceptable to have families living in emergency accommodation for longer than 6 weeks. This council also believes that all emergency accommodation needs to be registered, risk assessed and visited on a regular basis to ensure basic standards are met and maintained.

This Council will ensure, wherever possible, families are placed in emergency accommodation near to their wider family, friends and the children's schools to ensure the best outcomes for all."

Council debated the motion.

Upon a vote the motion was carried.

13. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE MAYOR IS OF THE OPINION SHOULD BE CONSIDERED.

None.

The meeting concluded at 8:35 pm

MINUTES

OF THE PROCEEDINGS OF A SPECIAL MEETING OF NORTHAMPTON BOROUGH COUNCIL HELD AT THE GUILDHALL, NORTHAMPTON, ON Thursday, 28 November 2013 AT SIX THIRTY O'CLOCK IN THE EVENING

PRESENT: HIS WORSHIP THE MAYOR Councillor Marriott (in the Chair).

COUNCILLORS: Caswell, Ansell, Aziz, Beardsworth, Begum, Bottwood, I. Choudary, N Choudary, Flavell, Golby, Gowen, Hadland, Hallam, Hibbert, Hill, King, Lane, Larratt, Lynch, Mackintosh, Malpas, Markham, Mason, Nunn, Oldham, Palethorpe, Parekh, Patel, Strachan, Subbarayan, Wire DL and Yates

1. WELCOME BY THE MAYOR

The Mayor welcomed everyone to the meeting and thanked invitees for attending the ceremony.

2. APOLOGIES.

Apologies were received from Councillors Eldred, Yates, Ford, Mennell, Conroy, Stone, Capstick, Duncan, Sargeant and Glynane.

3. DECLARATIONS OF INTEREST

There were none.

4. CONFERRAL OF TITLE OF HONORARY ALDERMAN

The Mayor referred to the motion set out on the agenda paper that had been agreed by Council at its meeting on the 23rd May 2013 to confer the title of Honorary Alderman to former Councillors Michael Boss, Tony Clarke, Keith Davies, Ulrich Gravesande, Colin Lill, Judith Lill, Malcolm Lloyd, Richard Matthews and Marianne Taylor.

It was noted that Colin and Judith Lill were unable to attend the special Council meeting. Therefore, a presentation would be arranged for them at a later date.

The Mayor then invited Councillors Mackintosh, Wire DL and Beardsworth to endorse the motion.

RESOLVED:

That in accordance with Section 249 of the Local Government Act 1972 former Councillors Michael Boss, Tony Clarke, Keith Davies, Ulrich Gravesande, Colin Lill, Judith Lill, Malcolm Lloyd, Richard Matthews and Marianne Taylor be awarded the title of Honorary Alderman of the Borough of Northampton.

The meeting concluded at 7.16pm

Question for Full Council Monday 9th December 2013

Question 1

Question to Councillor Bottwood from Norman Adams

With media coverage that £37.5 million is now known to have been taken from council housing budgets during September before the legal 'loophole' pinpointed by Capita was sealed by the government on 1 October.

Could you assure me that Northampton Borough Council have not been shifting any from a 'ring-fenced' housing budget to its general fund.

Response

NBC did not make any changes in September as a result of the "loophole" pinpointed by Capita. The Government have written to the Council asking them to confirm this. I attach a copy of a letter from Government and our response.

**Cllr Bottwood
Cabinet Member for Finance**

Glenn Hammons
Head of Finance LGSS
Chief Finance Officer



The Guildhall
St. Giles Square
Northampton NN1 1DE
Tel: 0300 330 7000
Fax: 0300 330 7000

NORTHAMPTON BOROUGH COUNCIL

Department for Communities and Local Government
1/E2 Eland House
Brossardon Place
London
SW1E 6DU

Our Ref: GH/cap
Your Ref:
House Contact: Glenn Hammons
Ex:Direct Line (02004) 838347
Date: 4th December 2013
E-mail: glenn.hammons@northamptonshire.gov.uk

Dear Sir/Madam

Re: Transfer of funds from the Housing Revenues Account to the General Fund

Further to your letter dated 26th November 2013 expressing your concerns that authorities may have sought to use the provision in Schedule 4, Part 3 (2) of the Local Government and Housing Act 1989 to transfer funds to the General Fund. Please see below answers to your questions.

- i. *Whether funds have been transferred to the General Fund from the Housing Revenue Account and, if so, the amounts that have been transferred?*
Answer: NBC has not used the provision in Schedule 4, Part 3 (2) of the Local Government and Housing Act 1989 to transfer funds to the General Fund
- ii. *Whether any transfer of funds has been reflected in your audited accounts for 2012-13?*
Answer: Not applicable
- iii. *What powers the authority has relied upon for any transfer of funds from the Housing Revenue Account to the General Fund and the reasons for the transfer?*
Answer: Not applicable

Yours faithfully

Glenn Hammons
Head of Finance LGSS
Chief Finance Officer



www.northampton.gov.uk





**Department for
Communities and
Local Government**

To: Chief Finance Officer

28 November 2013

Dear Sir/Madam

**TRANSFER OF FUNDS FROM THE HOUSING REVENUE ACCOUNT TO THE
GENERAL FUND**

It has been brought to the Department's attention that a number of authorities may have sought to transfer funds from their ring-fenced Housing Revenue Account to the General Fund using the power in Schedule 4, Part 3 (2) of the Local Government and Housing Act 1989, ahead of the repeal of that power (in relation to England) on 1 October 2013. This letter seeks to remind local authorities of the purpose of the Housing Revenue Account ring-fence and requests information from authorities about the possible transfer of funds.

As you are aware the Housing Revenue Account is a ring-fenced account within the authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of it. The items to be credited and debited to your Housing Revenue Account are prescribed by statute. These include expenditure and income relating to property listed in section 74 of the Local Government and Housing Act 1989 and Schedule 4 to the 1989 Act (as amended) which specifies the debit and credit items to be recorded in the Housing Revenue Account. Permissible debit items include expenditure on repairs, maintenance and management, capital expenditure and rents, rates, taxes and other charges. Permissible credit items include rents, charges for services and facilities and contributions towards expenditure. The Secretary of State has powers to determine or direct that other items may be credited and debited to the Housing Revenue Account.

One of the main purposes of the ring-fence continues to be to ensure that rents paid by local authority tenants accurately and realistically reflect the cost of providing the housing service. Funds held within the Housing Revenue Account should not be used to cover the costs of other council services.

The Department is therefore concerned that authorities may have sought to use the provision in Schedule 4 Part 3 (2) of the 1989 Act to transfer funds to the General Fund. The Department is considering whether it would be appropriate, where funds have been transferred, to determine or direct that such funds should be returned to the Housing Revenue Account. The Department recognises that an authority may have had legitimate reasons for the transfer of such funds and therefore requests the following information in order to ascertain what, if any, further action should be taken:

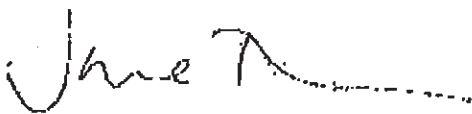
Department for Communities and Local Government
1st Floor
Brassenden Place,
London,
SW1E 6NU

Tel: 0303 44 42607

- I. Whether funds have been transferred to the General Fund from the Housing Revenue Account and, if so, the amounts that have been transferred;
- II. Whether any transfer of funds has been reflected in your audited accounts for 2012-13; and
- III. What powers the authority has relied upon for any transfer of funds from the Housing Revenue Account to the General Fund and the reasons for the transfer.

I would be grateful if you could respond to this letter by the 15th of December. In view of the Department's consideration of transfers of funds from the Housing Revenue Account to the General Fund in reliance of Schedule 4, Part 3 (2) of the Local Government and Housing Act 2009, authorities may wish to consider the appropriateness of using such funds until the Department's considerations are complete.

Yours faithfully,



Jane Todorovic

Department for Communities and Local Government
112 Black Horse,
Barnes, London,
W8 7AL

Tel: 0303 44 4267

Question for Full Council Monday 9th December 2013

Question 2

Question to Councillor Hadland from Councillor Beardsworth

What consultation has taken place with regards to the new bus station and was this in line with the consultation policy of the Council?

Response

The relocation of the bus operation from Greyfriars Bus Station to a new location has been implemented by NBC and NCC. The selection of the Bus Interchange site followed extensive consultations and the form of presentation meetings, workshops and questionnaires to key stakeholders including:

- All the bus operators
- Mobility Impaired, Disabled and OAP Groups
- Town Centre Partners and Businesses
- University of Northampton
- Northampton Bus User Forum

The planning applications N/2012/0314 & 0315 included the following statutory consultees:

- Anglian Water
- English Heritage
- Natural England
- Environment Agency
- Highways Agency
- NCC Archaeology
- NCC Highways
- Northamptonshire Wildlife Trust
- Northampton Police
- Western Power
- Town centre BCAAC
- Twentieth Century Society
- Georgian Society
- Victorian Society
- Spring Boroughs Residents Association
- National market Traders Federation

The construction phase has seen the main contractor Kier, hold open events for local businesses, retailers and residents. A named contact is employed by the contractor to consult with the local retailers during the public realm works

on the Drapery. The contractor has also issued newsletters to inform businesses and residents of the works programme.

Cllr Hadland
Cabinet Member for Regeneration, Enterprise and Planning

Question for Full Council Monday 9th December 2013

Question 3

Question to Councillor Markham from Councillor Beardsworth

Are there sufficient funds this year for the Disabled Facilities Grant?

Response

Yes, the Finance & Performance Monitoring Report to be considered by Cabinet on 11th Dec states the latest position with regards to DFGs.

**Cllr Markham
Cabinet Member for Housing**

Question for Full Council Monday 9th December 2013

Question 4

Question to Councillor Eldred from Councillor Glynane

Could the Cabinet Member please confirm, in relation to the proposed sale of the Sekhemka how much this council has spent on legal investigations/opinions and other professional advice, including minor ancillary expenses since May 2011.

Response

£18,782

**Cllr Eldred
Cabinet Member for Community Engagement**

Question for Full Council Monday 9th December 2013

Question 5

Question to Councillor Eldred from Councillor Glynane

What additional security conditions did the insurance company impose in regard to the Sekhemka Statue?

Response

Either place the statue in a secure vault or, if it is to be displayed in public, in a secure, alarmed cabinet, in an appropriately alarmed room, monitored by CCTV.

**Cllr Eldred
Cabinet Member for Community Engagement**

Question for Full Council Monday 9th December 2013

Question 6

Question to Councillor Eldred from Councillor Glynane

Which auction house has been appointed to handle the sale on behalf of the Council?

Response

The Council has not yet appointed an auction house to handle the sale. The Council has held discussions with several auction houses and identified one that it is its preferred supplier for the provision of auction services but they have not been appointed. Contract discussions are underway and it will not be possible to reveal the name of this organisation until they are completed and a contractual relationship exists.

**Cllr Eldred
Cabinet Member for Community Engagement**

Question for Full Council Monday 9th December 2013

Question 7

Question to Councillor Eldred from Councillor Conroy

The corporation deed of covenant with the Marquis assigns "at all time for ever hereafter to exhibit the same collection freely to the public and at no time to dispose if any part if the collections". Why is this council not complying with this agreement with the people of Northampton and the Marquis of Northampton?

Response

I believe that Councillor Conroy is referring to a Deed of Gift dated 9 August 1880 between the Marquis of Northampton and the Borough of Northampton. This deed gifted a Geological Collection to the Borough with various conditions attached. The Council is observing the conditions of this agreement. The statue of Sekhemka did not form part of the Geological collection and is therefore not covered by the terms of the Deed.

The Council has always held the view that the Deed dated 9 August 1880 does not cover the statue of Sekhemka and examination by independent legal advisors has confirmed this view.

Cllr Eldred
Cabinet Member for Community Engagement

Question for Full Council Monday 9th December 2013

Question 8

Question to Councillor Eldred from Councillor Conroy

What is the position of the other Egyptian objects gifted with the Sekhemka Statue?

Response

The Marquis lent a number of Egyptian items to the museum in 1866 and the museum records show that they were returned to him in five tranches in 1867, 1869, 1870, 1874 and 1878. The Geological Collection gifted on 9 August 1880 is still in the museum's possession. The vast majority of it is in secure storage as the museum can only display a small part of its collection at any one time.

**Cllr Eldred
Cabinet Member for Community Engagement**

Question for Full Council Monday 9th December 2013

Question 9

Question to Councillor Eldred from Councillor Conroy

Can you let me know who at the Borough do I need to contact to arrange for me and my colleagues to inspect the Sekhemka Statue?

Response

At present the statue is in secure storage outside Northampton and it is not possible to view it.

**Cllr Eldred
Cabinet Member for Community Engagement**

Question for Full Council Monday 9th December 2013

Question 10

Question to Councillor Hallam from Councillor Meredith

Is there adequate provision for cutting back trees in the Eastern District, many of which are very overgrown?

Response

Tree Maintenance

All trees that are covered by the Environmental Services Contract with Enterprise, irrespective of where they are located within the borough are maintained to the same standards. The standards/policies and inspection regimes relating to the trees are those which were in place prior to Enterprise taking over the services..

Enterprise has internally allocated the same level of budgets to tree maintenance as those allocated when NBC managed the trees.

The Partnership Unit have not seen any reduction in the standard of tree maintenance since the contract with Enterprise commenced, and work directly with the tree department at Enterprise to ensure that these standards are maintained. The provisions of the contract with Enterprise will continue to deliver the standards we expect. The Partnership Unit will continue to monitor the contract with Enterprise, to ensure that the requirements of the contract are met.

Resources are adequate to achieve:

Tree maintenance - NBC trees

- All arboriculture works is carried out in accordance with recognised good arboriculture practice including BS 3998: Recommendations for Tree Work.
 - A programme of inspections and surveys to identify any maintenance issues with trees and develop work programmes.
 - Provide for an Enterprise tree officer on call 24 hours to deal with emergencies such as trees brought down during high winds.
 - Complaints from residents about individual trees to be investigated by the tree officers and the resident informed of their findings.
- Time restrictions on when maintenance work can be carried out is in place for nesting birds and protected species.

Tree maintenance - NCC trees (Highways)

- Highways trees on strategic and main distributor roads are inspected and work undertaken on safety grounds and to ensure visibility and prevent obstruction. (Only reactive and emergency work will be carried out on trees on other roads).

Shrub maintenance

- All shrubs are maintained to the same specification.
- Shrub beds are visited on an annual basis as part of the winter works programme and receive full containment pruning operations. The main period of shrub and shrub bed maintenance takes place between October and November and March and April each year, and this year's programme is well underway.
- Shrub bed maintenance will include the removal of litter and weeds. Weed control will include a combination of chemical treatment and manual removal.
- Shrub maintenance will also include the removal of self-set trees and shrubs from grassed areas and around the curtilage of NBC owned properties.
- During the growing season, shrubs will be maintained to ensure that they do not cause obstruction or damage, or present health and safety implications.

**Cllr Hallam
Cabinet Member for Environment**

Question for Full Council Monday 9th December 2013

Question 11

Question to Councillor Hadland from Councillor Palethorpe

Would the Cabinet Member provide the Council with an update on the number of empty retail properties in Northampton please?

Response

We do not hold figures for the whole of the Borough area in terms of the vacancy of retail units.

However, for the Town Centre BID area, the rates figures for 1 December 2013 show that there is a 12% vacancy rate.

Cllr Hadland
Cabinet Member for Regeneration, Enterprise and Planning

Agenda Item 7



Report of the Leader of the Council

Northampton Borough Council

9th December 2013

After many years of delays, on 26th November the Planning Committee approved the application for the proposed development at Sixfields. Supporting The Cobblers in their plans to expand their facilities was a key manifesto priority for this Administration. I am pleased that this manifesto pledge has been met, and that Northampton Town Football Club are now free to pursue the expansion they have been denied for many years.

There has also been progress with The Saints planning application to expand Franklins Gardens. Supporting this project is another of this Administration's key policies, which I am delighted to say is moving ahead quickly. The stadium plans are currently available to view online, and we expect the Planning Committee to meet to consider them early in the new year.

On 13th November Cabinet approved the demolition of the old Greyfriars Bus Station. This is yet another project that has been long overdue and could only be delivered by this Administration. Demolition will begin at the end of March 2014 and will free up a prime development site within the heart of our town.

Christmas festivities in the Town Centre began on 21st November with the lights switch on. There was a fantastic turnout from the public and the Town Centre has a real festive feel to help attract shoppers and enhance their experience.

To help support local businesses during the Christmas period we have once again introduced free parking in all Borough Council owned car parks from 3pm on Thursdays and all day on Saturdays in our pay on foot car parks until Christmas.

On Sunday 10th November councillors and dignitaries processed from The Guildhall to All Saints' Church as part of this year's Remembrance Day Parade and Service. In addition to our commitment to help support existing and ex-service personnel through schemes such as the Community Covenant, it is just as important that we never forget those who have served our country and made the ultimate sacrifice.

During November the Borough Council teamed up with the charity, Support Our Soldiers, to encourage the public to support members of the Armed Forces by taking part in their Christmas Parcel Appeal. People were asked to drop into the One Stop Shop and donate items including sweets, toiletries and Christmas gifts. All donated items will be sent over to our Armed Forces Personnel serving in Afghanistan.

Earlier this year it was agreed that any former Borough Councillor who had served on the Council for 12 years would be considered as a possible candidate for becoming an Honorary Alderman. The title recognises the time and dedication each individual has given to their community and the people of our town. On Thursday 28th November the

title of Honorary Alderman was awarded to former Borough Councillors Michael Boss, Tony Clarke, Keith Davies, Ulric Gravesande, Colin Lill, Judith Lill Malcolm Lloyd, Richard Matthews and Marianne Taylor.

Community Safety

Crime and Violence continue to fall below the annual Community Safety Partnership (CSP) targets. To date there has been a 7.7% reduction in overall crime (1528 less crimes) and a 10.9% reduction in violence (384 less crimes).

Serious Acquisitive Crime is on a downward trend, showing an 8.9% reduction (363 less crimes) and is on track to meet the target. Police recorded Anti-Social Behaviour has increased by 2.1% to date, this is primarily nuisance behaviour, across all sectors of Northampton. Criminal damage however, has reduced by 8%, again exceeding the annual target.

The first Community Safety Partnership Weeks of Action have taken place in Blackthorn/Goldings and The Mounts/Wellingborough Road. There has been good engagement with the community through the Crime Prevention House established on each area with a high level of support provided by a variety of agencies. Some excellent environmental work has been undertaken by Enterprise and Community Payback, providing a visible improvement to the areas. The next Week of Action will take place in the Town Centre with a focus on street drinking and begging, linking in with pre-Christmas operations run by the Police.

Councillor David Mackintosh

Leader of the Council



Improvement Programme

The Administration has initiated a programme to identify areas for improvement and to ensure we are ready to respond to the many opportunities and challenges the Housing Department will need to deal with in the coming months and years. This includes making sure the department is run properly and staff are fully supported while we implement more effective senior management. On 15th and 19th November the Leader and I attended meetings with Housing staff to discuss the restructure of the department and how we will be providing housing services to tenants in future.

Housing Stocks Options Review – Tenants Conference

The latest stage in the Housing Stock Options process was outlined and explained to tenants and leaseholders at the Tenants' Conference on the 5th and 6th November. There were two sessions with presentations from the Programme Manager and the Independent Tenant Advisor. The sessions were very well attended and gave us an opportunity to update tenants and leaseholders

Homelessness

I am proud of the work being done by the Homelessness Team and we compare very well to other similar sized authorities in the East Midlands on how we deal with the issue. Our aim is always to get people into permanent accommodation as quickly as possible although individual circumstances often mean there can be delays. For example, we have two households that have been in bed and breakfast for more than six weeks. One of these was found to be intentionally homeless and required further investigation. They have subsequently found privately rented accommodation. The other has had and accepted an offer of council accommodation and, as the property was being renovated, the person chose to wait.

Disabled Facilities Grants

Disabled Facilities Grants (DFGs) is a priority for this Administration and a legal requirement for this authority. There has been huge demand this year, which officers have responded to promptly, resulting in significant pressure on the funds allocated to DFGs. It has become clear to me, through the monitoring activity I undertake as the responsible Cabinet Member for this service area, that I need to review the budget available to meet the high level of demand we are experiencing. I have also asked officers to review policies, processes and procedures around DFGs to ensure an efficient, effective and proportionate response to the needs of our customers.

Allocation Policy

Earlier in the year I requested that the housing allocations policy to be reviewed to enable people working in Northampton to be rehoused without the need to be in a reasonable preference group, to take into account some of the impact the new size criteria has had on the allocation of larger accommodation and to ensure an appropriate response to the Armed Forces Community Covenant. The refreshed policy came into effect on 1st December 2013.

Councillor Mary Markham
Cabinet Member for Housing



Cabinet Member Report for Regeneration, Enterprise and Planning

Northampton Borough Council

9th December 2013

Town Centre

This year's decorations include a 50ft tree in the Market Square, a 40ft tree at All Saints and seven 30ft trees situated on Abington Street, outside The Guildhall, outside the Royal and Derngate, St Peters Way and Wood Hill plus light displays along the main shopping streets. The Town Centre BID in partnership with the Borough Council and local Town Centre businesses have installed around 180 Christmas trees.

Free parking in all Borough Council car parks from 3pm on Thursdays and all day on Saturdays in pay on foot car parks, Mayorhold, Grosvenor, St Michael's and St John's began on 21st November until Christmas, and the Black Lion Hill roadworks are due to be suspended to ease traffic congestion during the Christmas period.

Regeneration

The Borough Council's Planning Committee, at its meeting on 26th November, approved plans to develop Sixfields Stadium. The application, submitted by Northampton Town Football Club, will see the East Stand remodelled and extended to provide additional seating that increases capacity from 7,653 to 10,000. Other alterations include a new conference suite with banqueting hall, gymnasium, office space and food kiosks. There are also provisions for additional parking, improved access for people with disabilities, landscaping and a new access road off Edgar Mobbs Way. The expansion is the first stage of a multi-million pound redevelopment of the area which will support growth in the Enterprise Zone and bring forward more revenue streams for the football club. Additional planning applications for housing, local retail facilities and a hotel are expected to be submitted soon.

The Cabinet approved arrangements for the demolition of the Greyfriars building at its meeting on 13th November. The demolition will begin on 31st March 2014 after the opening of the new North Gate Bus Station. Detailed plans are now being put together for bringing the building down. The demolition project will be complex and lengthy, since Greyfriars is a six-storey building that includes office accommodation and a car park as well as the bus station. Once Greyfriars is demolished, this prime site in the centre of the town can be brought forward rapidly for redevelopment.

The refurbishment of Delapre Abbey can now go ahead, following the granting of planning permission. The project involves refurbishing parts of the main abbey building, including rebuilding the conservatory and opening the south wing for events and public access. The 18th century stable block will be turned into a new visitor and education centre, shop and exhibition space, and restoration and conversion of the Billiard Room into a restaurant and café for use by the general public and for special events.

The skyline is changing again as the Gasholders on St Peter's Way are demolished to make way for the development of the Waterside site.

On 17th October we were hosts to a team of business leaders and experts from SCET, a network of 250 French local developers. Ubifrance, the French Agency for international business development sent the SCET (Services Conseil Expertises Territoires) delegation to Northampton to find out more about what is happening in our town. The visit was organised by the Trade Commission of the French Embassy with Northampton Borough Council. Following a meeting at The Guildhall, the group were given a tour of Upton. The Upton development started over ten years ago and has been praised for using the highest standards in design. This can be seen in the layout of the streets, the materials used in the construction of the homes, awareness of environmental issues and considerations about creating a community within a historic county town.

Planning

The planning application for the redevelopment of Franklin's Gardens is now available online for anyone to view and comment on. The Planning Committee will meet in the new year to make a decision on the proposals. The proposals show how the stadium's North Stand would be redeveloped to bring the total capacity of Franklin's Gardens up to over 15,500.

Northampton Borough Council will take over a number of WNDC assets within the borough when WNDC closes on 31st March 2014. The Borough Council will lead on a number of major projects including St Peter's Waterside, development on the land owned by National Grid and the further phases of regeneration at Northampton Railway Station. The transfer demonstrates the Government's confidence in the Borough Council, to achieve the completion of all the outstanding regeneration projects. and will bring local projects back into the hands of local politicians, who are accountable to local people.

Councillor Tim Hadland

Cabinet Member for Regeneration, Enterprise and Planning



Cabinet Member Report for the Environment

Northampton Borough Council

9th December 2013

Environmental Services

A communal bin scheme to help residents in flats recycle more and keep their neighbourhoods tidier is now being rolled out across the town. Over the past year Northampton Borough Council housing and environment divisions have been identifying blocks of flats that can accommodate communal bins to contain their recycling and household waste. So far around 40 blocks of flats have been identified as being suitable. Communal bins have been delivered to help keep areas tidy by bringing an end to problems associated with split rubbish sacks and help reduce the issue of rubbish put out on the wrong day or fly tipped, as residents can now place their rubbish sacks in the communal bins throughout the week for crews to collect. The projects have been made possible thanks to funding set aside by the Department for Communities and Local Government in 2012 to help local authorities improve weekly waste and recycling collections. The Northamptonshire Waste Partnership was awarded £196,212 to improve collections in Northampton.

Up until the 11th November, areas that had been placing out high volumes of black sacks, instead of the two green sacks provided have been issued with Section 46 Notices. These notices give the householder a legal instruction that they can only put out their residual waste in the green sacks. Failure to comply with this notice can result in the householder being fined. The Neighbourhood Wardens are continuing to work within the areas concerned to ensure they understand the new green sack scheme and assist wherever possible. The Wardens will then start to issue fines to those that fail to comply without good reason.

The green-fingered winners of Northampton in Bloom's annual awards were announced at a special ceremony at The Guildhall on 6th November. The awards celebrated and showcase the horticultural achievement and hard work of Northampton's keen gardeners who helped the town scoop Silver at this year's East Midlands in Bloom competition. Community groups, schools, businesses, residents' associations and individual residents were among those who took part in the Northampton in Bloom 2013 award. A record number of entries were received this year for the school garden category and there were also a number of new entrants in the community and commercial premises categories

Year 5 pupils from Ecton Brook Primary School graduated as Junior Community Wardens in a formal ceremony at their school on 7th November. The nine and ten year olds have been taking part in a six-week course that aimed to get them involved in community safety issues and help shape them as good citizens of the future. The course, run jointly by Northampton Borough Council and Northamptonshire Police, has seen the children get involved in activities to start them thinking about anti-social behaviour, fly-tipping and litter, health and well-being and personal safety. During the course they have learned about a range of safety issues on a trip to Hazard Alley Safety Centre in Milton Keynes, been out and about

with council neighbourhood wardens and learned about personal safety from their local Police Safer Community Teams.

Environmental Health

The Borough Council took part in the Chewing Gum Action Group's "Bin It Your Way" campaign during October. Wrappers for chewing gum were handed out to members of the public.

Licensing

The Licensing service has started the newly qualified Hackney Driver Guidance Course, and has had 13 attendees on the first course.

Legal action by the service this month has seen two premises licences revoked after investigations proved they were conducting illicit alcohol sales and one Hackney Driver Licence has also been revoked for involvement in unsuitable activities.

Carbon Management

The recent meeting of the Carbon Management Board considered the progress that is being made with various energy efficiency measures and agreed that further upgrades to car park lighting and improvements to the draft proofing at The Guildhall would be progressed in the near future.

Councillor Mike Hallam

Cabinet Member for the Environment



Cabinet Member Report for Community Engagement

Northampton Borough Council

9th December 2013

Councillor Community Fund

To date during 2013/14 a total of 78 applications have been received amounting to £57,603 (43% of a potential annual total of £135,000). The funding is being allocated by elected members with the community, focusing on projects that are delivering positive outcomes in their wards.

Events

The countdown to Christmas in Northampton began on 21st November with the annual Christmas lights switch on. Heart Breakfast presenters Stuart and Natalie started the countdown to Christmas along with Royal & Derngate panto stars Linda Lusardi and Sam Kane.

The annual Diwali celebrations, in association with the Indian Hindu Welfare Organisation were held the Town Centre on the 27th October. The celebrations included large illuminated structures, stilt walking birds, fire jugglers and giant puppets parade through the town centre to tell the story of Diwali. The event was organised by the Indian Hindu Welfare Organisation (IHWO) and supported by Northampton Borough Council.

During October half term the town centre hosted the three day St Crispins Street Fair. This attracted hundreds of families into the town centre and market area and feedback from traders and businesses suggest this was very welcome.

Culture & Heritage

The display of the facial reconstruction of King Richard III, together with related artefacts, has proved to be very popular with the public, and we are pleased to have been able to secure the display until the beginning of January 2014 in the museum.

The Cinderella Symposium took place on 21st October at the Museum and Art Gallery, with over 40 academics, curators and students from across the UK, to discuss issues around how shoes are displayed in museums and galleries. People attending included the architects from Selfridges' Shoe Halls and delegates from the Royal Academy, London College of Fashion and The V&A.

Whilst the "Strictly Shoes" exhibition continues on the ground floor of the Museum and Art Gallery, we have opened two other contrasting and complimentary exhibitions. "Last

Man Standing “is an exhibition by Northampton based Springline Lasts which has opened in the shoe lounge, and the “Northampton Town and County Art Society 100th Annual Show” is currently on the first floor.

Customer Services

The Contact Centre has now relocated from the first floor of The Guildhall to more suitable accommodation on the third floor.

Customer Services hosted a successful National Customer Service Week of activities including a tenants participation coffee morning, where the opportunity was taken to network about channel shift, and the Citizen’s Account.

Councillor Brandon Eldred

Cabinet Member for Community Engagement



Cabinet Member Report for Finance

Northampton Borough Council

9th December 2013

The primary focus in Finance at this time is the development of draft budget proposals for consideration by Cabinet at its meeting on 18th December. The draft budget is being prepared at a time when local government is facing reductions in funding from Government, increasing pressure on its costs as demand for services increases and high expectations from the public. Cabinet will consult on its budget proposals throughout January and early February 2014.

The loan to Northampton Town Football Club that will facilitate the development at Sixfields has now been finalised. The loan to The Saints that will allow for the expansion of Franklins Gardens is now in the final stages of agreement.

The Borough Council, in partnership SEMLEP, has also secured a government backed loan of £46m at preferential rates for the University of Northampton's proposed £300m campus in the Enterprise Zone.

We are in the process of consulting on options for the 2014 and 2015 local Council Tax scheme. These schemes are heavily constrained due to the budgetary pressures we face and the future pressures on the collection of Council Tax. The schemes proposed aim to retain enhanced support for vulnerable members of our community particularly in relation to those on disability benefits and war pensions. The scheme retains support for people going back into work.

The Revenue and Benefits service has been nominated for two national IRRV awards (Institute of Revenues Rating and Valuation) for the Revenues Team of the Year and the Excellence in Staff Development. I am pleased to announce that LGSS / Northampton Borough Council have won the Gold medal for the Revenues Team of the Year and Silver in the Excellence in Staff Development award. These awards reflect the services achievements over the last few years in meeting the on-going demands across the collection of income and debt, alongside the investment we have made in making our staff the best they can be in supporting our service users.

Councillor Alan Bottwood
Cabinet Member for Finance

<p>Appendices</p> <p>1</p>



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

9 DECEMBER 2013

Agenda Status: Public

Directorate: Housing

Report Title	HOUSING STOCK OPTIONS APPRAISAL FINAL REPORT
---------------------	-----------------------------------------------------

1. Purpose

- 1.1 That Council decides to establish an Arms-Length Management Organisation (ALMO) to manage the Council's housing stock following consideration of the recommendations of the Cabinet, informed by the views of the Tenants' Panel, the Employee Focus Group, the Housing Options Panel and the conclusions and recommendations detailed in the attached final report.

2. Recommendations

- 2.1 That Council endorse the recommendations contained in the Cabinet report attached.

3. Issues and Choices

3.1 Report Background

- 3.1.1 See Cabinet report attached

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 See Cabinet report attached

4.2 Resources and Risk

- 4.2.1 See Cabinet report attached

4.3 Legal

4.3.1 See Cabinet report attached

4.4 Equality

4.4.1 See Cabinet report attached

4.5 Other Implications

4.5.1 See Cabinet report attached

5. Background Papers

5.1 See Cabinet Report attached

**Dale Robertson
Programme Director
Housing Options Review**



CABINET REPORT

Report Title	HOUSING STOCK OPTIONS APPRAISAL FINAL REPORT
---------------------	-----------------------------------------------------

AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	4 th December 2013
Key Decision:	Yes
Within Policy:	Yes
Policy Document:	No
Directorate:	Housing Directorate
Accountable Cabinet Member:	Councillor Mary Markham
Ward(s)	All Wards

1. Purpose

- 1.1 The purpose of this report is to recommend to Council the establishment of an ALMO following consideration of the recommendations of the Tenants' Panel, the Employee Focus Group, the Housing Options Panel and the conclusions and recommendations in the attached final report.

2. Recommendations

- 2.1 That Cabinet recommend to Council that:
- a) The Arm's Length Management Organisation (ALMO) Option is approved for implementation;
 - b) Following the creation of the ALMO, any future significant change to the delivery vehicle for housing services should be preceded by a robust Options Appraisal Process (except in the event of a risk of serious detriment to tenants and / or tenant services);
 - c) The ALMO should be created as a true arm's length managed organisation, ensuring that the ALMO has sufficient autonomy to make decisions for the benefit of tenant services and improvement;

- d) The implementation phase for the options chosen should continue to include a comprehensive programme of consultation and engagement with key stakeholders to ensure that they are well informed and remain at the heart of the process. This should specifically include the continued involvement of the Tenants' Panel and Employee Focus Group structures, working separately and as a joint panel;
 - e) The Council considers adopting the Tenants' Panel and Employee Focus Group consultation and engagement approach used within this review across other service areas within the Council;
 - f) The Council considers adopting a process for employees from all services to be actively involved in further continuous improvement activity to improve internal processes and systems.
- 2.2 Subject to Council deciding to approve recommendation 2.1a above, the following recommendations relating to next steps and arrangements for the implementation of the ALMO option, detailed further in 3.4 below, be considered and agreed;
- a) Project Oversight:
 - i. That the Housing Options Panel be retained in format but with a changed title – the ALMO Joint Panel;
 - b) Project Governance and Advice:
 - i. That the project is to continue to be led by the Housing Options Programme Director as Programme Director (ALMO Implementation)
 - ii. That the Council appoint an interim ALMO Managing Director to advise and work with the ALMO Shadow Board and also to be the lead adviser for developing the necessary detailed governance, management and other arrangements required for the ALMO to establish itself and set itself up ready to lead the management of the Council's housing stock in an effective manner.
 - c) Resources:
 - i. The residual budget allocated to carry out the Stock Options Review be used to implement the ALMO option
- 2.3 Authority be delegated to the Chief Executive in consultation with the Leader of the Council and the Cabinet Member for Housing to make decisions necessary to facilitate the implementation of the chosen option.
- 2.4 Tenants and officers involved in the process should be thanked for their commitment and contribution to the Review.

3. Issues and Choices

3.1 Report Background

- 3.1.1 Northampton Borough Council's Corporate Plan 2012-15 included a commitment to look at the potential options for the future ownership, funding and management of its Housing Stock, to examine which option would best deliver long term improvements needed to both homes and estates as well as improve the quality of services provided to its tenants.
- 3.1.2 There were several key drivers for initiating the Housing Options Review. These were focused on;
- Delivering improvements to the quality of housing services to customers
 - Meeting rising expectations of customers
 - Ensuring that the necessary investment can be provided to improve homes and the local environment on estates, and
 - Meeting the increasing demand for social housing
- 3.1.3 Before the Council could make fundamental changes to the way in which the Council's housing stock is owned and managed, the Government requires an options appraisal to be undertaken.
- 3.1.4 The Council therefore initiated a full Options Review process in April 2012 by appointing a lead officer and setting aside the budget necessary to fund a major consultation exercise, to include all key stakeholders.

3.2 Issues

The Housing Stock

- 3.2.1 Based on data obtained at the start of the review, fifty one per cent (51%) of the Council's housing stock failed the Government's minimum standard for property condition called the Decent Homes Standard.(DHS)
- 3.2.2 In January 2011, the Council successfully bid for a £49.3 million allocation of funding from government to help achieve decency. Current reported non-decency figures are twenty-eight (28%), following a substantial programme of work. In addition to the dwellings, the Council also owns 66 shops (many of which have connected dwellings), storage unit(s), Community room(s), pumping station(s), depot(s), garages and other housing assets.

HRA 30 year business plan

- 3.2.3 Following the introduction of self-financing, in line with best practice, the Council produced a 30 year business plan which was approved by Cabinet on 24th January 2012. This first business plan, developed under the new self-financing rules was used as the starting point for the financial analysis undertaken during the Housing Stock Options Review.

3.2.4 The review process identified the costs associated with improving and maintaining these assets over the 30 year Business Plan period and then used this information to assess each of the options considered in terms of their ability to meet such costs.

Approach to the review

3.2.5 The Council recognised the significance of this project and its far reaching implications. It therefore allocated £2 million from the HRA reserves in order to ensure that the process would be robust, have access to up-to-date information and would comprehensively engage with all the key stakeholders.

3.2.6 To manage the programme, a Programme Director was appointed and a team of experienced and specialist advisers on the process, financial modelling and technical aspects was brought together as well as some internal resources.

3.2.7 A Tenants Survey to gain an understanding of tenant views and satisfaction levels and identify priorities for improvement was conducted. The survey achieved a 27% response rate, which was considered by Ipsos MORI as excellent and remarkable in the light of their experience elsewhere.

3.2.8 In order to ensure that key stakeholders remained fully informed throughout the process, the Review employed a number of engagement platforms and developed a comprehensive Communication and Consultation Strategy. Governance involved the formation of three key groups, who met at least monthly throughout the review; a Programme Team, a Programme Board, and a Member Board. The engagement structure consisted of a Tenants' Panel (TP), an Employee Focus Group (EFG), and a Housing Options Panel (HOP). The HOP met monthly, however due to the nature of the work undertaken, the TP and EFG groups met more frequently.

3.2.9 The TP was supported to appoint its own Independent Tenants' Adviser (ITA) and all tenants were invited to join the Panel throughout the process until August 2013, when tenants on the TP felt that it would be unfair for new members to be expected to fully understand the issues sufficiently well to take part in the scoring process, which took place in September 2013.

3.2.10 All tenants were kept informed of the process and were able to attend a number of events held throughout the process. Tenants were actively encouraged to participate by joining the TP, attend Area meetings, a tenant open day in July 2012 and Tenant Conferences held in December 2012, May 2013 and November 2013. Newsletters published by the Council and the ITA were also sent to all tenants periodically throughout the Review.

3.2.11 The HOP was made up of 5 tenants who were on the TP, 5 employees from the EFG and 5 Councillors with representation from the three main political parties. The tenants and employees who sat on the HOP were elected by members of their respective groups. The HOP examined the key issues in the Review and functioned in a decision making capacity

Identifying the options

3.2.12 An initial list of ten possible options was drawn up for consideration. Following discussions within the EFG, TP and HOP regarding the nature and implications of each of the options, a decision was made by the HOP, with the agreement of the TP and EFG, to reduce the options to be considered by the review process, down to six and then to five:

- Option 1 Retention with service review
- Option 2 Retention by creating an ALMO
- Option 3 Transfer to a stand-alone registered provider
- Option 4 Transfer to a mutual registered provider
- Option 5 Transfer to a separate registered provider within an existing group structure

3.2.13 Following the selection of the options to be assessed, the review process required significant supporting evidence covering various issues. The evidence required included a baseline analysis of the Councils current Housing Business Plan, service costs and performance levels, a Tenant Survey, Stock Condition Survey and Asset Analysis information.

Housing Business Plan, service costs and performance levels Baseline analysis

3.2.14 An assessment of the Council's expenditure plans, based on a comparison with other similar local authorities, was undertaken by Savills as an essential part of the review. Alongside this, an assessment of the performance of the housing service was undertaken, again making comparisons with other similar local authorities, and where possible, with those authorities where financial comparison, as well as performance information, was available.

3.2.15 The HRA business plan (year one 2012/13) showed that the cash flow would largely break even in years 4 to 7 when there was a planned peak in capital investment and then return a steady year on year surplus. The business plan demonstrated that even with prudent assumptions, the Council should have the resources to repay all of its housing debt by year 30 of the Plan.

3.2.16 The key findings from the baseline analysis were as follows:

- The analysis of overall costs showed that the Council's was potentially underinvesting in the revenue management and maintenance of the housing stock when assessed against the comparator councils, by over £2m per year.
- A comparison of measures relating directly to the housing service performance with other housing providers subscribing to Housemark in 2010/11 showed that Northampton was in the lower or lower middle quartile.

- When comparing the baseline analysis with the outputs of the Tenant Survey and the Housemark benchmarking, it appeared that the lack of investment in service provision could have contributed to the low levels of performance and tenant satisfaction. The findings from this analysis were used as a key part of the review evidence, leading to the EFG and TP undertaking several workshops specifying improved draft service standards. The resources to finance this additional expenditure were also built in to subsequent financial analyses and the appraisal of all of the options.

Tenant Survey

3.2.17 The main findings of the survey identified that there were significantly lower levels of tenant satisfaction in Northampton compared to other housing providers previously surveyed by MORI. Some key areas of concern were:

- Repairs and maintenance
- Overall quality of home
- How much views are taken into account
- Anti-social behaviour

3.2.18 Comparing the results to surveys previously carried out in Northampton, there was evidence of a decline in service quality over the two years leading up to the survey and a decline in tenants feeling that their views had been taken into consideration, since 2006.

Stock Condition Survey

3.2.19 Savills surveyors carried out a stock condition survey of the Council's housing stock, in the autumn of 2012, with a view to assessing the current and future repairs and maintenance liability. In addition to assessing the costs to meet the Decent Homes Standard, Savills were asked to model the costs to maintain the properties at a higher Northampton Standard, developed by the EFG and TP, over a 30 year period. Properties were carefully selected from a representative 25% sample (1 property in every 4) based on property type, age and location.

3.2.20 Savills' report, provided summaries of 30 year costs based on both the DHS and the Northampton Standard.

3.2.21 Findings showed that significant investment was required to improve and maintain properties over the 30 year period.

Asset analysis

3.2.22 An asset analysis based on data from the Business Plan and the Stock Condition Survey was undertaken to assess the performance of council stock to identify those properties where investment exceeded income over the 30 year period. This work was not key to the decision making aspects of the Review process, however it will form a key part of the Councils' Housing Asset Management Strategy going forward and will be incorporated into the implementation plans for the chosen option.

Analysis and Assessment of the Options

3.2.23 Following the gathering of key evidence, the EFG, TP and HOP members were supported to assess each of the five options to see which one(s) could best meet the Mission Statement goals for the Review. The Mission Statement aimed to seek to identify the most tenant focussed option for the future management and ownership of the Council's housing which:

- Secured tenants' rights,
- Minimised tenants' costs,
- Would meet the quality of standards of home and environmental improvement which tenants wished to see,
- Was sustainable in the long-term,
- Appraised the potential contribution the various landlord options could have towards meeting the need for additional affordable homes and the regeneration of estates,
- Took into account the impact on the Council
- Took into account the impact on employees

3.2.24 This was mainly undertaken by holding three types of regular meetings: ITA-led development sessions, Council-led sessions and Joint discussion sessions.

3.2.25 The sessions supported understanding of the implications and issues surrounding key areas such as:

- The development of the Northampton Standard;
- Financial issues
- Tenancy Rights & Tenancy Agreements
- Governance issues in retention and transfer
- Informal and formal consultation: Overview of an Offer document and the ballot in housing stock transfer
- How to Compare the Options- development of a framework for comparison;
- Characteristics of the ALMO Model in detail
- The development of the options criteria framework to assess each
- The development of the weighting process for each of the criteria;
- The development of the scoring process;

3.2.26 The financial assessment considered both the retention and the transfer options. All scenarios included major investment costs based on the Northampton Standard, although the timing of some investments formed part of the scenario testing.

Options Analysis

3.2.27 The EFG and TP assessed all options against 46 criteria which had been selected during the process. This assured that the assessment was undertaken on a basis that would select an option that would most clearly meet the desired outcomes of the Review.

3.2.28 The result of this was that both the EFG and the TP selected the ALMO option as being the option that most closely met the desired outcomes of the review.

Conclusion

3.2.29 The baseline analysis identified that the Council was underinvesting in the Housing Service, based on Government assessment of investment need informed by the characteristics of the Council's housing stock. Through analysis of the revenue costs within Northampton's HRA budget and the measures of tenant satisfaction, it was identified that the HRA could reasonably afford an additional £2m towards improvements in day to day service delivery.

3.2.30 There was a significant amount of costs categorised as 'special services' for which service charges were not being raised (£2.4m). It was recommended that this should be investigated further, to identify whether there was scope for additional income to the housing service, through additional charging, thereby supplementing the additional investment specified above.

3.2.31 Following this, tenants and employees developed a new local standard of investment, the Northampton Standard. This standard addressed many of the concerns tenants raised through the Tenant Survey and Tenant Conferences, relating to the standards of service and the quality of their homes and neighbourhoods.

3.2.32 The new service standards specified within the Northampton Standard were capable of being delivered by any of the options assessed, as the investment required was included within the base costs for each of the financial scenarios tested.

Asset Management Strategy

3.2.33 The evaluation of asset performance identified a number of properties that needed further analysis to assess their overall viability and provided a basis for the development of an informed comprehensive asset management strategy to support the future business's 30 year business plan.

Assessment of the Retention Options

- 3.2.34 Both retention options offered opportunities to deliver the Northampton Standard of investment, although the constraints of the debt cap meant that choices would need to be made around the timing of some works, in addition to any new build provision.
- 3.2.35 The retention options could achieve the Northampton Standard and stay within the debt cap. Tenants and employees decided to re-profile the Northampton Standard to allow delivery of the Retention with review or ALMO options, within the constraints of the debt cap.
- 3.2.36 The Business Plan would have some capacity to deliver new additional affordable housing under the retention options, but choices would need to be made between the timing of new homes, and the level and timing of investment in existing homes. Tenants and employees indicated that priority should be given to improving existing homes and estates and that new housing provision should be delivered outside of the HRA.
- 3.2.37 These decisions resulted in the retention, scenario 3: Northampton standard investment, without new build and with early years expenditure re-profiling, being chosen by tenants and employees, to measure against the three transfer options.
- 3.2.38 When assessing the two retention options against the 46 criteria, retention as an ALMO scored the highest and was ranked first against all of the options due to it scoring strongly, or very strongly, across all eight categories.

Assessment of the Transfer Options

- 3.2.39 All stock transfer options could provide an opportunity to deliver improvements to existing homes and to build new homes sooner than under retention, however stock transfer would require a significant level of debt write off and this would need to be justified by savings and benefits to central government.
- 3.2.40 The economic case for these benefits may be difficult to justify given that the additionality delivered through stock transfer related more to timing of works and new homes, rather than absolute levels of activity.
- 3.2.41 There were significant barriers to pursuing any of the transfer options arising from the new transfer guidance, in addition to the significant challenges that would need to be faced in obtaining funding for a transfer organisation to be able to finance its commitments due to the reduction in funding availability from the market following the economic downturn from 2007/08 onwards.
- 3.2.42 There were also significant barriers to transfer due to the new rules from CLG relating to the need to provide an economic case based on costs and benefits to central government, the restriction of standard able to be delivered, and the high level of risk involved in considering transfer within the timescales required for completion, namely March 2015.

3.2.43 In addition to the above barriers, the new transfer guidance restricts the ability of councils to mitigate, through debt write off calculations, against the additional costs that would impact on general funds, thus reducing the appetite for transfer.

3.2.44 The assessment of the options carried by tenants and employees resulted in the Mutual Transfer model scoring highly, and ranked second overall, due to its ability to meet significant elements of the 46 criteria developed by Tenants and employees to compare and assess the different options.

3.2.45 The tenants viewed the transfer options favourably due to their ability to deliver an accelerated investment programme and more opportunities for increased tenant and employee empowerment. However, they did not support an option that minimised the local focus (option 5- Transfer as part of a subsidiary) of the housing service, or long-term council influence on it.

3.2.46 The above issues together with the restrictions detailed within the transfer guidance rendered the stock transfer options unachievable.

3.3 Choices (Options)

3.3.1 The options criteria was developed and agreed by the Tenants' Panel and the Employee Focus Group, working both singly and in conjunction with each other. At the outset, there was a list of 176 criteria which was later condensed to a more succinct and measurable list of 46 criteria split across eight themes that each option would be scored against. The themes were agreed as:

- Accountability, Influence, Participation and Power (12 criteria)
- Tenants' Rights and Involvement (7 criteria)
- Employee Issues (4 criteria)
- Financial Implications including Rents (12 criteria)
- Quality of Homes (1 criterion)
- Impact on local Community and Economy (2 criteria)
- Legal framework and Equality (4 criteria)
- Implications for the Council (4 criteria)

3.3.2 The scoring system allowed each criterion to be awarded a score of between zero and three as follows:

- 0 fails to meet objective
- 1 partially meets the objective
- 2 largely meets the objective
- 3 fully meets the objective

3.3.3 The scoring was based on factual information; therefore where an answer to criteria involved a matter of fact, a score of zero or three was awarded as applicable. Where a judgement of opinion was required, criteria were able to be awarded either a one or two.

3.3.4 Finally, weighting was applied to establish and acknowledge the relative importance of each criteria, the scale of weighting was as follows:

- 1 the criteria was not essential
- 2 the criteria was desirable
- 3 the criteria was important
- 4 the criteria was essential

3.3.5 An initial list of ten possible options was drawn up for consideration. Following discussions within the EFG, TP and HOP regarding the nature and implications of each of the options, a decision was made by the HOP, with the agreement of the TP and EFG, to reduce the options to be considered by the review process, down to six and then down to five.

3.3.6 31 members from the Tenant Panel and 11 members from the Employee Focus Group took part in the formal scoring exercise of the following five options:

- Option 1 Retention with service review
- Option 2 Retention by creating an ALMO
- Option 3 Transfer to a stand-alone registered provider
- Option 4 Transfer to a mutual registered provider
- Option 5 Transfer to a separate registered provider within an existing group structure

3.3.7 The outcome of the scoring was as follows:

	Option 1	Option 2	Option 3	Option 4	Option 5
Tenants	10,294	13,159	12,491	12,779	11,173
Employees	3,116	3,905	3,582	3,681	3,202
Total Score	13,410	17,064	16,073	16,460	14,375
Ranking	5th	1st	3rd	2nd	4th

3.3.8 Both the Tenant Panel and Employee Focus Group ranked each option in exactly the same order. Below is a table of analysis on the rationale for the scoring of each option by each group using the 8 criteria themes :

Tenant Panel Scoring	Employee Focus Group Scoring
Ranked 1st - ALMO	
Scored strongly on each of the 8 criteria groups and most especially on Tenants Rights, Employee Issues, Financial Implications, Legal Framework and Implications for the Council.	Scored very strongly across all 8 criteria groups and most especially on Tenants Rights & Involvement, Employee Issues, Financial Implications, Legal Framework & Equality and Implications for the Council.
Ranked 2nd - Transfer to a Mutual	
Did well across the board, particularly on Accountability, Participation & Power, Tenants Rights, Financial Implications and Employee Issues.	Did well across the board, particularly on Accountability, Influence, Participation & Power, Tenants Rights & Involvement, Employee Issues and Impact on Local Economy.
Ranked 3rd - Transfer to a stand alone	
Scored lower than a Mutual because of its scores on Accountability, Influence, Participation & Power.	Scored lower than a Mutual because of its scores on Accountability, Influence, Participation & Power.
Ranked 4th Transfer to a group structure	
Scored lower on Accountability, Influence, Participation & Power than other transfer options and scored lower than the ALMO on all other criteria (with the exception of Quality of Homes where all options scored equally).	Scored lower on Accountability, Influence, Participation & Power than the other transfer options and scored lower than the ALMO on all other criteria (with the exception of Quality of Homes where all options scored equally).
Ranked 5th Retention with a service review	
Scored highest or joint highest on 4 criteria but lowest overall because of very low scores on Accountability, Influence, Participation & Power, Employee Issues and the lowest score on Tenants Rights.	Scored highest or joint highest on 3 criteria, but lowest overall because of very low scores on Accountability, Influence, Participation & Power and Employee Issues.

3.3.9 It was clear from this process that the preferred option was the creation of an ALMO to manage the Council's housing services in relation to the provision of council housing.

3.4 Next Steps

- 3.4.1 If the recommendation of this report, to create an ALMO, is accepted a number of issues will need to be considered and addressed when commencing the implementation of the option.
- 3.4.2 The Housing Options Review process has been characterised by excellent organisation, realistic timescales, good governance and thorough resource planning. The same aspects will be critically important in implementing the proposed option.
- 3.4.3 It is intended that the process of establishing the ALMO, if supported by Cabinet and Council as the preferred option, should be well thought out and should build upon the successes that this Review has created. Detailed planning will be required in a number of areas;
- Project Oversight
 - Project Governance and Advice
 - Development of the detailed proposals
 - Resources
 - Timescales including key stages
 - Tenant and Employee Involvement
 - Future reports to Cabinet
 - Communications
 - Delegations
 - Interim Management Arrangements
 - Involvement with the Homes and Communities Agency and the Government
 - Implications for the HRA and the General Fund

Project Oversight

- 3.4.4 The project oversight arrangements for the Housing Options Review were extremely effective and it is considered that this joint working format for engagement of key stakeholders should be replicated during the development phase of the ALMO.
- 3.4.5 It is therefore recommended:
- That the Housing Options Panel be retained in format but with a changed title – the ALMO Joint Panel;
 - That its role should be to:
 - keep under general review and monitor the progress of the implementation process;
 - to act as a sounding board for the development of ALMO based issues in conjunction with a Shadow Board for the ALMO, to be established as soon as possible;
 - to consider issues in relation to the establishment of the ALMO and related housing matters, which the Council will need to address prior to such matters going forward to the Cabinet for approval;

- That its membership should continue to be 5 tenants, 5 employees and 5 cross party Councillors but that each of the nominating groups (the TP, the EFG; and the Council) be afforded the opportunity to re-nominate so as to reflect the change in function of the Panel; and
- That members of this Panel should not also be members of the ALMO Shadow Board, as this would create an inherent conflict of interest.

Project Governance and Advice

3.4.6 The governance arrangements for the project also worked effectively throughout the Review and it is considered that these should also be replicated.

3.4.7 It is therefore proposed:

- a) That the project should continue to be led by the Housing Options Programme Director as Programme Director (ALMO Implementation)
- b) That the supporting resources be determined by the Chief Executive in conjunction with the Cabinet Member for Housing
- c) That the Council should appoint an interim ALMO Managing Director to advise and work with the ALMO shadow board and also to be the lead person for the creation of the detailed arrangements for the ALMO to be able to function successfully.
- d) That the Programme Director be authorised to ensure that the necessary financial, legal, technical and tenants' advice is obtained in consultation with the Chief Executive and the Cabinet Member for Housing.

Development of the detailed proposals for the ALMO

3.4.8 The Programme Director, in consultation with the Interim ALMO Managing Director will lead the development of the detailed aspects of this proposal and consult on these with the EFG and the NTP before the consideration by these by the ALMO Joint Panel.

3.4.9 It should be noted that once the Shadow Board of the ALMO has been created it will be for that body to determine, in consultation with the Council as necessary, the way in which the ALMO will address their operational issues.

Resources

3.4.10 At the outset of the Review a budget of £2 million was identified within the HRA. Upon the completion of this first phase there remains £1m.

3.4.11 It is therefore proposed that this sum be utilised as the budget for this pre-inception phase. Whilst this budget is considered sufficient, should there be additional needs to support the programme, then resources from funds identified for service improvement within the HRA will be used to augment this budget.

Timescales

3.4.12 Undertaking such a major change within a large and complex service requires significant time and this must take account of the need to ensure that involvement of the key stakeholders is continued.

3.4.13 It is therefore proposed:

- That the date of inception of the new ALMO organisation should be 5 January 2015;
- That a project plan that incorporates this timescale is approved by and kept under review by the new ALMO Joint Panel.

Tenant and Employee Involvement

3.4.14 Extensive, effective engagement and involvement processes have been at the centre of the process of Review and these are considered to be key to its success in delivering a single option recommendation, supported all three engagement groups. The establishment of the EFG and the TP has shown the considerable benefits of bringing together both customers and providers to develop policy through projects. The TP and EFG groups have stated that they would like to see their ability to contribute being maintained into the implementation phase.

3.4.15 It is therefore proposed:

- That the TP be enabled to continue under an expanded terms of reference to encompass all aspects of the landlord/tenant relationship and that its role is seen as being central to tenant involvement and participation in the future
- That the EFG should continue and play a central role in employee consultation on the issues that affect employees
- That a Leaseholders Liaison Group (LLG) be also set up to ensure that the issues which affect this stakeholder group are fully addressed

- That once the ALMO Shadow Board is in place it will examine these arrangements and through the ALMO Joint Panel, make proposals to the Council relating to involvement and engagement activities which will recognise the different roles the Council and the ALMO will have, following the inception date.

Future Reports to Cabinet

3.4.16 A number of key reports will need to be developed and approved by the Council, in conjunction with the ALMO Shadow Board when created, in order for the ALMO option to be implemented. These are:

- Governance structures of and with the ALMO – including the agreement of the Memorandum and Articles for incorporation at Companies House and the composition and appointment/election/nomination of the ALMO Board of Management;
- The Management Agreement – this will set out the legal relationship between the Council and the ALMO and will include a scheme of delegation of functions from the Council to the ALMO;
- The first Annual Delivery Plan – this will cover what the Council's expectations of the ALMO are including performance delivery targets;
- The financial arrangements within the HRA;
- The proposed staffing arrangements including those under the TUPE; regulations – the staffing structures within the ALMO will be for its Board to determine;
- Accommodation and other land management issues;
- Contract management – this will deal with any live contracts already in existence and how they will be dealt with in the future.

Communications

3.4.17 The Review process has included extensive activities to raise awareness of tenants, employees and other stakeholders regarding the implications of the review and progress made. The Conferences held in November 2013 highlighted that tenants wanted to know more about how an ALMO option would operate and how services would be divided between the Council and the ALMO in the future. It is therefore vital that the interest created is built upon and not lost.

3.4.18 It is therefore proposed:

- That key stakeholder groups are kept informed and encouraged to come forward to actively participate in the implementation of the option taken forward.

- The budget requirement to undertake a comprehensive communications and engagement programme will need to be identified and factored into the overall project cost requirements to ensure that sufficient budget provision is made.

Delegations

3.4.19 In order to ensure that the project could proceed efficiently, timely decision making would be necessary. It is therefore proposed:

- That to ensure that momentum is maintained, a general delegation be given to the Chief Executive, in consultation with the Leader of the Council and the Cabinet Member for Housing, to take decisions which are directly related to the implementation of this proposal, subject to the consideration of the reports to Cabinet itemised above.

Future Management Arrangements of Other Housing Services

3.4.20 If the option to create the ALMO is approved, the Council would need to ensure that operational management arrangements which seek to ensure that the services to tenant, leaseholders, housing applicants and other associated service users such as homeless persons are maintained and improved. The Chief Executive will bring forward proposals, in due course, to address this.

The Government and the HCA

3.4.21 Until relatively recently, there was a requirement for councils to submit their housing options review outcomes to the regional government office. These offices no longer exist and the Homes and Communities Agency has, in the majority of areas inherited their housing functions.

3.4.22 The Council has had informal discussions on the Review with the HCA, particularly in relation to the possibility of the Council pursuing a housing transfer option. In order to advise the HCA of the outcome of the Review, it is proposed that a copy of this report should be provided, following the Council's decision.

Implications for the HRA and the General Fund

3.4.23 The HRA will continue to be the Council's statutory account for the housing landlord service; however, it will operate in a fundamentally different way to how it does currently. The Council will pay the ALMO a management fee per property. To ensure that this fee is robustly calculated, a thorough review of the HRA will be required.

3.4.24 This and other changes, relating to the Housing Service may have implications for the Council's General Fund as any costs currently incurred by the HRA for corporately provided services will require investigation and appropriate allocation. Implications for the HRA and General Fund, arising from TUPE transfer of employees will also need to be considered. It is therefore proposed that:

- The financial position of the HRA and General Fund should be reviewed with the overall aim of creating a clear and appropriate delineation of responsibilities and accountabilities with the proper alignment of resources.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The proposed implementation of an ALMO to manage the Council's housing services in relation to the provision of council housing has implications for all policies relating to the provision of housing services to the public. All of these policies will be reviewed and, where necessary, changes will be proposed to those policies in line with the service delivery change. This review will form part of the overall programme for the implementation of the proposed option.

4.2 Resources and Risk

4.2.1 The budget allocated for the Review was £2m. The Review process has incurred the total cost of approximately £1m over the 18 month review period. The remaining £1m will be available for the implementation of the chosen option. Initial forecasts show the additional costs relating to setting up an ALMO structure can be accommodated within this budget. The costs included work which the Council would have had to incur irrespective of the Review, due to the work being required for the effective management of the housing service. These costs were:

- £256k for the Stock Condition Survey
- £55k for the Tenant Survey
- £100k for the Legal work incurred for the Voluntary Registration of all HRA assets

4.2.2 The HRA Business Plan, developed through the Review process, included an additional allowance of over £2m to deliver service improvements for the day to day running of services. This allocation can also be used to accommodate additional set up costs for the ALMO, not met by the £1m project budget detailed in 4.2.1 above.

4.2.3 The corporate impact of setting up an ALMO is mitigated by the Housing Revenue Account remaining open. Assuming a stand still position regarding the delivery of services, where HRA services are transferred to the ALMO; the fees for providing those services will be transferred as well and the costs charged to the HRA. Where HRA services or associated overheads are retained by the corporate body, those costs can also be charged on to the HRA. If the ALMO option is chosen, the project will need to ensure that the ALMO and agreements around the ALMO structure, deal with such considerations as pensions costs and ensure that costs that remain are appropriately charged to the HRA.

- 4.2.4 Subject to due process, it is intended that TUPE transfer will apply to any employees involved in delivering services transferred into the ALMO. The budget related to such employees would need to be taken into account when agreeing the management fee to be paid to the ALMO by the Council. Pension implications for the Council, arising from the TUPE transfer will also need to be assessed.
- 4.2.5 If the Council were to change the methodology of service delivery, such as changing use of buildings, this could have a corporate impact. However, these changes would have to be assessed on their own merit and would not specifically be additional costs relating to an ALMO setup but to a decision to change service delivery methods.
- 4.2.6 There are additional costs relating to the Transfer Options including some significant corporate impacts; these are detailed in the report at **Appendix 1** to this report and the supporting documents.
- 4.2.7 A high level risk assessment of the preferred option is shown at **Appendix 2** to this report.
- 4.2.8 Any significant change in the delivery methodology of the Council's services will be subject to careful and detailed management to avoid or minimise adverse implications for the Council's General Fund.

4.3 Legal

- 4.3.1 There are legal implications relating to any major change such as the one proposed. The Review has been undertaken to ensure that it fully complies with Government Guidance and legislation relating to Options Appraisals, and particularly those relating to requirements to consult with tenants on major changes proposed in the delivery of Housing services. The key documents relating to the requirements to consult and carry out Options Appraisals are:
- The Housing Act 1985, (Section 105)
 - ODPM Guidance 2003- Delivering Decent Homes Option Appraisal Guidance for Local Authorities
 - HCA Regulatory Framework for Social Housing 2012
- 4.3.2 The management of the implications and any risks arising from the proposed change will be managed through the implementation stage using specialist external advisors as and when appropriate.

4.4 Equality and Health

- 4.4.1 A Community Impact Assessment has been carried out on the recommended option and for the approach taken by the Review process. The full assessment is attached at **Appendix 3**

4.5 Consultees (Internal and External)

4.5.1 Employees, tenants, and councillors have been extensively consulted and briefed throughout the entire process. Details of the governance structures and the comprehensive consultation programme are included in the report and associated appendices attached at Appendix 1.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The implementation of the preferred option will help deliver against the following Corporate Plan priorities and outcomes;

- **Priority 2- Invest in Safer Cleaner Neighbourhoods:** The Review has identified additional funding to improve day to day service delivery for housing services, which also includes the implementation of a new local investment standard, the Northampton Standard. This standard includes plans for significant investment in improvements to estates and neighbourhoods, including additional security measures.
- **Priority 4- Making every £ go further:** An asset analysis has been carried out identifying properties where investment requirements exceed rental income. This information will be used to create a new Asset Management Strategy which will ensure that value for money considerations will be at the forefront of future investment decisions.
- **Priority 5- Better Homes for the Future:** The focus and mission statement for the Review has been to improve homes, neighbourhoods and services for council tenants. The development of the new Northampton Standard includes new standards for improvements to homes and improved service standards. The Review has incorporated the commitment within this priority to ensure that any future changes have been informed by the views of local people. There has been extensive engagement and involvement of tenants, employees and Councillors and they have fundamentally shaped the Review and been directly and principally involved in reaching the decision to recommend the ALMO option.
- **Priority 6- Creating Empowered Communities:** One of the key reasons why the recommended option to create an ALMO was reached, was due to its ability to provide increased opportunities for involvement and decision making for both tenants and employees.
- **Priority 8- Responding to your needs:** The Review has involved collecting and assessing evidence from a number of sources. The Tenant Survey was a key piece of evidence, as it identified tenants' priorities for improvements. This information directly influenced the development of the new Northampton Standard, ensuring that issues relating to the quality of homes and estates were addressed. Tenant Conferences also provided the Review with essential feedback from tenants. This feedback was considered as part of the decision making process by the Tenants' Panel, Employee Focus Group and the Housing Options Panel prior to making their recommendation.

4.7 Other Implications

- 4.7.1 Other implications may arise in relation to the implementation of the proposed option and these will be managed through the programme governance structures as appropriate

5. Background Papers

- 5.1 The documents below were used in the preparation of this report and its appendices. Copies of the documents are either attached to this report as shown below, or are available for viewing on the Council's website at; <http://www.northampton.gov.uk/housing-options-key-documents>
Documents are also available on CD upon request.

Document Reference and Title	Attached or Web- Linked
Appendix 1 to this Report- Housing Stock Options Appraisal Report	Attached
Housing Stock Options Appraisal Report Appendices	
Appendix 1 - DCLG Final Guidance	Web-link
Appendix 2 - Risk Assessment	Attached
Appendix 3 - Community Impact Assessment	Attached
Appendix 4 - Financial Assessment Alternative Options	Web link
Appendix 5 - Treasury Management Report	Web link

Other Documents	
Key Doc 1 - TP Final Report	Attached
Key Doc 2 - EFG Final Report	Attached
Key Doc 3 - ITA Final Report	Attached
Key Doc 4 - HOP Final Report	Attached
Key Doc 5 - TP TOR	Web- link
Key Doc 6 – EFG TOR	Web- link
Key Doc 7 – HOP TOR	Web- link
Key Doc 8 – Programme Team TOR	Web- link
Key Doc 9 – Programme Board TOR	Web- link
Key Doc 10 – Member Board TOR	Web- link
Key Doc 11 – HRA Baseline Position	Web- link
Key Doc 12 – Re-Profiled Northampton Standard Expenditure	Web- link
Key Doc 13 – Communication & Consultation Strategy	Web- link
Key Doc 14 – Stock Condition Survey	Web- link
Key Doc 15 – Initial Options Criteria	Web- link
Key Doc 16 – Scoring Framework	Web- link
Key Doc 17 – TP Weighting	Web- link
Key Doc 18 – EFG Weighting	Web- link
Key Doc 19 – Options Comparison Document	Web- link
Key Doc 20 – Individual Scoring Sheet	Web- link
Key Doc 21 – Nov 13 Conference Feedback	Web- link
Key Doc 22 – Financial Analysis Presentation	Web- link
Key Doc 23 – Consultation on the Housing Transfer Manual	Web- link
Key Doc 24 – Draft Northampton Standard	Web- link
Background Doc 1 - Tenant Survey	Web- link
Background Doc 2 - Asset Evaluation	Web- link
Background Doc 3 - Corporate Plan 2012-2015	Web- link
Background Doc 4 - The Housing Act 1985, (Section 105)	Web- link

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Extension 7110**



Northampton Borough Council

Housing Stock Options Appraisal Report

December 2013

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Housing Options Review Programme Director
V.6.5

Forward

Key Documents are documents that will be referenced throughout a series of reports related to the Review. This series comprises, this report, the Tenants' Panel Report, Employee Focus Group Report, Housing Options Panel Report, ITA Report and Community Impact Assessment.

All Key Documents, appendices and background documents, not published with this report, associated with the review are available for viewing on the Council's website or by contacting the Housing Options Review Team tel: 0300 330 7004. The List of Key documents related to this report are listed on page 95.

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1 Executive Summary

1.1 Introduction

1.1.2 Northampton Borough Council's Corporate Plan included a commitment to look at the potential options for the future ownership, funding and management of its Housing Stock. In April 2012 a lead officer was appointed to undertake an options appraisal to include a major consultation exercise including all key stakeholders.

1.1.3 The Council recognised that it needed experience and advice so procured it the following:

- Process and Technical Advice Appointed Gerald Davies Consulting Ltd
- Stock Condition Surveys Appointed Savills
- Tenant Survey Appointed Ipsos MORI
- Financial Advice Appointed Savills
- Independent Tenants' Advice Appointed PS Consultants

1.1.4 To ensure key stakeholders remained fully informed, governance consisted of three key groups;

- **Programme Team**
Working group recruited from a number of NBC departments responsible for the production of all programme products and activities
- **Programme Board**
Senior NBC management team who owned the programme and set the overall strategic direction
- **Member Board**
NBC management and Cabinet members responsible for communicating progress and updates to Cabinet Members

1.1.5 Engagement also consisted of three key stakeholder groups;

- **Tenants' Panel (TP)**
A group of self-nominated tenants who worked with the Council and relevant advisers to ensure the Review considered all the things that mattered most to tenants

- **Employee Focus Group (EFG)**
A group of self-nominated employees across the Housing Service who worked with the Council to ensure the Review considered all the things that mattered most to employees
- **Housing Options Panel (HOP)**
Made up of tenants, employees and councillors who examined the key issues in the Review and functioned in a decision making capacity

1.1.6 The Independent Tenant Adviser (ITA) provided guidance and support to tenants to ensure the Review process was delivered without bias. The ITA provided independent and impartial advice and information to all tenants and leaseholders, and gathered the views of wider tenants through their outreach work across Northampton.

1.1.7 Throughout the Review process, the Council ensured that any decisions made have used all available evidence and information to consider the impact of such decisions on the Council, individuals, groups and the wider community.

1.2 Options Analysis

1.2.1 The Review needed to identify the costs associated with improving and maintaining the Council's housing assets over the 30 year Business Plan period and assess each option in terms of their ability to meet such costs. In January 2011, the Council secured £49 million in backlog funding to bring all Council properties up to the Decent Homes Standard, however, significant investment was still required to maintain homes and make environmental improvements to estates.

1.2.2 Initially, ten possible options were identified for consideration, which later reduced to six and then to five which were examined in more depth:

- Retention with a Major Service Review
- Retention with the creation of an ALMO
- Transfer to a stand-alone Housing Association
- Transfer to a Mutual Housing Association
- Transfer to an existing Housing Association

1.2.3 The supporting evidence required and sourced was as follows:

- A baseline analysis of the Council's current Housing Business Plan

- A Tenant Survey to identify satisfaction levels and identify priorities for improvement
- A Stock Condition Survey to ensure the review had up to date information on the condition of the Housing Stock and the costs required for improving and maintaining homes over a 30 year period
- Asset Analysis information to compare the level and timing of expenditure on the properties with the income stream from rents

1.2.4 The TP and EFG considered the outcomes of the above and their implications and continued to identify and explore the following:

- The development of the draft Northampton Standard (contained in key document 14), which included development of new service standards and property standards in excess of the Decent Homes Standard
- Evaluation of the options criteria framework to assess each option, the weighting process for each criteria and the scoring process and how to compare the options
- Financial issues to include an overview of the Council's existing Housing Revenue Account, how stock transfer worked, an analysis on the affordability of the draft Northampton Standard and the potential for delivery of new homes, consideration of the options for the provision of new homes, Government Guidance on Housing Stock Transfer
- Visits from transfer and retention organisations

1.2.5 In addition, the following areas were also presented, challenged, discussed and taken into consideration when assessing the options:

- Tenancy Rights & Tenancy Agreements
- Employee Rights
- Recap on the Decent Homes Standard
- Financial issues presented by Savills
- Governance issues in retention and transfer
- Characteristics of the ALMO Model in detail

- Informal and formal consultation: Overview of an Offer document and the ballot in Housing Stock transfer
- Revisions sessions across all key subject areas

1.2.6 Financial assessment analysis and presentations focused on retention and transfer options. The financial position for the ALMO option was reflected within the retention scenarios. For the retention options, five different versions of the Business Plan were modelled with the aims of testing the maximum debt required and how quickly it could be repaid. All scenarios included major investments costs based on the Northampton Standard and the timing of some investments formed a key part in scenario testing.

1.2.7 The retention options offered opportunities to deliver the standard of investment, although the constraints of the debt cap meant that choices would need to be made around the timing of the implementation.

1.2.8 Stock transfer provided an opportunity to deliver improvements; however, it would require a significant level of debt write-off and this would need to be justified by savings and benefits to central government. Homes and Communities Agency guidance issued in November 2013 set out how local authorities would need to justify the case for transfer and debt write-off and also stated that new transfers would need to be completed by March 2015. This guidance and the ability to meet its conditions were critical in considering the viability of the three transfer options.

1.3 Scoring the Options

1.3.1 The evaluation process was developed jointly by the TP and EFG and had three elements:

- The development of the options criteria framework; including the issues that tenants and employees felt were important for any of the options to deliver against. There was a set of 46 criteria across eight policy categories;
 - Accountability, Influence, Participation and Power
 - Tenants' Rights and Involvement
 - Employee Issues
 - Financial Implications
 - Quality of Homes
 - Impact on Local Community and Economy
 - Legal Framework and Equality
 - Implications for the Council

- The development of a scoring framework; to provide an objective approach scoring each of the options against each criteria element. Options were scored as follows;
 - the option failed to meet the objective
 - the option partially met the objective
 - the option largely met the objective
 - the option fully met the objective

- The development of a scoring weighting framework; identifying the criteria most and least important to the TP and EFG members. The weighting system was agreed as follows;
 - criteria was not essential in the chosen option
 - criteria was desirable in the chosen option
 - criteria was important in the chosen option
 - criteria was essential in the chosen option

1.3.2 In addition, an Options Comparison Document was developed for use as a comparison tool to support the final scoring process.

1.4 Conclusion

1.4.1 The options analysis process that the TP and EFG went through enabled them to carry out an independent and individual scoring of the options and present reports to include their outcomes, scoring rationale and their recommended option to the HOP.

1.4.2 31 TP members participated in the scoring exercise with the following results;

- 1st Retention (ALMO)
- 2nd Transfer (Mutual)
- 3rd Transfer (Stand-alone)
- 4th Transfer (Group Structure)
- 5th Retention (Service Review)

1.4.3 20 TP members scored the Retention as an ALMO as the preferred option and 11 scored the Transfer as a Mutual as the preferred option. The ALMO option scored highest because it scored strongly or very strongly across all eight categories. The ALMO scored

most strongly on: Tenants' Rights; Employee Issues; Financial Implications; the Legal Framework; and Implications for the Council.

- 1.4.4 11 EFG members participated in the scoring exercise and their ranking mirrored that of the TP. The EFG were unanimous in scoring the ALMO option as the most preferred. It scored highest overall because it scored very strongly across all 8 criteria groups and most especially on: Tenants Rights and Involvement, Employee Issues, Financial Implications, Legal Framework and Equality and Implications for the Council.
- 1.4.5 The TP and EFG delivered presentations to the HOP in October 2013 stating their preferred option of an ALMO with reasons and made further recommendations for the implementation phase.
- 1.4.6 The ITA also delivered a report to the HOP giving its views on how the Review was conducted. They confirmed that the evaluation system, which was the best the ITA had seen in their 50 jobs across the UK, had evolved throughout the course of the Review, as a result of intensive consultation and discussion and the decision-making framework had also been effective and appropriate.
- 1.4.7 Before the HOP reached its decision on which option it wished to recommend to Cabinet, it confirmed that it had;
- Taken into account the evidence and many other aspects raised within the HOP sessions delivered throughout the Review
 - Fully considered the views, recommendations and the reasons for them contained within the TP and EFG reports
 - Considered the feedback received from the Tenants' Conferences, particularly those held in November 2013, held to present the EFG and TP preferred option
- 1.4.8 The HOP supports the EFG and TP recommendations to select the ALMO Option.
- 1.4.9 The HOP believe the ALMO option most appropriately meets all of the requirements set out in the Review Mission Statement, based on the evidence presented throughout the Review. The TP report recommended a tenant ballot; however, this was not a condition of their recommendation. HOP members debated this issue and voted 12 to 13 members against recommending that the Council should hold a ballot. It was felt that money could be better spent on improving service and homes and a ballot would delay the implementation of the improvements the tenants and employees had identified.

1.5 Recommendations

1.5.1 The HOP recommends to cabinet that;

1. The **ALMO Option** should be approved for implementation
2. That any further substantial change to the future of the delivery/management and ownership of Housing Services should be preceded by a robust Options Appraisal process (except in the event of a risk of serious detriment to tenants and/or tenant services)
3. The ALMO should be created as a true Arms Length managed organisation to ensure the ALMO has sufficient autonomy to make decisions for the benefit of tenant services and improvement
4. The implementation phase for the option chosen should continue to include a comprehensive programme of consultation and engagement with the key stakeholders to ensure that they are well informed and remain at the heart of the process. This should specifically include the continued involvement of the Northampton Tenants' Panel and Employee Focus Group, working both separately and jointly
5. The Council should consider adopting the consultation and engagement approach used within this review across other service areas within the Council
6. The Council should consider adopting a process for employees from all services to be actively involved in further policy development and continuous improvement activity to improve internal processes and systems
7. If 2.3 a) is agreed, the next steps (outlined in section 3.4) be considered and agreed;
8. Authority be delegated to the Chief Executive in consultation with the Leader of the Council and the Cabinet Member for Housing to make decisions necessary to facilitate the implementation of the chosen option.

2 Introduction

- 2.1 Northampton Borough Council's (the Council) Corporate Plan 2012-15 (background document 3) included a commitment to look at the potential options for the future ownership, funding and management of its Housing Stock, to examine which option would best deliver long term improvements needed to both homes and estates as well as improve the quality of services provided to its tenants.
- 2.2 Before the Council could make fundamental changes to the way in which the Council's Housing Stock is owned and managed, the Government requires an options appraisal to be undertaken.
- 2.3 The Council therefore initiated a full Options Review process in April 2012 by appointing a lead officer and setting aside the budget necessary to fund a major consultation exercise to include all key stakeholders.

3 Background & Context

3.1 Current position

- 3.1.1 In order to carry out the Review, it was essential to understand the nature and extent of the Council's housing assets. The Review process needed to identify the costs associated with improving and maintaining these assets over the 30 year Business Plan period and then use that information to assess each of the options considered in terms of their ability to meet such costs.
- 3.1.2 At the start of the Review process in April 2012, Northampton Borough Council owned 12,144 dwellings, fifty eight percent (58%) of which were houses and bungalows and forty two percent (42%) of which were flats, mostly medium and low rise. There are two high-rise blocks, plus approximately 760 blocks of low to medium rise flats, in the stock and a number of houses of non-traditional construction.
- 3.1.3 Based on data obtained at the start of the Review, fifty one percent (51%) of the Council's Housing Stock failed the Government's basic minimum standard for property condition called the Decent Homes Standard (DHS). This was a reflection of the fact that until 2012, the Council had insufficient funds to achieve Decent Homes. However, in January 2011 the Council successfully bid for a £49.3 million allocation of funding from Government to help achieve decency, and this combined with Housing Revenue Account (HRA)

resources has changed that position. Current reported housing property non-decency figures are twenty-eight percent (28%), following a substantial programme of works. In addition to the residential dwellings, the Council owns 66 shops (many of which have connected dwellings), storage unit(s), community room(s), pumping station(s), depot(s), garages and other housing assets, which also sit within the HRA.

3.2 Drivers for Change

3.2.1 There were several key drivers for initiating the Housing Options Review. These focused on:

- Delivering improvements to the quality of housing services to customers
- Meeting rising expectations of customers
- Ensuring that the necessary investment can be provided to improve homes and the local environment on estates and;
- Meeting the increasing demand for social housing

3.2.2 Service performance measures and tenant satisfaction levels are historically low when comparing Northampton Borough Council's performance with others within the sector. Tenant expectations are also rising reflected in the demand for more modern facilities to be fitted as standard within homes, such as showers, greater security and energy efficiency measures and increased space for appliances.

3.2.3 Although the Council was successful in securing the £49 million in backlog funding to bring Council properties up to the DHS, significant investment was still required to maintain homes and make environmental improvements to estates, which cannot be funded through decency works.

3.2.3 Demand for social housing has historically been high and is likely to increase further. Northampton is a growing town, with a population of 212,069 (March 2011). This population is expected to increase by 30,000 people by 2021 (ONS projected figures) through household growth and in-migration.

3.3 HRA Self Financing

3.3.1 Prior to 1st April 2012, all English local authority HRA's were subject to a national Housing Subsidy system. A new local system of HRA 'Self Financing' was introduced from 2012/13 which involved all stock retaining authorities taking on a proportion of the National HRA

debt, allocated to them by Government. In addition to this, individual authorities were provided with a limit to the amount they could borrow, known as the 'debt cap'.

- 3.3.2 Northampton's need to borrow as at 1st April 2012 would have been -£6.1m if Self Financing had not been implemented. This means that the Council's HRA was, at that time, effectively debt free. However, the calculation under the subsidy system meant that Northampton Borough Council paid £11.9m to central government in 2011/12.
- 3.3.3 The Self Financing calculation indicated that the Council's stock could support £208.4m debt. The Council's subsidy calculation included a level of notional debt of £15.48m; this is the notional debt that, under the central calculations, Northampton's HRA was deemed to hold. This amount of notional debt was taken off the total amount of debt the stock could support, resulting in a debt settlement of £192.92m to be paid by the Council to central government. Northampton's debt cap is therefore set at £208.4m; this is the maximum amount that the Council can borrow to fund expenditure relating to its HRA. This debt cap is fixed and at present there is no method whereby the debt cap can ever be increased from this fixed level.
- 3.3.4 The debt cap means that no matter how much borrowing the HRA Business Plan could afford, the Council would be restricted to only being able to borrow a maximum of £208.4m in aggregate in any one year.
- 3.3.5 The difference between the amount of actual housing debt and the debt cap is known as headroom. This is the amount that the Council can borrow over and above the debt it currently holds. As at 1st April 2012, this headroom could be calculated as the difference between the amount paid to Government of £192.92m and the debt cap of £208.4m. The Council has not entered into any further borrowing for HRA purposes since that time and therefore the Council still has this headroom of £15.48m available.
- 3.3.6 The Council took out borrowing from the Public Works Loan Board (PWLB) at the preferential rate offered at the time, resulting in an annual interest charge of £6.35m. Compared to the previous subsidy payment made to Government in excess of £12m each year, this is a more favourable position for the HRA; however in order to demonstrate long term financial viability the Business Plan has to demonstrate the potential to repay debt. In the production of a financially robust Business Plan it is best practice to demonstrate that debt can be repaid over the 30 year period of the Business Plan.

3.4 HRA 30 Year Business Plan

- 3.4.1 Following the introduction of Self Financing, in line with best practice, the Council produced a 30 year Business Plan which was approved by Cabinet on 24 January 2012. The Business Plan was based on the latest available budgets and assumptions around interest rates, Right to Buy disposals, inflation rates, and a projected 30 year capital programme.
- 3.4.2 The HRA is an asset based Business Plan which relies on its assets for the generation of rental income. The rental income is used to finance day to day expenditure such as housing management and repairs. It also has to finance the costs of the Council's debt and contribute towards the financing of capital expenditure. As the HRA is an asset based business, capital expenditure is one the most significant expenditure items, being necessary to keep the assets in good condition and help ensure the receipt of rental income into the future. Capital expenditure fluctuates on an annual basis, rising and falling as components parts (such as bathrooms and kitchens) need renewing. Managing the level of capital expenditure and ensuring that resources are available to finance that expenditure is therefore crucial to the financial management of the HRA.
- 3.4.3 As mentioned briefly above, at the time of the Review, the Council had a backlog of work that was needed to bring the properties up to the DHS. The Council bid for and won a significant capital grant of £49.3m provided through the Homes and Communities Agency (HCA) to contribute towards the funding of the backlog of works needed to attain the DHS. The capital expenditure plus the HCA funding was built in to the Business Plan.
- 3.4.4 The DHS, defined in more detail in section 8.4, was intended by Government to be the minimum basic standard that social landlords were expected to maintain their housing stock to. The standard does not include all elements of work necessary to fulfil all landlords' legal obligations. The capital expenditure built into the Business Plan, at the time, was based on the Council's most recent Stock Condition Survey, which was undertaken in 2004. The cost of the works included was on the basis of the DHS. In addition to this there was an allowance of £56m over the 30 years for estate regeneration and environmental works and an allowance for the provision of 40 new properties every year from 2014/15. The Business Plan showed that the HRA debt could be repaid over the 30 year period. The soundness of this Business Plan, including the assumptions used to build it and based on the existing Stock Condition Survey was externally verified by Price Waterhouse Coopers (PWC) and the Chartered Institute of Housing (CIH).

3.4.5 This first Business Plan, developed under the new Self Financing rules was used as the starting point for the financial analysis undertaken during the Housing Options Review.

3.5 Government Guidance on Housing Stock Transfer

3.5.1 A much revised Housing Transfer Manual, providing guidance on Housing Stock Transfer, was expected to be released by the Government in 2011. The Government had made a commitment to replace the previous guidance contained in the Housing Transfer Manual (2005) and the supplement to this produced in 2006. The Review process needed to take into account any revised requirements detailed within the new guidance.

3.5.2 The Council was advised by the HCA to progress its Review using the existing guidance while awaiting the release of the draft revised guidance. The draft guidance was released for consultation in July 2013. The HCA invited five councils who were in the process of undertaking Housing Options Review processes to have discussions with them on the implications and issues surrounding whole stock transfers following from the revised proposed guidance. The councils involved were Durham, Gloucester, Lewisham, Salford and Northampton. At this event the councils were promised that the final guidance would be published at the end of September 2013. The final guidance was published in November 2013, with no material changes from the draft provisions. (Appendix 1)

3.5.3 The guidance contains key provisions which are particularly key to the potential for this authority to be able to proceed down the housing stock transfer route;

- Timescales: The Government would not support any transfer financially, by way of debt write-off, if the transfer has not been completed by the end of March 2015. After allowing for the time necessary to prepare the Council's offer to tenants followed by three months necessary to carry out the statutory consultation and the ballot, this would leave just 5 – 6 months post ballot to complete a stock transfer. It would be during the post ballot period when: the permanent management team would need to be recruited; the funding necessary would be sought and, significantly, the new organisation would seek registration from the HCA.

The work involved between agreeing the options decision and meeting the Governments' March 2015 is too extensive and the deadline provides insufficient time to undertake these tasks. **The Council would be at high risk financially and in terms of reputation if it were to try to meet this and then fail.**

- Debt write-off: The only realistic tangible benefit of the authority proceeding with the housing stock transfer option would be that the new organisation would no longer be subject to the debt-cap and that a substantial portion of the Council's HRA debt would be written off by the Government. In order to achieve this, the Council would have to show that it would be unable to afford to maintain its Housing Stock at the level of the DHS.

As mentioned above, the Council has received 'back-log' funding from Government to address Decent Homes work requirements. The Council has since identified and allocated additional resources within the HRA, to undertake work to a slightly higher standard than the DHS. The Review process has led to the development of a proposal to implement a new '**Northampton Standard**', which is a higher standard than the DHS. The guidance indicates strongly that Government would not accept this higher standard as justifying the need for debt write-off.

3.5.4 The implications of the above guidance terms have been used to inform the comparison and assessment of the options and their ability to meet the Review Mission Statement detailed in section 5.6.2 below.

4 Approach to the Review

4.1 Appointment of Key Resources, Specialists and Evidence Gathering

4.1.1 The Council recognised the significance of this project and its far reaching implications, therefore it allocated £2 million from the HRA reserves in order to ensure that the process would be robust, have access to up-to-date information and would comprehensively engage with all the key stakeholders. To do this would involve significant financial investment.

4.2 Programme Direction

4.2.1 As the quality of the Review would be significantly determined by the quality and robustness of the process, the authority appointed an experienced service head, to take overall responsibility for programme management and direction. This appointed Programme director has been responsible for leading a small team and for procuring and utilising specialist professional advice, as set out below.

4.3 Appointment of Advisers

4.3.1 The Council recognised that it needed experienced, competent advice in the following areas:

- Process and Technical Advice
- Stock Condition Surveys
- Tenants' Survey
- Financial advice
- Independent Tenants' Advice

4.3.2 After a competitive process, the following appointments were made:

- Gerald Davies Consulting Ltd. for Process and Technical Advice
- Ipsos MORI for Tenant Survey
- Savills for Financial Advice and Stock Condition Survey
- PS Consultants for Independent Tenants' Advice

4.4 Process and Technical Advice

4.4.1 The Council was mindful that a Review of this nature was complex, covered a variety of sensitive issues and involved a number of key stakeholders. As previous historical Options Reviews undertaken by the Council had ended with unsatisfactory results, it was essential that robust planning and risk management processes were adopted. The appointment of an experienced Technical Adviser, who had handled similar reviews elsewhere, was considered essential.

4.4.2 To undertake this role the Council appointed Gerald Davies Consulting Ltd. who had extensive experience of very similar projects involving a wide variety of borough, metropolitan and unitary councils.

4.5 Tenant Survey

4.5.1 It was considered essential to gain an understanding of tenant views and satisfaction levels and compare the survey outcomes with other comparable councils, Arms Length Management Organisations (ALMOs), and other providers of social housing. The Tenant Survey was a key piece of evidence within the Review process and it asked all tenants to respond to questions concerning:

- Views on the quality of the current service;

- Improvements tenants wanted to see carried out within their homes, neighbourhoods and environment;
- Priorities for services and investment and;
- Identified those wishing to take part in the Review.

4.5.2 To ensure that the results were considered independent of the Council and trusted by stakeholders, the Council appointed Ipsos MORI, who have an international standing for carrying out social surveys of this nature. The survey achieved a 26.55% response rate. The findings of the survey are included within section 8.3.3 below.

4.6 Financial Advice

4.6.1 In order to fully assess the options being considered, the Review process needed to include evaluation of the various options in terms of affordability and financial risk. The Council therefore sought to appoint advisers who would be capable of providing a comprehensive financial appraisal. Savills were appointed by the Council due to their considerable knowledge and experience of having successfully undertaken similar exercises across the country. Their appointment ensured that this vital aspect of the Review was well informed, thorough and up-to-date. Savills have provided analysis and key evidence across four areas.

4.6.2 These were:

- Assessment of the Council's baseline financial position
- Financial assessment of the alternative options considered
- Treasury management; the ability to obtain funding for potential options
- Evaluation of the performance of Council's Housing assets

4.6.3 One of the first elements of the financial work stream within the Review was to carry out an assessment and comparison of the Council's expenditure plans against data from other similar local authorities. This was necessary to allow the Review to assess whether the underlying financial provisions built in to the Council's HRA budgets were likely to be at the right level, to achieve the Council's objectives and to ensure value for money. Alongside this it was also necessary to assess the performance of the housing function using external benchmarking data. This work was then used to inform the development of service standards and a revised 30 year Business Plan, building on the Councils' existing HRA Business Plan. The detailed findings arising from the financial analysis are detailed in Section 9.8.

4.7 Independent Tenants' Advice (ITA)

4.7.1 The appointment of the ITA was different to other advisers in that, although the Council was paying for the work to be undertaken, the appointment was made by a panel of tenant volunteers who received training and support from the Housing Options Review Team and the Lead Technical Adviser. The tenants drafted their own specification, evaluation process and identified the shortlist of companies. The tenants were supported to evaluate the submissions received and, after interviewing two companies, they unanimously agreed to appoint PS Consultants as their ITA who had worked in this field for over 20 years and had worked with over 50 different local authorities.

4.8 Governance Approach

4.8.1 In order to ensure that key stakeholders remained fully informed throughout the process, the Housing Options Review employed a number of engagement platforms. This robust framework incorporated two strands; governance and engagement. Governance involved the formation of three key groups, who met at least monthly throughout the Review; a Programme Team, a Programme Board, and a Member Board. The engagement structure consisted of a Tenants' Panel (TP), an Employee Focus Group (EFG), and a Housing Options Panel (HOP). The HOP met monthly, however due to the nature of the work undertaken, the TP and EFG groups met more frequently. The structure diagram below details the governance structure implemented at the start of the Review.



4.9 Programme Team

4.9.1 The Programme Team was a working group made up of key management personnel from a number of departments within the NBC Housing Service. The Programme Team was

responsible for the delivery of all programme activities, with the aim of achieving the programme outcomes. Full Programme Team terms of reference are detailed in Key Doc 8.

4.10 Programme Board

4.10.1 The Programme Board was chaired by the Chief Executive of NBC along with key officers from legal and finance services. The Programme Board owned the Programme and set the overall strategic direction. It ensured the Programme remained viable, managed any risks, and managed stakeholder communication. Full Programme Board terms of reference are detailed in Key Doc 9.

4.11 Member Board

4.11.1 The Member Board was Chaired by the Leader of the Council and included; Cabinet Member for Housing and the assistant Cabinet Member for Housing, the Chief Executive of NBC and other key officers. The Member Board was responsible for communicating progress and updates to Cabinet Members and directing the communication and engagement strategy for the Programme. Full Member Board terms of reference can be viewed in Key Doc 10.

4.12 Governance Structure Links

4.12.1 The Programme Team was a working group where all information was considered. Relevant information was escalated to Programme Board if it needed further discussion or required a decision to be made in regard to the Programme. These discussions or decisions would then go on to be ratified or challenged at Member Board. There were clear links between the governance structures and engagement structures, demonstrating the transparency of the process for all stakeholders.

4.13 Risk Management

4.13.1 Risk has been assessed and managed throughout the Programme and all risks have been reviewed regularly as an integral part of the governance structure monthly meetings. An assessment of risk for implementing the ALMO option can be found in Appendix 2.

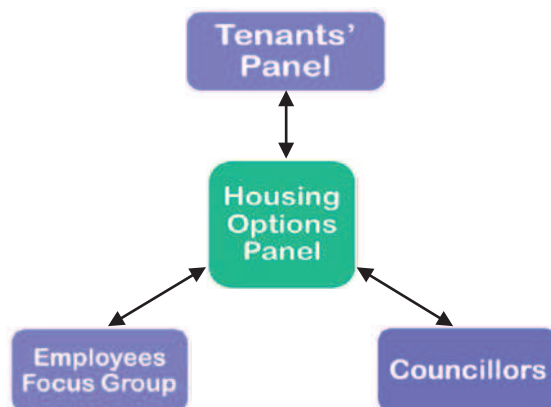
5 Communication & Engagement Approach

5.1 Background

5.1.1 Government guidance on undertaking housing stock options appraisals sets out the importance of constructively involving the key stakeholder groups from the outset and specifically refers to tenants being kept at the heart of the process. The key groups identified within the guidance are:

- Members of the Council
- Tenants
- Directly affected employees

5.1.2 Experience elsewhere has demonstrated that working with these groups in an interconnected way leads to a sense of common purpose; understanding of the issues; and avoidance of mistrust. An engagement structure was built to include these key groups, resulting in the formation of a Tenants' Panel (TP), an Employee Focus Group (EFG), and a Housing Options Panel (HOP).



5.2 Tenants' Panel

5.2.2 The TP was formed at the beginning of the Review, with the first meeting taking place on 11 September 2012. The TP played a key role in providing an open tenant involvement opportunity. Any tenant could take part in the Review and tenants were actively encouraged to participate.

- All tenants were sent a letter inviting them to join the TP
- Area meetings were attended by the Housing Options Review Team across Northampton highlighting the Housing Options Review to tenants
- A tenant open day held to advertise the formation of the TP in July 2012.

- Newsletters published by the Council and the ITA were sent to all tenants periodically throughout the Review including reminders regarding the ability for any tenant to participate in the TP.
- Tenant Conferences were held in December 2102, May 2013 and November 2013 and tenants were invited to join the panel at each of these events.

5.2.3 The Panel membership remained an open borough-wide throughout the Review until August 2013, when tenants on the TP felt that it would be unfair for new members to fully understand the issues sufficiently well to take part in the scoring process which took place in September 2013. All new participants were supported to join the process by being provided with briefings on areas already covered from both the Council's Review Team and the ITA.

5.2.4 The purpose of the Tenants' Panel was to work with the Council and relevant advisers to ensure the Review considered all the things that mattered most to tenants. A further purpose of the Panel was to ensure that the HOP was aware of the tenants' views. A core group of 30-40 tenants attended the TP meetings over the course of the Review. Full terms of reference for the Panel can be viewed in Key Doc 5.

5.3 Employee Focus Group

5.3.1 The EFG was formed after an open invitation was sent to all Housing employees to join. All employees that expressed an interest in being involved were invited to join the EFG, subject to line manager approval. Twelve members formed the group, with this number falling to eleven, midway through the Review. The Employees were drawn from both Housing sectors within NBC; Landlord Services and Strategic Housing and included four operatives from the DLO. The purpose of the EFG was to work with the Council and relevant advisers to ensure the Review considered the things that mattered most to employees and that the HOP were aware of the employees' views. Full terms of reference can be viewed in Key Doc 6.

5.4 Housing Options Panel

5.4.1 The HOP was made up of five tenants who were on the TP, five employees from the EFG and five Councillors with representation from the three main political parties. The tenants and employees who sat on the HOP were elected by members of their respective groups. The HOP examined the key issues in the Review and functioned in a decision making capacity in relation to progressing the Review. Its ultimate role was to make a recommendation to the Council's Cabinet on which option the Panel wished the Council to

implement. It received the same presentations and key evidence delivered to the TP and EFG. Full terms of reference can be viewed in Key Doc 7.

5.5 Links between the engagement Groups

5.5.1 Over the course of the Review, NBC have held 11 joint sessions with the TP and EFG where the groups worked through key issues together. This joined up and innovative approach has seen the development of key pieces of work and enabled each group to gain an insight into each other's priorities and views. The five representatives from the TP and EFG sitting on the HOP ensured that views from the engagement groups were reflected and considered within the HOP and the views and decisions of the HOP were subsequently reported back to the individual groups, ensuring effective two way feedback.

5.6 Goal of the Review

5.6.1 One of the first activities undertaken by the engagement groups was to develop a mission statement for the Review, specifying what the groups wanted the Review to deliver. A draft mission statement was presented to both the TP and the EFG at the beginning of the Review. This was further developed by both groups and presented back to the HOP for review and approval. The final mission statement was endorsed by the HOP on 23 November 2012.

5.6.2 The mission statement of the Review was:

To seek to identify the most tenant focused option for the future management and ownership of the Council's housing which:

- Secures tenants' rights,
- Minimizes tenants' costs,
- Meets the quality of standards of home and environmental improvement which tenants wish to see,
- Is sustainable in the long-term,
- Appraises the potential contribution the various landlord options could have towards meeting the need for additional affordable homes and the regeneration of estates,
- Takes into account the impact on the Council
- Takes into account the impact on employees

5.6.3 The HOP set out its intention to assess whether the mission statement had been successfully delivered at the end of the Review process.

5.7 Independent Tenants' Adviser

- 5.7.1 The role of an ITA was to provide guidance and support to tenants, to ensure that the Review process was delivered without bias and to strengthen tenant engagement. The ITA was funded by NBC but acted as an adviser for tenants, independent from the Council.
- 5.7.2 As mentioned above, an ITA Selection Panel was created comprising seven tenants to select an Independent Tenant Adviser for the Northampton TP. The selection panel sent an invitation to tender to five companies with previous experience of such work, resulting in two being selected for interview. PS Consultants were appointed as the ITA for Northampton. Their role was to work with the Tenants' Panel, to give independent and impartial advice and information to all tenants and leaseholders and encourage them to have their say, help ensure that information provided by the Council for distribution to all tenants was comprehensive and fair in its treatment of the issues, and feed back to the TP and HOP the views of tenants gathered from the ITA outreach work across Northampton.
- 5.7.3 The ITA outreach work has taken place in four phases. The aim of this was to ensure information regarding the options was disseminated to as many tenants as possible and invited tenants to express their views and concern, feeding these back to the TP and to the Council. Meetings were held in community rooms across the Borough and home visits were offered to vulnerable tenants who could not attend these meetings. The outreach work has taken place throughout the Review to enable the wider tenant community to understand all key stages of the Review process and to be aware of the next steps.
- 5.7.4 The ITA provided a website specifically set up for Northampton tenants. The website provided information regarding the Review; including; key pieces of work that have been completed and descriptions of the Tenants' Panel and the HOP, past copies of the ITA newsletter, and a forum in which any tenant could ask questions. Questions have either been answered directly by PS Consultants or by directing the person to an appropriate source as necessary. The ITA also provided a Freephone number throughout the Review to enable any tenant to contact them.
- 5.7.5 The ITA held ITA Development Sessions regularly with the TP. These sessions were designed to provide members of the Panel with information in order to help them prepare for upcoming TP meetings, delivered by the Council's review team. The ITA also attended all TP and HOP meetings to ensure that the facts delivered were accurate and impartial. The ITA has provided the HOP and the Council with a report giving its view on the way the

Council has conducted the Housing Options Review. The detailed findings from the ITA report are described in section 11.4 and in Key Doc 3.

5.8 Joint Communication and Consultation Strategy

5.8.1 In order to ensure that key stakeholders were identified and all communication and consultation activity was appropriately managed, a Communication and Consultation Strategy (Key Doc 13) was drafted by NBC and the ITA at the beginning of the Review. The draft strategy was then considered by the EFG and the TP and finally approved by the HOP on 23 November 2012.

5.8.2 The Strategy covered:

- Why the Housing Options Review was being undertaken
- The importance of good communications
- The key stakeholders to be involved in the Review
- What messages the Review would deliver
- How those messages would be delivered in a way that reaches all stakeholders
- How communications would be monitored throughout the process to ensure they achieve their aims

5.8.3 A key aim of the Strategy was to ensure there was the possibility for key stakeholders to be involved from the outset of the Review in, defining objectives and priorities for the future improvements of the Housing Stock, further improvements in service delivery, and the development of the involvement and empowerment of tenants. As detailed in the Strategy, this would be delivered through:

- Providing real opportunities to explore the implications of the DHS (including the possibility of achieving an enhanced Northampton Standard)
- Access to training, advice, and support programmes which would develop stakeholder's capacities to engage satisfactorily in the process
- Providing information both verbally, and in writing as required, to inform stakeholders of the available options
- Appropriate opportunities to ask questions and comments and receive appropriate responses within reasonable timescales.

5.8.4 The Strategy identified a number of stakeholders who would be communicated with, together with the methods for this communication. The stakeholders detailed were:

- Tenants
- Leaseholders

- NBC Housing employees
- Councillors
- MP's
- Northamptonshire Councils
- Wider NBC employees
- Contractors and Sub-Contractors
- The Community and Voluntary Sectors
- Media Organisations
- Trade Unions

5.8.5 As a result of the activity detailed in the Strategy, the communication and consultation undertaken through the Review has been extensive and robust. It has engaged with all relevant stakeholders. Views of wider tenants have been incorporated via the evidence gathering process including the Tenant Survey, alongside feedback gathered at the three Tenants' Conferences that have taken place in the last 12 months.

6 Framework for Engagement

6.1 Engagement Methods

6.1.1 In addition to the outreach work undertaken by the ITA, the Council adopted a framework of activity in order to engage effectively with key stakeholder groups. This included;

- Open meetings
- Information provision- Newsletter/Online/Telephone/Pocket Guide
- Workshops
- Conferences
- Tenant Survey

6.2 Involving Tenants

6.2.1 Tenants were the principle stakeholders in the Housing Options Review process as they are the customers of the service and pay for its delivery. Numerous communication methods have been implemented throughout the process to engage the wider tenant community. Over 26% of tenants responded to the Ipsos MORI Tenant Survey and this identified areas of focus for the Review that reflected the views of tenants beyond those sitting on the TP. The formation of the TP created a cohesive group that was communicated with at least weekly via post, phone or in person. Invites, agendas and

documentation for forthcoming meetings were posted to Panel members and transport arranged as required. Key information was delivered at Panel meetings, at ITA Development Sessions and at Joint workshop Sessions with the EFG. The Programme was structured to be relevant and impartial, allowing the TP and EFG to form their own conclusions covering numerous topics such as government guidance, financial issues and governance arrangements for each of the options.

- 6.2.2 The wider tenant community has been regularly kept informed by both the Council and the ITA. The Council has published four newsletters which were sent to all tenants. These were sent periodically throughout the Review, at key stages, to inform tenants about progress, detail of the next steps, as well as publicising ways for tenants to be involved in the Review. All documentation from TP and HOP meetings has been published on the NBC website, and an online forum has allowed questions relating to the Review to be asked of the Council. A dedicated 0300 phone line and email address linked to the Housing Options Review Team was set up and these details were published on all newsletters to ensure any tenant could contact the team with questions or queries in a cost effective way. All tenants have also received three newsletters from the ITA.
- 6.2.3 Three rounds of Tenants' Conferences have been held, December 2012, May 2013 and November 2013. All tenants were invited to the Conferences held on two separate days; one daytime and one evening, thus maximising the number of tenants who could attend.
- 6.2.4 The December 2012 Conferences focused on the condition of homes, improvements that tenants felt needed to be undertaken to ensure homes and estates meet the aspirations of tenants, tenants' views of the housing service and their priorities for the future. The outcomes of the Conference enabled the TP to be publicised further and resulted in an increase in membership. It also allowed for the views of tenants gathered at the Conference to be incorporated into key pieces of work throughout the Review. The feedback obtained was considered by the TP and EFG and used to ensure wider views were incorporated in the drafting of the new Northampton Standard.
- 6.2.5 The Conferences in May focused on the standards of service delivered to tenants by the Housing service. An update on the Review process was delivered to those tenants in attendance and tenants were once again, encouraged to participate in the TP. The Conferences in November 2013 shared the results of the scoring exercise undertaken by the TP and EFG. This enabled further information to be shared on the selected option and the next steps in the process, alongside the future of the TP. Approximately 240 tenants attended each of these Conferences and their feedback on the option will be used to build

the plan for the implementation phase (Key Doc 21). The HOP also used the feedback to support them in their recommendation to the Council's Cabinet on its preferred option.

6.3 Involving Employees

- 6.3.1 Employees of the Housing Service deliver both the strategic and local management service and have a professional interest in the nature and quality of the service as well as a personal interest in the terms and conditions it provides. Information was published throughout the Review on the intranet to regularly update all employees. At key stages, all staff briefings were delivered to Housing employees, alongside updates in the Housing Service newsletters. Union representatives received monthly updates and were given the opportunity to raise issues directly with the Council's Review Team.
- 6.3.2 Employees in the EFG were engaged with directly and received the same information as that delivered to the TP. This facilitated the use of joint workshop sessions, enabling employees and tenants to work together in a unified manner and produce numerous significant outcomes, including an evaluation and scoring framework that incorporated both group's priorities. The autonomy of each group was preserved, demonstrated by the fact that the weighting of the option comparison criteria was undertaken by the TP and EFG separately.

6.4 Involving Leaseholders

- 6.4.1 Leaseholders are stakeholders within the Review and have been kept informed via letters through the process. Copies of the newsletters sent to tenants have been sent to leaseholders for their information and their attendance at the Conferences was not prevented. Leaseholders have a statutory right to be consulted in respect of major repair and improvement programmes affecting their homes and neighbourhoods and in relation to service charges but otherwise their rights are unaffected regardless of which option is eventually chosen and implemented.

6.5 Involving Councillors

- 6.5.1 The governance and engagement structures enabled some Councillors to be engaged with directly, through both the HOP and Member Board. All Councillors were provided with copies of newsletters and ITA outreach information throughout the Review and group briefings were provided to ensure Councillors were informed of progress.

6.6 Community Impact

- 6.6.1 Throughout the Review process the Council has ensured that any decisions made have used all available evidence and information to consider the impact of such decisions on the Council, individuals, groups and the wider community.
- 6.6.2 A Community Impact Assessment has been carried out and can be found in Appendix 3.
- 6.6.3 This document assesses the impact of the Review on the wider community in order to ensure equalities legislation was complied with and that all stakeholders have been appropriately consulted with. It sets out what the Council has done to ensure accessibility of information and equality of opportunity to become involved.
- 6.6.4 Some key decisions have been made throughout the process that have impacted on the community of Northampton as a whole; including property standards, service standards, and new build provision. The engagement structures in place have enabled all of these decisions to be influenced by tenants. All outcomes of the Review are positive and there is no visible negative impact on any resident of Northampton. Residents can expect to see additional provision for environmental improvements following the drafting of the Northampton Standard and tenants can expect to see an increase in the quality and standard of their homes. All tenants have been given opportunities to take an active part in the Review, either directly through being part of the TP, or indirectly through being kept informed via post, attending Tenants' Conferences or accessing on-line or telephone support services.
- 6.6.5 The Council has ensured that an experienced ITA was appointed to support tenants, particularly vulnerable tenants, by delivering over 160 outreach meetings and offering home or telephone appointments to those tenants unable to attend meetings.
- 6.6.6 No group has been marginalised by the process itself or by the results of the process. The result of the process does not affect tenants' rights or employees' rights, but does provide additional engagement opportunities for both groups of key stakeholders.

7 Identifying the Options

- 7.1 Historically, when council housing stock transfer was first made possible, within the terms of the Housing Act 1985, a Council could either transfer its homes to an existing Housing Association (subject to a positive tenant ballot), or it retain its homes and continue to manage them in the current manner.

7.2 As the transfer programme developed over the years, new options began to develop and Councils could;

- Establish a new 'stand-alone' and locally based housing association to whom homes could be transferred.
- Form a housing association which would then become part of the group structure of an existing association (or even to form a new group with an existing stand-alone organisation).
- In the cases where retention was considered the best option; Transfer the management of their homes and still maintain ownership by creating a new 'arms-length' (and council-owned organisation) called an Arms Length Management Organisation (ALMO).
- Continue to be the landlord but sign a long term contract with a private contractor to provide the investment capital needed to repair and improve homes, with the contractor physically doing that work, and the housing management services for those homes transferred for the life of the contract to the private contractor's housing association partner (i.e. what was known as the 'Private Finance Initiative' - PFI).
- Create a mutual housing association where tenants, as members of the organisation, had a major role in its governance.
- Contract out housing management to a private contractor whilst retaining ownership of the homes.

7.3 The TP, EFG and HOP were advised of the above options and an initial list of ten possible options was drawn up for consideration. The list included;

- Contracting-out the housing service
- Retention (with no change to the operation of the service)
- Retention (with a major service review)
- Retention (with an ALMO)
- Transfer (to a stand-alone association)
- Transfer (to a mutual association)
- Transfer (to become a subsidiary of an existing association)
- Transfer (i.e. absorption by an existing association)
- Transfer (to a Community Gateway organisation)
- PFI (Private Finance Initiative)

7.4 Following discussions within the EFG, TP and HOP regarding the nature and implications of each of the options, a decision was made by the HOP, with the agreement of the TP

and EFG, to reduce the options to be considered by the Review process, down to six. The following four options were discounted;

- **Contracting out**
 - Reason for removal;
 - Contracting out the management service would have removed direct council control over the housing management service and would have marginalised tenant involvement in it.
- **Transfer via absorption**
 - Reason for removal;
 - Transfer by being absorbed by an existing housing association was judged as never likely to be supported by a ballot of tenants
- **PFI**
 - Reason for removal;
 - PFI was very unlikely to attract significant investment funding, due to Central Government financial support ceasing to be available for housing PFI, and due to the lack of support of tenants to the proposed PFI scheme in Eastfield
- **Transfer to a Community Gateway**
 - Reason for removal;
 - Community gateway was ruled out because the broader mutual model adopted by Rochdale Boroughwide Housing seemed to offer much more in terms of tenant involvement in governance and mutual ownership.

7.5 The reduction in options left the Council with six options: three retention options; and three transfer options.

7.6 The options were reduced further by one, Option 1 (retention with no change in the operation of the service) in early summer 2013 due to the TP and EFG jointly agreeing that it was no longer possible to continue assessing it as a viable option.

7.7 The reasoning was as follows:

- The Tenant Survey responses clearly identified significant weaknesses in current service delivery. The Tenants' Panel felt that the survey results showed that any form of 'status quo' option would be unacceptable to tenants.
- The development of tenant-led Service Improvement Groups (SIPs) which had been running in parallel to the Housing Options Review process was, in effect, the first step in a major service review.

8 Evidence Gathering for the Review

8.1 Supporting Evidence

8.1 Following the selection of the options to be assessed, the Review process required a significant amount of robust and up to date supporting evidence covering various issues. The evidence required included;

- A baseline analysis of the Councils current Housing Business Plan, service costs and performance levels;- to assess whether the underlying financial provisions built into any new Council HRA Business Plans were likely to be at the right level to achieve the Council's objectives and to ensure value for money
- The Tenant Survey:- to identify tenant satisfaction levels with council housing services and identify priorities for improvement
- A Stock Condition Survey:- to enable the Review to have access to up to date information on the condition of the Housing stock, how much it would cost to bring homes up to government minimum standards and maintain homes at this level for 30 years, as well as providing costs for improving and maintaining homes to a higher, Northampton Standard
- Asset Analysis information:- to compare the level and timing of expenditure on the properties with the income stream from rents and therefore support appropriate investment and management decisions and planning to be made.

An overview of the findings from each of the above evidence gathering exercises is detailed below. A full report for each is available as detailed below as either a key document to this report or accessible as a background paper.

8.2 Baseline Analysis of NBC Financial and Performance

8.2.1 Background

8.2.1.1 An assessment of the Council's expenditure plans, based on a comparison with other similar local authorities, was undertaken by Savills as an essential part of the Review. (Full assessment findings contained in Key Doc 11) Alongside this, an assessment of the performance of the housing service was undertaken, again making comparisons with other similar local authorities, and where possible, with those authorities where financial comparison, as well as performance information, was available.

8.2.1.2 It was felt that this approach was essential in order to assess whether the underlying financial provisions built into any new Council HRA Business Plans were likely to be at the right level to achieve the Council's objectives and to ensure value for money. It was fundamental to the Review that the budgets being used as the baseline were accurate and at the correct level, prior to the work being extended to model the costs for the various options, to ensure that the options analysis was built on a sound base. A key part of the assessment was to identify whether the cost for the current service provided for housing was reasonable.

8.2.1.3 A proper assessment of value for money could not be made without analysing the performance of the Housing service. The most appropriate method of comparison could be made by drawing on data submitted to a key housing sector benchmarking data club, Housemark. Analysis also included cross-checking the results with those obtained by the Tenant Survey, to ensure consistency. The benchmarking analysis was then compared to the financial analysis to identify any key trends or indicators.

8.2.2 Methodology

8.2.2.1 The starting point for the assessment of the existing position was a review of the cost of delivering the housing landlord service to see whether costs were reasonable, and whether the Council and residents received value for money for the level of costs. Costs were compared with other similar authorities, based on published financial statements of HRAs and budgets. A comparison was also made between Northampton and other similar authorities with what central government assessed as a reasonable level of expenditure under the former HRA subsidy system and in the calculation of debt for HRA self-financing. The baseline was assessed using the statement of accounts for 2011/12 and the budget for 2012/13.

8.2.2.2 The comparator councils were chosen based on those with similar council house stock holdings (between 15,700 and 8,100 homes) and similar organisational arrangements (e.g. District councils rather than Unitary authorities). The councils selected, with their respective housing stocks, are set out in The Baseline Analysis Key Doc 11 .

8.2.2.3 The quality of the Housing Service was assessed using Housemark data from 2010/11 and 2011/12 and from the Council's Tenant Survey undertaken by Ipsos MORI. This provided a correlation between costs and comparative performance.

8.2.3 Comparison of Costs

- 8.2.3.1 The debt allocation made by the Government at the start of HRA Self Financing, used assumptions relating to the reasonable spending needs of each council and the level of rents chargeable, which are governed by national rent policy. These assumptions took into account elements such as; the number, age and condition of properties, void turn-over rates, and deprivation levels. The levels of debt allocated to Northampton and the comparator authorities correlated largely in line with the level of rent charged.
- 8.2.3.2 The analysis used the most up to date audited accounts available at the time. The accounts used were for the year 2011/12. The expenditure shown in the published statement of accounts for each council in the comparator group was compared with the allowances made available in the housing subsidy system. Northampton had both the highest expenditure needs per dwelling as assessed by the Government and also had the highest recorded expenditure per dwelling. Northampton recorded £3,777 million expenditure for special services but only raised service charges of £1.320 million. The analysis therefore identified that the Council should investigate the process of service re-charging to ascertain whether there was an option for additional fee income to be raised to minimise the gap in costs with the income levels received through current recharge policy. The detailed assessment of this, covering areas such as caretaking and cleaning, communal areas, and supporting people, was outside the scope of this project.
- 8.2.3.3 In 2012/13 the subsidy system was replaced with HRA Self Financing. The calculation of the debt relating to this included increases to management and maintenance allowances at higher than inflation. Some authorities used this as a basis for increasing their expenditure budgets. Of the comparator authorities, Northampton had the highest assumed expenditure needs, based on the elements such as those detailed above, but only the second highest expenditure; all but one of the comparator councils had increased their expenditure by more than inflation, an increase that was mostly targeted at management costs.
- 8.2.3.4 Analysis of more detailed expenditure areas for the Council's housing service showed the following:
- The proportion of expenditure on employees, after adjusting for Direct Labour Organisation (DLO) costs, was broadly in line with the comparator councils
 - The proportion of expenditure on support services (i.e. recharges from other council departments) is approximately one fifth of expenditure which is in line with information collected from the comparators

- The budget for stock options appraisal is within the overall costs for 2012/13
- The costs of the “Major Works and Estate Renewal Team” are shown within the revenue budget and although this is acceptable accounting practice, these costs would normally be shown as capital costs.

8.2.3.5 The analysis of overall costs showed;

- That the Council’s costs were in line with those of the comparator councils, when taking into account the number, types of property and the levels of deprivation in the area.
- After factoring in the issues raised within the 3rd and 4th bullet points above, there were indications that the Council was potentially underinvesting in the revenue management and maintenance of the Housing Stock when assessed against the comparator councils, by over £2m per year.

8.2.4 30 Year Business Plan Baseline Analysis

8.2.4.1 The Business Plan is based on three year detailed estimates and a projection of income and expenditure for the remaining years. The key assumptions included within the plan include: -

- General Inflation at 2%
- Rent rises from year 4 at RPI only not RPI + ½ %
- Void rent loss at 2.5%
- Interest charges at 3.29% for existing loan portfolio, 5.5% for further borrowing, and 1% for investments
- New housing provision of 40 units per year from 2014/15
- Estate regeneration of £26m over the first 7 years of the plan and subsequent investment later in the plan

8.2.4.2 The HRA Business Plan accounting year one was 2012/13. The plan showed that the cash flow largely breaks even in years 4 to 7 when there was a planned peak in capital investment and then returned a steady year on year surplus. The Business Plan demonstrated that even with the prudent assumptions, the Council could have the resources to repay all of its housing debt by year 30 of the plan.

8.2.5 Correlation with Satisfaction Data

8.2.5.1 Detailed analysis of the Tenant Survey responses are considered in more detail in section 8.3.3 below, however, the high level findings have relevance when benchmarking the

service performance. The survey was carried out independently on behalf of the Council by Ipsos MORI in October 2012 and received a response rate of 26.55%. The main findings of the Survey were that there were significantly lower levels of tenant satisfaction in Northampton compared to other housing providers previously surveyed by MORI.

Some key areas of concern were: -

- Repairs and maintenance
- Overall quality of home
- How much views are taken into account
- Anti-social behaviour

8.2.5.2 Comparing the results to surveys previously carried out in Northampton, there was evidence of a decline in service quality over the two years leading up to the survey.

8.2.6 Correlation with Housemark Data

8.2.6.1 Data sets used from Housemark for comparison purposes included: -

- Measures of “corporate health” included staff turnover and working days lost to staff sickness
- Repair performance as measured by cost, completion times, appointments made and kept, and resident satisfaction with the service
- Key indicators necessary for financial strength including minimising rent lost from empty properties and rent arrears
- Satisfaction with housing management services and wider neighbourhood quality

8.2.6.2 A comparison of all of these measures relating directly to the housing service performance with other housing providers subscribing to Housemark in 2010/11 showed that Northampton was in the lower or lower middle quartile. There had been some movement in performance between 2010/11 and 2011/12, although all indicators remained in the lower or lower middle quartile.

8.2.7 Baseline Analysis Conclusions

8.2.7.1 The key findings from the baseline analysis were as follows;

- Although on first analysis, the revenue costs within Northampton’s HRA appeared reasonable, when one-off expenditure was removed and major repairs costs allocated to capital, it appeared that the revenue expenditure was **under resourced** by over £2m

- The Council recorded £3,777 million expenditure for special services but only raised service charges from tenants and leaseholders for £1.320 million of this amount. The analysis highlighted that this situation should be investigated further to ascertain whether there was the potential for additional income to be raised to minimise this gap
- When comparing the baseline analysis with the outputs of the Tenant Survey and the Housemark benchmarking, it appeared that the lack of investment in service provision could have contributed to the low levels of performance and tenant satisfaction. The findings from this analysis were used as a key part of the review evidence, leading to the EFG and TP undertaking several workshops specifying improved draft service standards. The resources to finance additional expenditure were also built in to subsequent financial analyses and the appraisal of the options.

8.3 Tenant Survey

8.3.1 Background

8.3.1.1 At the start of the Review, Ipsos MORI were commissioned to carry out a tenant survey. The survey was designed to provide up-to-date, robust and independent information concerning levels of tenant satisfaction with various aspects of the Council's housing service. The survey was also needed to test tenant awareness of, and desire to be involved in, the Housing Options Review and identify their priorities for the housing service going forward.

8.3.1.2 The results of the survey were a key piece of evidence for the review. The EFG and TP needed this information to assess where improvements were needed and to support development of new service and property standards to ensure that the widest possible tenant views were incorporated into any new proposals developed as part of the Review process.

8.3.2 Methodology

8.3.2.1 The survey was designed to give all tenants the opportunity to provide their views and was conducted using an eight page questionnaire. Ipsos MORI utilised a combined postal and online self-completion methodology between 27 September and 27 October 2012. The postal survey involved an initial mail out to all 14,037 NBC tenants named on tenancy agreements. This was followed up with a reminder mail out, including an additional copy of the questionnaire, to those who had not responded. Tenants were signposted to the online version of the questionnaire and tenants for whom NBC held a valid email address

were sent a link to the online questionnaire at the time of the initial mail out and the reminder mail out. This procedure was repeated at the time of the reminder mail out.

8.3.2.2 Ipsos MORI advised that a response level of 20% would be good. In fact, a total of 3,727 responses were received; 3,636 returned postal questionnaires and 91 online responses. The response rate was 26.55%, which Ipsos MORI said was excellent. Data analysed in the Tenant Survey was weighted to the overall profile of the Council's tenants by age, ethnicity, and number of bedrooms in the property to ensure results were representative of key demographic sub-groups.

8.3.3 Findings

8.3.3.1 The survey results, shown in table 1 below, demonstrate that around seven in ten tenants or more were satisfied with the overall housing service provided by Northampton, as well as satisfied with individual services such as repairs and maintenance and the quality of their home.

Key performance measures	2012 results
	(%)
Satisfied with overall service provided	75
Rate NBC as good at keeping tenants informed	78
Satisfied with neighbourhood as place to live	72
Satisfied with overall quality of home	72
Satisfied with repairs and maintenance service	71
Satisfied with value for money of rent	70
Rate condition of property as good against the Decent Homes Standard	66
Satisfied that tenants' views are taken into account	55
Satisfied with the way the Council deals with anti-social behaviour	51

Table 1- Source- Ipsos MORI, NBC Tenant Survey Report 2012

8.3.3.2 However, performance was not entirely positive; with satisfaction levels much lower for the way the Council dealt with anti-social behaviour, the way it took tenants views into account and the value for money of service charges, where approximately 50% of tenants were satisfied. Dealing with anti-social behaviour was identified by 40% of tenants as in need of improvement, and therefore stood out as a key area for focus. Whilst levels of satisfaction with repairs and maintenance services and ensuring tenants were satisfied with the quality of their home were fairly high, they were identified as the top two priorities by tenants and the services most in need of improvement. This suggested that further and continued improvement was necessary to ensure that the relative performance of these key services met the relative importance placed on them by tenants.

8.3.3.3 Across a range of services delivered by the Council, results showed that older tenants and white tenants were most likely to be satisfied, while younger tenants and those from BME backgrounds were less likely. This followed a similar pattern identified by Ipsos MORI in their research for other social landlords. Disabled tenants were significantly more likely to say they were satisfied with the housing service overall than the whole of the tenant population.

8.3.4 Trend Results

8.3.4.1 Table 2 below highlights the results of this most recent survey against the previous four surveys of this type, carried out on behalf of the Council. The previous surveys took place in 2006, spring 2008, winter 2008 and 2010. The full Ipsos MORI Northampton Tenant Survey Report is available as a background paper to this report.

Measure	2006	2008 (spring)	2008 (winter)	2010	2012	Change since 2010
	(%)	(%)	(%)	(%)	(%)	(+/- %pts)
Satisfied with overall service provided	63	64	68	78	75	-3
Satisfied with overall quality of home / satisfied with accommodation	71	75	73	79	72	-7
Rate general condition of property as good / satisfied with general condition of property / property rated as good against the Decent Homes Standard	55	68	66	72	66	-6
Satisfied with neighbourhood as place to live	44	66	61	83	72	-11
Agree rent represents good value for money / satisfied with value for money of rent	62	70	63	77	70	-7
Satisfied with repairs and maintenance service	66	67	69	72	71	-1
Satisfied with the way the Council deals with anti-social behaviour	-	-	-	-	51	N/A
Satisfied that tenants' views are taken into account	85	79	58	67	55	-12
Rate NBC as good at keeping tenants informed	68	76	71	85	78	-7

Table 2

8.3.4.2 This table demonstrates that there had been a general gradual improvement over time, but satisfaction rates in 2012 were lower than in 2010, although not always to a significant degree.

8.3.4.3 For example, satisfaction among tenants with services overall was observed at 63% in 2006, but was 12 percentage points higher at 75% in 2012. However, the figure for 2012 showed a small fall on that recorded in 2010. Satisfaction that tenants' views are taken into account had declined over time, and had dropped 30 percentage points between 2006 and 2012. The satisfaction amongst tenants in regard to being kept informed by the

Council dropped 7 percentage points between 2010 and 2012, suggesting that engagement strategies had not been utilised.

8.3.5 Future of Housing Services and the Housing Options Review

- 8.3.5.1 It was interesting to note that 83% of tenants agreed that the quality of service they received was more important than who delivered those services. The EFG and TP took this view into account in carrying out the options evaluation and scoring exercise. This view indicated that tenants were open to changes to the way housing services were delivered in the future as long as service quality was improved and maintained.
- 8.3.5.2 When tenants were asked to identify the specific aspects of home, repairs and neighbourhood services they felt were most important, there were clear indications of the areas for focus. In relation to their home, the key aspects identified were security and warmth of the home. For repairs, the key aspects were the quality of work and the way in which repairs appointments were organised and carried out. For the neighbourhood, tenants placed a greater emphasis on the maintenance of roads and footpaths. Parking facilities also appeared important, as did children's play areas. In relation to neighbourhood safety, lighting and other neighbourhood safety measures were deemed most important. Tenants also placed emphasis on taking action in relation to crime and anti-social behaviour.
- 8.3.5.3 This information, together with other results from the survey, were utilised in the formation of the draft Northampton Standard; a set of standards drawn up by the TP and the EFG in relation to the standard of service tenants should receive and the standards of improvements to be made to homes and estates. Further information on the Northampton Standard is detailed in section 8.4 .
- 8.3.5.4 Over four in five (83%) tenants who remembered receiving information about the Review said the information had helped them understand it a lot or a little. There was an appetite amongst tenants to receive more information about the Review, and tenants showed a clear preference for receiving information in writing, ideally by letter, but also by newsletter and email. The appetite for involvement in the Review was not as strong, with 17% of tenants interested in being involved. This information was fundamentally important in relation to the Council's Community Impact Assessment (Appendix 3) where consideration of how the Council has ensured information was accessible and appropriately shared and that opportunities for involvement in the review were as inclusive as possible.

8.3.5.5 Whilst satisfaction levels appeared fairly high, when compared with other similar authorities via Housemark benchmarking (Key Doc 11), levels of satisfaction with Council services were in the bottom quartile throughout a number of criteria. This provided demonstrable context regarding the satisfaction of council tenants and the way in which the service was performing and therefore validated the responses gathered from tenants.

8.4 Stock Condition Survey

8.4.1 Background

8.4.1.1 Savills surveyors carried out a Stock Condition Survey of the Council's Housing Stock in the autumn of 2012, with a view to assessing the current and future repairs and maintenance liability. Savills were specifically asked to assess what work was required to bring all properties up to the Government's minimum DHS and maintain them at that standard for the next 30 years, together with meeting other landlord statutory obligations.

8.4.1.2 The DHS was originally issued in March 2001 and it provided a minimum standard for properties to be maintained at. Various updates to the standard have taken place since 2001. The original intention was for all properties across the country to meet the Standard by 2010. The Council's current programme of works will see all non-decent properties brought up to the DHS by 2015/16, utilising the back-log funding awarded by government.

8.4.1.3 The key elements of the DHS are that properties must be:

- a) Free of category 1 hazards under the new Housing Health and Safety Rating System
- b) In a reasonable state of repair
- c) Have reasonably modern facilities and services
- d) Provide a reasonable degree of thermal comfort

8.4.1.4 In addition to assessing the costs to meet the DHS, Savills were asked to model the costs to maintain the properties at a higher Northampton Standard, developed by the EFG and TP, over a 30 year period. TP and EFG members worked on developing the Northampton Standard throughout the review process and did not finalise it until they had the benefit of a full overview of affordability. This meant that it was not possible to cost the new Northampton Standard at the point the survey was undertaken.

8.11.1.5 In order to provide a comparison to costs associated with improving homes to the DHS and that of a higher standard, Savills incorporated indicative costs for a 'Modern Standard' for comparison purposes only within their draft report, using their experience.

These indicative costs were later replaced by the costs to implement the new Northampton Standard after it was finalised by the TP and EFG in August 2013.

8.4.2 Approach to the Survey

- 8.4.2.1 Savills were initially provided with information relating to the Council's housing assets including details of the Council's 12,122 rented properties. A comprehensive analysis was undertaken at the outset of the project to design the sample to ensure that it adequately covered all stock types. This included a detailed review of the Council's non-traditional housing stock, which typically requires greater levels of investment in order to maintain them to a lettable standard.
- 8.4.2.2 Properties were carefully selected to form a representative 25% sample (1 property in every 4) based on property type, age and location. The Council chose to use a 25% sample rather than a more traditionally used 10-12% sample in order to ensure that the information obtained was as accurate as possible and that the data would be able to be used in due course for investment planning. The survey fieldwork included both internal and external survey of the stock to provide reliable information on costs and provide detailed information on the extent and nature of all future works required.
- 8.4.2.3 The survey work was undertaken during July and August 2012 and all data collected was captured in a bespoke database in order to produce the results contained within the final Stock Condition Survey Report (Key Doc14). As part of the exercise, Savills also assessed the condition and future repairs and maintenance liabilities of the related assets associated with the Council Housing Stock which included garages and other assets.
- 8.4.2.4 A specialist team of surveyors, all of whom were Chartered Surveyors or staff of similar standing, carried out the survey work. The team selected had extensive experience in mass survey projects and were fully briefed on the requirements of the survey before any inspections were carried out on site.
- 8.4.2.5 The Council wrote to all tenants prior to commencement of the survey field work explaining the purpose of the survey and that Savills had been appointed to undertake the work. All surveyors carried a letter of authority from the Council wore an identification badge. The survey process was successful and very little negative feedback was received from the tenants in relation to the survey process.
- 8.4.2.6 The survey fieldwork involved inspection of the properties to identify the timing and costs profile required for replacement of specific building elements such as roofs, kitchens,

electrical wiring etc. All building elements have a natural life expectancy, at the end of which they have to be replaced. The life expectancies used in generating costs were based on the following:

- Industry standards
- Savills' experience
- The Decent Homes Standard

8.4.2.7 When the surveys were completed, data was collated and extensive validation was undertaken by Savills electronically to check for anomalies and inconsistencies. The Council also validated the findings for its own purposes.

8.4.2.8 Savills used the information obtained through the surveys to cost the works to improve and maintain properties at the DHS and the new Northampton Standard.

8.4.3 Key Findings

8.4.3.1 As part of the survey, Savills made an assessment of the level of non-decency in the housing stock. They identified that approximately 40% of the stock failed the standard at the time of inspection in 2012 and they confirmed that this will increase significantly during the next 5 years without the necessary investment being made, as components reach the end of their useful life and need to be replaced.

8.4.3.2 Savills highlighted that the DHS was a relatively low standard and that it was a **minimum basic standard** from which to build upon rather than a standard to aspire to achieve. Tenant feedback obtained through the Ipsos MORI survey also showed that this standard does not meet the aspirations of tenants moving forward.

8.4.3.3 Savills identified that significant investment was required in order to upgrade and modernise the properties. Externally the roof coverings were generally in serviceable condition but an increasing programme of renewal would be required over the next 30 years. In the short term a significant programme was required to replace rainwater goods and fascias together with some of the timber cladding. Windows and doors had generally been replaced by the Council over the years although Savills confirmed that there would be a requirement to replace some of the existing double glazed windows during the next 10 years. External areas surrounding properties across housing estates, including paths, fencing, outbuildings etc. were found to have received little attention therefore significant investment is required to make necessary improvements.

- 8.4.3.4 Whilst work was required to the external fabric of the properties, as outlined above, by far the most significant investment related to the inside of the properties. In particular, a very significant programme of kitchen and bathroom replacement was required with upgrading of the wiring taking place at the same time. This programme alone equated to over half of the investment required in the short term. The majority of properties had central heating systems although some of these systems were old and needed replacing, which included the replacement of some older warm air systems.
- 8.4.3.5 The Council's stock includes a number of properties of non-traditional construction including Airey, BISF, Gregory, Hawksley, Orlit and Unity properties. Some of these properties were found to suffer from structural defects and many had poor thermal insulation qualities due to the nature of the construction. Seventy-nine of the properties were designated defective under the Housing Defects Act 1985. The stock had generally been well maintained and some of the properties had previous repairs undertaken or had been over clad with insulated render. The Council has commissioned a specialist firm of engineers, Curtins Consulting, to investigate the condition of these properties and they have provided a comprehensive report, a copy of which is included at within Key Document 14. Savills have incorporated the recommendations and findings of Curtins work within the cost profiles included in their full report.
- 8.4.3.6 Savills did not undertake a detailed asbestos survey as part of the survey programme although they did note evidence of asbestos during the course of their inspections. The Council has a comprehensive asbestos register and has an ongoing programme of removal of asbestos when necessary to do so, as part of the major works programme. Savills confirmed that this programme would need to continue as the stock was modernised and components were replaced, thus often disturbing asbestos that could be present. Allowance for this work was included in the 30 year costs profile set out within the full Stock Condition Survey Report.
- 8.4.3.7 Savills' findings highlighted that the investment in the stock during the last 10 years had necessarily focused on work to meet the Decent Homes Standard which does not include any requirement to undertake work to the general environment around the properties. As a consequence, as mentioned above, there were a large number of areas across estates that would benefit from substantial environmental works.
- 8.4.3.7 Savills identified that in addition to work within the boundary of properties, such as fencing, paths, gates etc. this work could also include a more holistic approach to improving the environment on some estates. Measures, including additional car parking,

improved security measures for front and back doors, could all form part of a more comprehensive estate based improvement programme.

8.4.4 Costing the Works

- 8.4.4.1 As part of the main survey fieldwork, Savills assessed the condition of the properties within their boundary, encompassing fencing, gates and paths. In terms of the environment outside the properties, Savills incorporated provision within their costs for environmental improvements, such as off road parking, bin stores, refurbished drying areas, sheds and play areas within the Northampton Standard schedule only, due to the fact that the DHS did not cover environmental improvement work.
- 8.4.4.2 The work identified as part of the Stock Condition Survey was costed by means of a schedule of rates. The rates adopted by Savills within their report were based on those which they believed could be achieved using modern and effective procurement methods and reflected their experience elsewhere. Schedules of rates were also agreed with the Council. Savills confirmed that care would be needed to ensure that the work was delivered within the price base included within these schedules to allow works to be delivered within the costs allocation.
- 8.4.4.3 Appendices 1 and 2 of Savills' report, provided summaries of 30 year costs based on both the DHS and the Northampton Standard. The first appendix titled 'Decent Homes/Statutory Obligations' reflected the minimum works required to comply with Decent Homes and other statutory obligations. This scenario excluded any provision for work to the environment or improvements required to the properties which did not fall within the strict interpretation of Decent Homes. The total cost over 30 years was £692,712,883, equating to a 30 year cost per property of £57,145.
- 8.4.4.4 The second appendix entitled 'Northampton Standard', detailed costs which included all the costs in the first scenario plus an additional allowance for environmental improvements and additional work to the properties themselves to improve them and bring them up to a more modern standard. As already mentioned, this standard was developed in conjunction with the tenants. The total cost under this scenario increased to £850,983,395 over 30 years equating to a cost per property of £70,202.

8.4.5 Using the Information

- 8.4.5.1 The Stock Condition Survey and Tenant Survey information were key pieces of primary evidence for the review. Having an understanding of the priorities for improvement for

tenants, robust up-to date costs for implementing such improvements, as well as future repairs and maintenance costs was essential to the review. The information obtained, supported the TP and EFG groups in the development of the Northampton Standard and to in the assessment of each of the options in terms of their ability to afford this standard.

8.5 Asset Analysis

8.5.1 Background

8.5.1.1 As part of the Review, a detailed asset analysis of the stock was carried out by Savills consultants. The purpose of this work was to identify the best and worst performing stock from a financial and a sustainability perspective. This analysis would then be used as a basis for undertaking more work to produce a new detailed and comprehensive Asset Management Strategy for the Council. This analysis could also demonstrate to all key stakeholders, the Council's intention to consider value for money aspects, when prioritising and targeting future expenditure. It was not the intention of this Review to produce a full Asset Management Strategy, but for whoever is or became the landlord as a result of this Review, to take this work forward through its own management and governance structures. The final Asset Analysis Report is not a key document for the purposes of the Housing Options Review; however it is available as a background document (Background Doc 2).

8.5.2 Asset Performance Evaluation

8.5.2.1 The initial results showed that a relatively large proportion of the stock had cashflows that were either not strong enough to support the level of investment required, or marginal, representing a significant risk to the business plan where slight changes in assumptions could reduce these cashflows to a level where they could not support future investment. This information is important because in considering any future option for the whole stock, the Council would need to consider options to mitigate funding pressures associated with poorly performing assets which might include;

- Alternative investment strategies to adjust the investment standard
- Management initiatives – for example, efficiencies in management costs or reductions in underlying maintenance or repair expenditure or reduction of voids, or increases in income subject to the Council's policies on rents and service charges.
- Exploring alternative options for poorly performing stock, setting interim investment programmed for this stock until options appraisals are carried out.
- Regeneration or redevelopment (with or without additional subsidy from the Business Plan)

- Alternative use which generated additional income to cover costs
- Capital and Land use/development potential may also impact on investment strategies.

8.5.3 Non-Financial Sustainability Analysis

8.5.3.1 In parallel with the financial modelling, a comparative assessment of neighbourhood sustainability across the stock was undertaken with the intention of establishing a broader context in which to assess financial performance of assets linked to the appraisal of future options, and Northampton's neighbourhood and community strategies. The full results are contained within the Asset Analysis Report which is a background document to this report.

8.5.4 Future Asset Management Approach

8.5.4.1 The asset performance evaluation focused on a current-day financial analysis of the stock at a high level. The asset analysis work could then be used to increase Business Plan capacity in the context of the stock options appraisal, as part of a future Asset Management Strategy.

8.5.4.2 This analysis will form the starting point for the development of an informed comprehensive Asset Management Strategy to support the preferred option's future 30 year Business Plan.

9 Analysis and Assessment of the Options

9.1 Background

9.1.1 As detailed above, the early stages of the Review involved gathering key evidence relating to;

- Understanding the Council's current expenditure for housing services and comparing them with other similar authorities
- Identifying tenants' priorities for future improvement through the Tenant Survey
- Establishing the costs for works required to bring homes up to the Decent Homes Standard and higher Northampton Standard through the Stock Condition Survey

9.1.2 EFG, TP and HOP members were then supported to use this evidence to assess each of the five options to see which one(s) could best meet the Mission Statement goals for the Review.

9.1.3 The approach taken to support the EFG and TP groups in covering the key subjects for consideration was mainly undertaken by holding 3 types of regular meetings:

- **ITA-led development sessions**, where the ITA prepared and presented information to the Panel to raise our awareness and understanding of specific issues and to allow time to prepare for discussion of the topic with the Council, and where appropriate with the EFG;
- **Council-led sessions** which, once the structures and process of the Review had been agreed, focused on each of the key topics or issues needed to be considered and form a view on;
- **Joint workshop sessions**, where the TP and EFG groups worked together on specific issues such as developing the draft Northampton Standard.

9.2 Approach to Analysis and Evaluation

9.2.1 After the TP and EFG considered the above Tenant and Stock Condition Surveys and their implications, their work programme continued to explore the following areas and outcomes of the resulting work from both of the groups is explained in more detail below;

- The development of the Northampton Standard; which included development of new service standards and property standards
- Evaluating the options;
 - The development of the options criteria framework to assess each of the options;
 - The development of the weighting process for each of the criteria;
 - The development of the scoring process and how to compare the options
- Financial Issues;
 - An overview of the Council's existing HRA
 - Council finance and the HRA and how stock transfer worked
 - Financial issues in transfer and retention
 - Analysis of the 5 options to consider affordability of the Northampton Standard and potential for delivery of new homes;
- Consideration of the options for the provision of new homes
- Government Guidance on Housing Stock Transfer
- Visits from Transfer and Retention organisations

9.2.2 In addition, the following areas were also presented, challenged discussed and taken into consideration in assessing the options:

- Tenancy Rights & Tenancy Agreements
- Employee Rights
- Recap on the Decent Homes Standard
- Financial issues presented by Savills
- Governance issues in retention and transfer
- Characteristics of the ALMO Model in detail
- Informal and formal consultation: Overview of an Offer document and the ballot in housing stock transfer
- Revisions sessions across all key subject areas

9.3 Development of the Northampton Standard

9.3.1 The Northampton Standard was developed by the TP and EFG over a number of months, taking into account wider tenant priorities from the Tenant Survey and feedback from the conferences. The standard included two elements; new standards for improvements to properties and new draft housing service standards.

9.3.2 The TP and EFG worked to develop initial proposals for new service standards and towards the end of the review, passed them to the Council to continue their development, following the introduction of Housing Service Improvement Panels. Cost estimates for introducing the new standards were assessed and these have been built into the financial analysis and were used when assessing affordability for each of the options.

9.3.3 This newly developed property standards providing physical improvements to properties and estates included works which were above the minimum DHS.

9.3.4 The Northampton Standard included:

- All work detailed in the Government's basic Decent Homes Standard
- A generally higher quality specification e.g. showers over baths
- Bathroom improvements such as heating, adjustable height shower heads, choice of bath or shower (with both in larger homes), mixer taps
- Kitchen improvements such as layout changes to increase space for appliances, improve flooring and cupboard space, quality materials with choice of finish, and more electrical points
- Environmental improvements to estate roads and paths, improved parking provision, secure bin storage
- Security lighting and window locks
- Improvements to heating and insulation to reduce heating costs

9.3.5 For modelling purposes, it was assumed that improvements would be delivered at the next scheduled replacement cycle rather than as a one off improvement beforehand.

9.3.6 The physical standard elements of the Northampton Standard were also assessed by Savills and costs were estimated at £851m over 30 years. This information was key to assessing each of the options and their ability to afford the new standard. Full details regarding the Northampton Standard characteristics and costs are detailed within the Stock Condition Survey Report (Key Doc 14).

9.4 Evaluating the options

9.4.1 The evaluation process developed jointly by the TP and EFG had three elements;

- The development of the options criteria framework; including the issues that tenants and employees felt were important for any of the options to deliver against;
- The development of a scoring framework; to provide an objective approach scoring each of the options against each criteria element;
- The development of a scoring weighting framework; identifying the criteria most and least important to the TP and EFG members.

9.4.2 In addition to the above elements, an Options Comparison Document was developed for use as a comparison tool, to support the final scoring process.

9.5 Development of the options criteria framework

9.5.1 The criteria development process also took several months to complete and new criteria were added to the draft criteria document throughout the review, to ensure that any new elements felt to be of importance to the EFG and TP could be included. The early workshop sessions produced around 176 ideas and these were collated to create a type of prospectus for a new organisation, capable of being adopted and implemented by any of the options. (Key Doc 15)

9.5.2 Not all of the 176 ideas were capable of supporting the assessment of the options, as many of them could have potentially been delivered through all of them. The criteria selected needed to be able to support identification of the differences between the options. The EFG and TP were therefore supported to select the most important elements out of the 176 and the groups finally condensed the list down to 46 individual criteria, capable of being objectively scored. The Options Comparison Criteria are detailed in Key Doc 16.

9.5.3 The TP and EFG grouped the individual criteria which formed the basis of the final scoring framework into eight policy categories. The categories agreed were:

1. **Accountability, Participation, and Power** (encompassed 12 criteria)

To what extent could the option have the potential to empower tenants and/ or employees in the decision-making by the housing organisation?

2. **Tenants' Rights and Involvement** (encompassed 7 criteria)

To what extent could the option protect and develop tenant rights?

3. **Employee Issues** (encompassed 4 criteria)

To what extent could the option protect and develop employee rights?

4. **Financial Implications – including rents** (encompassed 12 criteria)

To what extent was it likely that the option would deliver the resources needed to meet both the investment and service improvement needs of Northampton Borough Council homes, and how would decisions on setting rents and service charges be taken?

5. **Quality of Homes** (encompassed 1 criterion)

To what extent was the option capable of delivering and maintaining the Decent Homes Standard over the life of a 30 year Business Plan?

6. **Impact on Local Community and Economy** (encompassed 2 criteria)

To what extent was the option likely to lead to a positive contribution to developing the local community and economy?

9. **Legal Framework and Equality** (encompassed 4 criteria)

To what extent could the option offer necessary legal and allied protections?

10. **Implications for the Council** (encompassed 4 criteria)

To what extent could the option allow the council to meet statutory and governance obligations?

9.5.4 After researching what has been developed elsewhere, there were no universally accepted criteria for assessing options and Councils who had embarked on Options Appraisal exercises had ended up with very different individual criteria and the number of such criteria varied considerably. The ITA commented on the process adopted as part of this review within their final report (Key Doc 3) and referred to the set of criteria developed as a 'robust and comprehensive tool for assessing the options'.

9.6 Development of the scoring framework and how to compare the options

9.6.1 Having agreed the evaluation criteria, the TP and EFG were then supported to develop and agree a joint approach on how to score each of the options against each of the 46 criteria selected. Each of the criteria was translated into a question and a scoring booklet was created for individuals to mark their scores. (Key Doc 20)

- 9.6.2 The system developed to score the options was as follows:
- Where the option **failed** to meet the objective described in any individual criteria it was awarded **zero marks**
 - Where the option **partially** met that objective it was awarded **one mark**
 - Where the option **largely met** that objective it was awarded **two marks**, and
 - Where the option **fully met** that objective it was awarded **three marks**.

9.6.3 A set of scoring rules were also agreed through discussion in the TP and the EFG. The groups determined that where the criteria involved matters of fact (not opinion) the option had to be awarded three, where that requirement demonstrably applied, and zero where it did not. No intermediate scores were permitted. For example it was not matter of judgement that ground 8 in the grounds for possession for assured tenancies did not apply in a council secure tenancy; it was a matter of fact. This approach was taken to ensure that the scoring framework was factually objective where possible and removed as much bias as possible.

9.6.4 In order to ensure that scoring of the criteria against each option was based on facts, where relevant, an Options Comparison Document (OCD) was created over a number of months, in conjunction with the TP and EFG. (Key Doc 19).

9.7 Development of the criteria weighting framework

9.7.1 The scoring system developed, provided a value for how well an option had performed against any given criteria, but, the TP and EGF both felt that not all of the criteria identified were as important as each other.

9.7.2 It was agreed that a weighting system would indicate how important each criteria was, allowing an option to potentially score highly, but on poorly weighted criteria, and vice versa.

9.7.3 The weighting system agreed by the Tenants' Panel and the Employee Focus Group was as follows; Criteria that was judged;

- **'not essential'** was given a value of **1**
- **'desirable'** was given a value of **2**
- **'important'** was given a value of **3**
- **'essential'** was given a value of **4**

9.7.4 **The total score for each of the criteria was determined by multiplying the individual score awarded by the allocated weighting score.**

9.7.5 **The weightings were arrived at through a long process of discussion within the TP and EFG. In the case of the Tenants' Panel, members voted and re-voted on what weight to attach to each criterion, over a number of sessions.** The category with the highest number of votes at the end of this process became the agreed weight for that criterion. The EFG also worked on finalising the weightings over several sessions. Both groups agreed an individual set of weightings, as it was felt that the issues most important to employees would not necessarily be the same as those for tenants.

9.7.6 The weighting documents for the EFG (Key Doc 18) and the TP (Key Doc 17) were finalised after members had attended all of the revision sessions so that presentations previously delivered through the process and all key facts were recapped to ensure that all were fully up to date and prepared for the scoring session.

9.7.7 The ITA reported within their final report that they believed that the derivation and application of the weighting system was done in a wholly rational and thorough manner, and that it reflected the decisions of the Tenants' Panel following extensive discussions between the TP and the EFG.

9.7.8 The results of the scoring exercise are summarised next in Section 10 below.

9.8 Financial Analysis of the Options

9.8.1 Background

9.8.1.1 Following the development and costing of the Northampton Standard, the criteria and scoring and weighting frameworks, the TP and EFG received further presentations from Savills, building upon the earlier Baseline HRA presentations given. The finance sessions, which involved analysing the implications of the guidance and affordability in terms of the Northampton Standard, had to be scheduled late in the programme timetable due to the delay caused by the late release of the draft Housing Transfer Manual guidance.

9.8.1.2 The financial analysis sessions provided details as to what extent each of the retention and transfer options could afford to implement the Northampton Standard and provide new homes. They also highlighted financial risks, issues and implications associated with each of the options.

9.8.1.3 The financial analysis covered the following areas:

- The development of a costed Northampton standard
- The impact of this standard on the HRA Business Plan

- The delivery of this standard through retention
- The delivery of this standard through stock transfer

9.8.1.4 The starting point for the assessment of all options was based on the baseline HRA analysis work. The full details of the financial analysis are shown in Appendix 4.

9.8.2 Financial Assessment of Retention Options

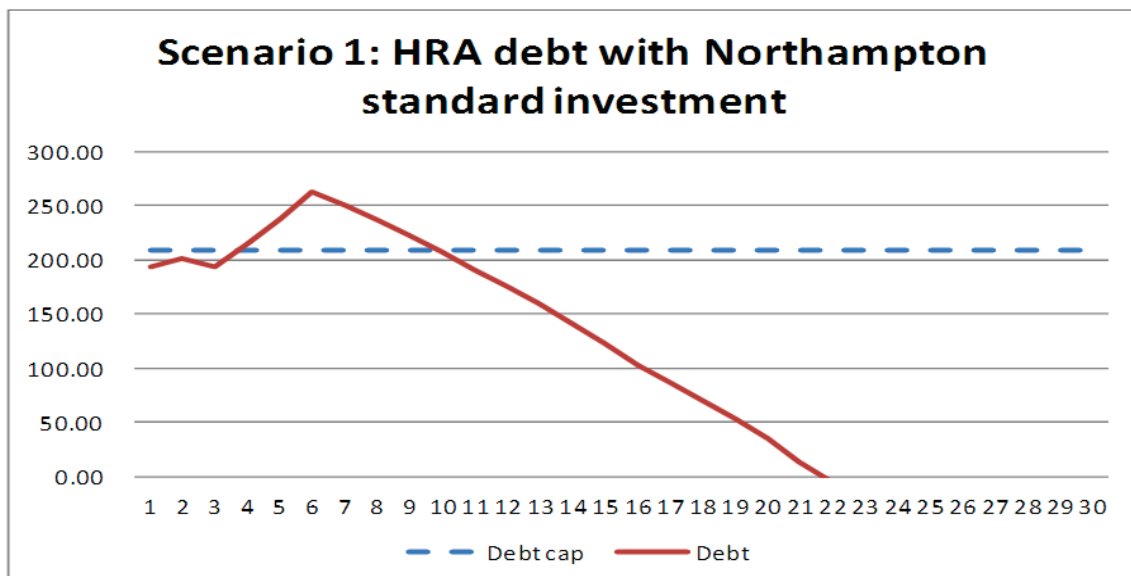
9.8.2.1 The financial assessment analysis and presentations focused on retention and transfer options. For the retention options, five different versions of the Business Plan were modelled, with the aims of testing the maximum debt required and how quickly it could be repaid. Three scenarios (2, 4 & 5) included new build at 40 homes per year from 2014 with an average cost of provision of £135,000 (current prices) and rents of £100 per week (current prices)

9.8.2.2 All scenarios included major investment costs based on the Northampton Standard but the timing of some investments, as explained below, formed a key part of the scenario testing.

9.8.3 Impact of the Northampton Standard on the HRA Business Plan

9.8.3.1 Scenario 1: Plan with Northampton Standard investment but without new build

9.8.3.1.1 The base Business Plan scenario incorporated all HRA assumptions set out in Savills report. The assumptions produced a borrowing (loan) requirement and compared this to the debt cap of £209m.



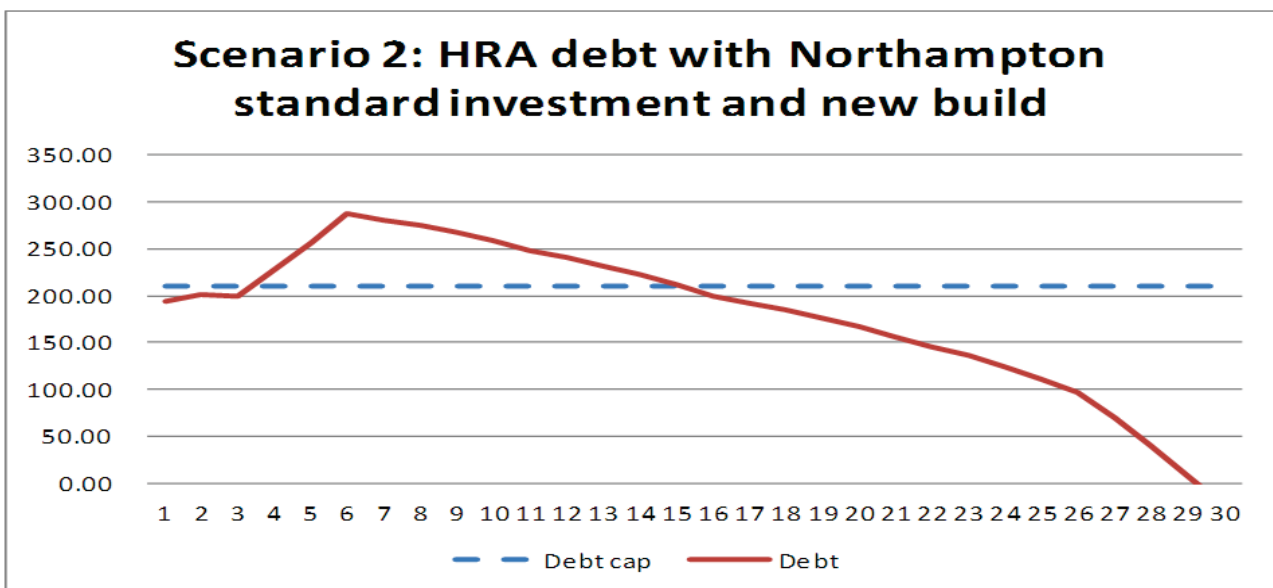
9.8.3.1.2 Under this scenario the Council would need to increase borrowing to £262m in the short to medium term in order to fund the increased investment associated with delivering the Northampton Standard within the first five years of the Plan.

9.8.3.1.3 The graph shows that although the plan was affordable, demonstrating an ability to repay debt by year 23, the level of borrowing required in the early years was not permissible under current rules which limit HRA borrowing to £209m. HRA borrowing would exceed the Government’s debt cap by £53m.

9.8.3.2 **Scenario 2: Plan with Northampton Standard investment and with new build**

9.8.3.2.1 This scenario incorporated all the assumptions set out in Scenario 1 plus an assumed new build programme of 40 homes per year from 2014, in line with the Council’s existing Business Plan.

9.8.3.2.2 This scenario produced a borrowing (loan) requirement shown in the following graph.



9.8.3.2.3 Under this scenario expenditure requirements would increase further to fund both the delivery of the Northampton Standard within five years, and a new build programme, without additional grant, from 2014. The maximum borrowing required would increase to £286m.

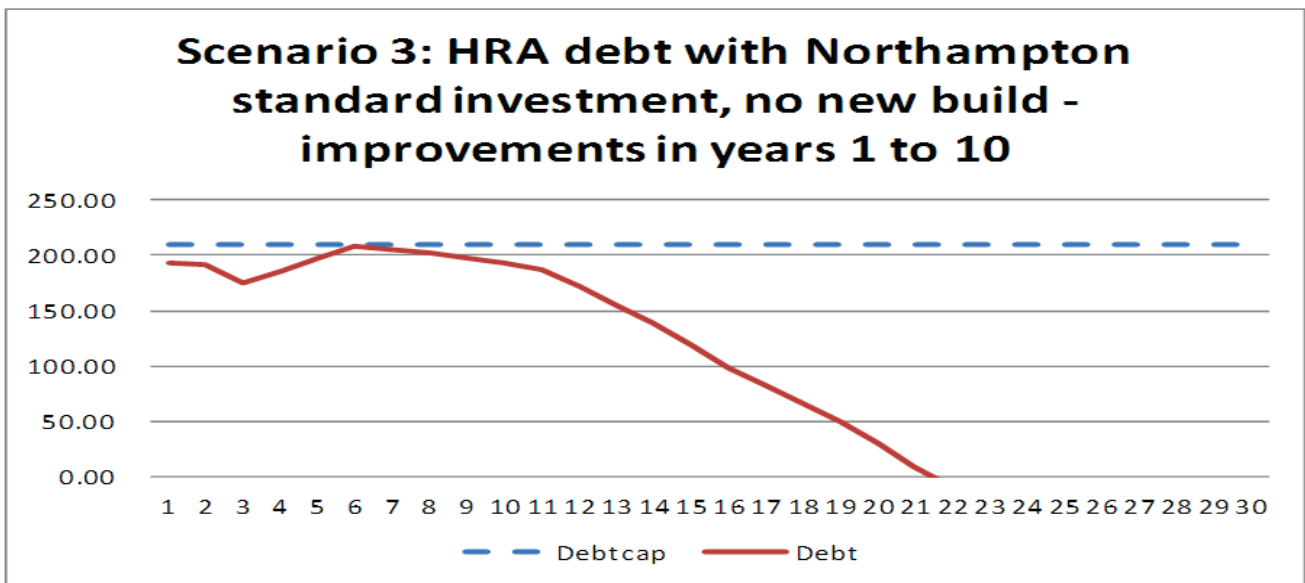
9.8.3.2.4 The graph indicates that this level of borrowing would potentially be capable of being repaid within 30 years and therefore, in theory, presents a broadly affordable plan. However, the level of borrowing required in the early years would not be permissible under the current rules which limit HRA borrowing to £209m. HRA borrowing would exceed the Government’s debt cap by £77m.

9.8.3.3 Scenario 3: Plan with Northampton Standard investment, without new build and with early years expenditure re-profiling

9.8.3.3.1 Scenario 3 was a development of Scenario 1 that demonstrated how it may be possible to balance investment within the HRA debt cap. The Council would need to consider options to adjust the level of expenditure or the timing of investment. Scenario 3 was an example of how the Northampton Standard of investment could be contained within the debt cap with an adjustment to the timing of when the investment could be afforded and delivered.

9.8.3.3.2 Scenario 3 assumed all the income and expenditure assumptions set out in Scenario 1, except that £44 million of expenditure originally included in years 1 to 5 in Scenario 1, would need to be delayed to years 6 to 10 in Scenario 3.

9.8.3.3.3 The financial impact of deferral of investment is shown in the following graph.

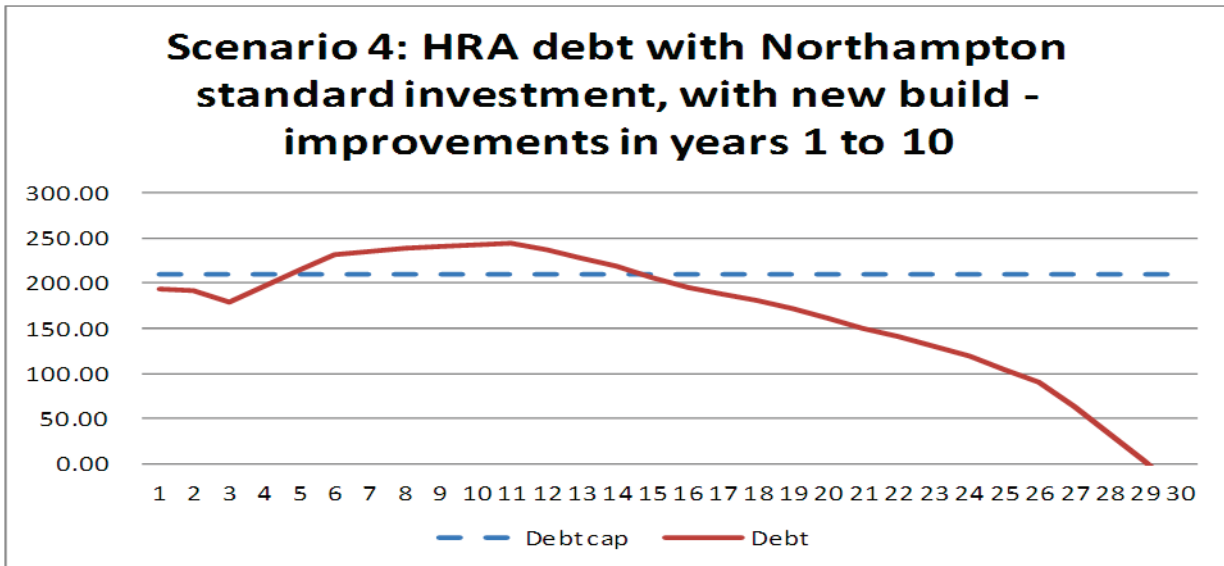


9.8.3.3.4 This shows that the plan remained affordable, demonstrating an ability to repay debt by year 21, and that the level of borrowing required in the early years remained within the debt cap of £209m.

9.8.3.4 Scenario 4: Plan with Northampton Standard investment, with new build and with early years expenditure re-profiling

9.8.3.4.1 Scenario 4 included all the cost and income assumptions contained in Scenario 2 and the assumptions regarding expenditure re-profiling set out in Scenario 3.

9.8.3.4.2 This scenario produced a borrowing (loan) requirement shown in the following graph.



9.8.3.4.3 Scenario 4 demonstrated that, even with the re-profiling of expenditure from the early years, as described in Scenario 3, the inclusion of a new homes programme would take the borrowing over the debt cap again.

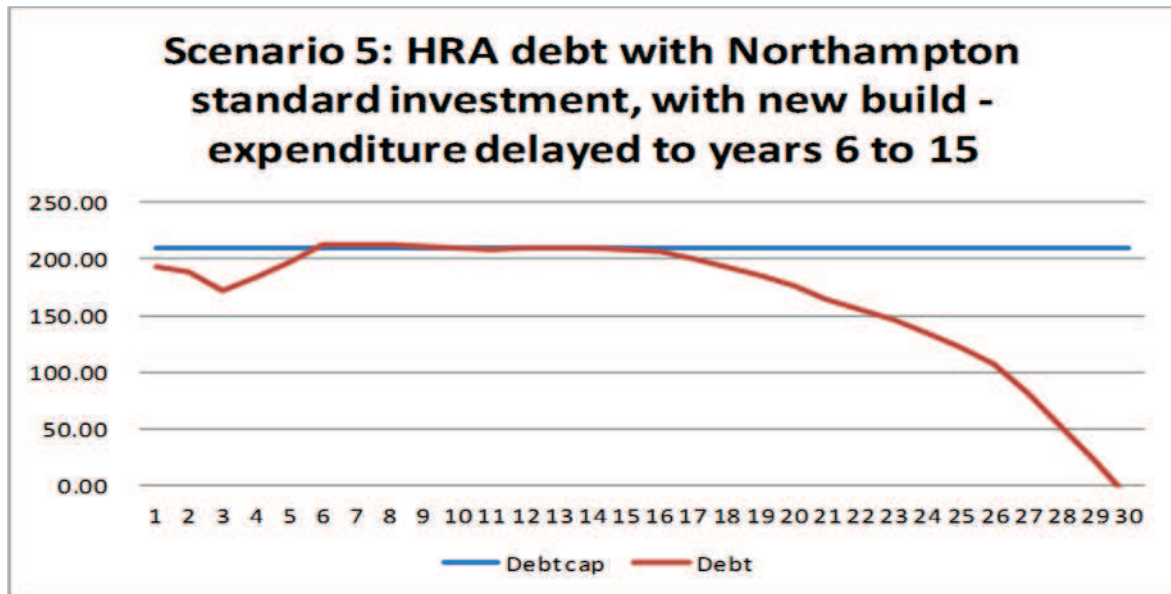
9.8.3.4.4 The graph shows that although the plan would be affordable, demonstrating an ability to repay debt by year 29, the level of borrowing required in the early years would not be permissible under current rules which limit HRA borrowing to £209m. HRA borrowing would exceed the debt cap by £36m to a maximum of £245m. Incorporating a new build programme would therefore require further re-profiling of the Northampton Standard works. This would result in delaying the implementation of elements of the Northampton Standard beyond years 6 to 10.

9.8.3.5 **Scenario 5: Plan with Northampton Standard investment, with new build and with further early years expenditure re-profiling**

9.8.3.5.1 Scenario 5 was a development of Scenario 4 which demonstrated that even with a larger modelled debt cap breach (£77 million in Scenario 2 and £36 million in Scenario 4 after some re-profiling of expenditure) arising from the inclusion of the new homes programme, it could still be possible to balance investment within the HRA debt cap. The Council would need to consider further options to adjust the level of expenditure or the timing of investment. Scenario 5 was an example of how the Northampton Standard of investment could be contained within the debt cap with an adjustment to the timing of when it could be afforded and delivered.

9.8.3.5.2 Scenario 5 assumed all the income and expenditure assumptions set out in Scenario 2, except that £60 million of expenditure included in years 1 to 5 in Scenario 2 was further

delayed to years 6 to 15. Final decisions on any re-profiling would require consultation between Asset Managers and residents.



9.8.3.5.3 This graph shows that the plan could be afforded as it demonstrates an ability to repay debt by year 30. Scenario 5 illustrated that under retention, significant choices would need to be made between new build and the timing of work to existing homes and estates.

9.8.4 Re-profiling of the Northampton Standard

9.8.4.1 After receiving the above scenarios, following extensive consultation and detailed consideration with EFG and TP members, the consensus was to adopt a proposed Northampton Standard of investment that produced an outcome in line with **Scenario 3**. This involved, primarily, the re-profiling of property and environmental improvement expenditure over the first ten years, shown in Key Doc 12. Scenario 3 was therefore chosen to test the Retention with Review and the ALMO options, against the three Transfer options.

9.8.5 Corporate Impacts for the Retention options

9.8.5.1 The HRA Business Plan used to assess the options included an additional allowance of over £2m for service improvements. Additional costs relating to setting up an ALMO structure can be accommodated within this budget.

9.8.5.2 The corporate impact of setting up an ALMO is mitigated by the HRA remaining open. Assuming a stand still position regarding the delivery of services, where HRA services are

transferred to the ALMO; the fees for providing those services will be transferred as well and the costs charged to the HRA.

9.8.5.3 Where HRA services or associated overheads are retained by the corporate body, those costs can also be charged on to the HRA. If the ALMO option is chosen, the project will need ensure that the ALMO and agreements around the ALMO structure deal with such considerations as pensions costs and ensure that costs that remain are appropriately charged to the HRA.

9.8.5.4 Decisions made on the set-up of the ALMO, on issues such as accommodation and take up of support services currently provided through the Council, could significantly impact on the ALMO and the Council.

9.8.5.5 If the Council were to change the methodology of service delivery, such as changing use of buildings, this could have a corporate impact. However, these changes would have to be assessed on their own merit and would not specifically be additional costs relating to an ALMO setup but to a decision to change service delivery methods.

9.8.5.6 Savills then presented the financial implications associated with the three stock transfer options. In order to do this fully, the EFG and TP were provided with significant context information relating to the implications of the new HRA self financing rules and those related to the new Housing Transfer guidance.

9.8.6 Financial Assessment of the Stock Transfer Options

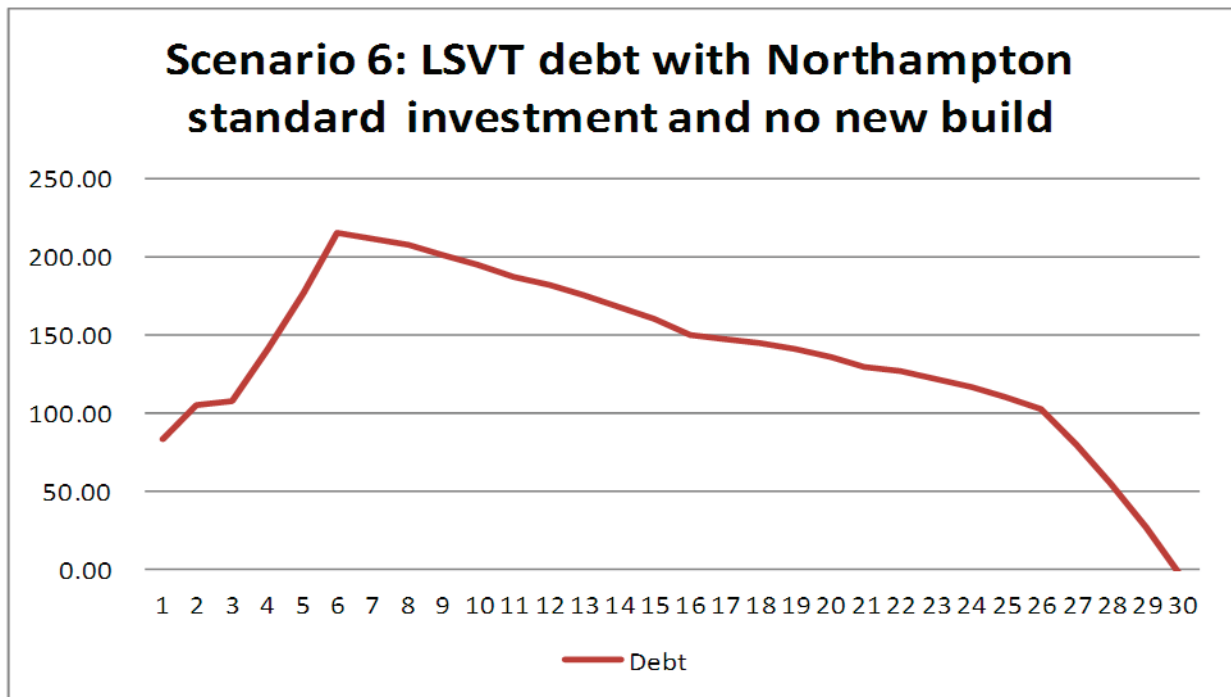
9.8.6.1 The implementation of HRA self-financing introduced new issues to be considered as part of a stock options review and in particular relating to the option of stock transfer.

9.8.6.2 One key issue related to the valuation of the stock and the price the new landlord would pay the Council. The stock would be valued on the basis of tenanted market value (TMV), which values the ongoing cash flows, such as that received from the rental income, for the properties. As the income is largely set by the Government's social (formula) rent policy, the higher the level of expenditure in the valuation, and therefore in the new landlord's Business Plan, the lower the value of cash flows and the lower the price paid to the Council for the stock. This would ensure that the new landlord could afford to fund promises, such as the Northampton Standard, which would be costed into the valuation.

- 9.8.6.3 Following the introduction of HRA Self Financing the Council needed to ensure that its HRA debt (£193m) could be repaid from the proceeds of transfer or have it written off by government.
- 9.8.6.4 Communities for Local Government's starting point for consent to transfer was that transfer cash flows must reflect the assumptions made in the HRA Self Financing debt calculation, which also valued the future anticipated cash flows. Any increases in costs or reductions in income assumed in the transfer cash flows, which would reduce the valuation, needed to be explained and justified through additional outputs, in return for debt write off. This presented a barrier to stock transfer in that, typically, councils would want to promise tenants an improved standard under transfer compared with retention, and this would mean a departure from the HRA Self Financing valuation which would trigger a requirement for debt write off.
- 9.8.6.5 The HCA guidance for stock transfer, issued in November 2013, sets out how authorities needed to justify the case for transfer and debt write off. The guidance indicated that there would be a requirement for a full business case in line with HM Treasury Green Book guidance which would require the setting out of the strategic, economic, commercial, financial and management case for transfer. Where debt write off was required, the case must be agreed with both DCLG and HM Treasury and it would be necessary to demonstrate, through cost benefit analysis that the transfer proposals offered a net benefit to central government over the long term.
- 9.8.6.6 The guidance also required any new transfers to be completed by March 2015. This deadline was a critical factor in considering the viability of the three transfer options, as any debt write off requirement identified could only be paid out within the current spending review period. This meant that to achieve a stock transfer in Northampton the timetable would need to be:
- Council decision on options (Dec 13)
 - Application to transfer (Mar 14)
 - HCA/DCLG decision on application (Jun 14)
 - Offer document and ballot (Sep 14)
 - Subject to ballot result, set up new landlord and complete the transfer (Mar 15)
- 9.8.6.7 The Council would need to consider whether this timetable would allow adequate consultation with residents and with the Regulator and DCLG to develop the offer, put the necessary plans in place and to complete the registration of the organisation as a new Registered Provider of housing.

- 9.8.6.8 Stock transfer would also bring additional costs in terms of VAT liability which would reduce the valuation of the stock and potentially trigger a (greater) requirement for debt write off. Whilst this would be recognised as a justification for departure from the HRA self-financing cash flows, the guidance appeared to still require the economic case for the resulting need for debt write off to be able to demonstrate long term benefits to government.
- 9.8.6.9 Stock transfer would also bring additional set up costs for both the Council and the new landlord. Under the new rules, the new landlord would need to absorb these costs within its Business Plan. The Council would also need to be able to fund its own set up costs in a way that did not add to the debt write off requirement.
- 9.8.6.10 Following stock transfer, the new landlord would require funding from the private sector to produce a viable long term Business Plan. In the current economic climate, the availability of long term funding may prove challenging. This is assessed in more detail below in section 9.8.8. The cost of funds is also likely to be higher than the cost of current HRA debt via the Public Works Loan Board (PWLB).
- 9.8.6.11 Some authorities have explored a financing model for stock transfer where the existing housing debt remained with the authority, reducing both the cost of funds and the amount of additional private sector funding needed. This model (referred to as “Council and Community owned” or “CoCo”) is currently not available as an option due to it not being acceptable to HM Treasury. Its concerns were focused on the level of control that the Council could exert through the funding mechanism, and the resulting risk that the entire debt of the new organisation would count as public sector borrowing, something that the current government is keen to see reduced.
- 9.8.6.12 **Scenario 6: Implications of stock transfer in Northampton**
- 9.8.6.12.1 In order to assess the implications of stock transfer in Northampton, the tenanted market value for the stock was calculated based on delivery of the Northampton Standard investment, prior to being re-profiled, with improvements all delivered in the first five years. This produced a maximum level of £85m. The ability for a new landlord to pay this maximum value would be subject to the availability and cost of funding.
- 9.8.6.12.2 If funding were available at 6% and long term financing was available over a 30 year period, the new landlord’s Business Plan could support this maximum purchase price of £85m and still demonstrate the ability to repay debt over a 30 year period. This is

illustrated in the graph below, however this would be heavily dependent on the availability of long term funding at this rate and on tight income and cost controls.



9.8.6.12.3 If the new landlord paid the Council £85m for the stock, the Council would still be left with a short fall of £108m to repay its current debt. It would also be faced with a requirement for set up costs typically in the order of £1m, which would need to be funded from its own resources. Premia, a type of redemption penalty payable as a result of redemption of existing housing debt, would further increase the amount of government support needed for debt write off.

9.8.6.12.4 As mentioned above, in order to demonstrate the business case for debt write off to Government the Council would need to demonstrate long term economic benefits in excess of £108m plus the value of debt redemption premia currently estimated at around £10m. This would need to be demonstrated through a combination of additional income or reduced expenditure to government, for example:

- Additional income through
- Additional VAT receipts as a result of the new landlord’s VAT liability and additional activity
- Stimulating economic growth resulting in additional tax receipts
- Creating new jobs with additional tax receipts
- Reduced expenditure through

- The positive impacts on housing benefit expenditure of the investment in the repair of the social rent homes leading to fewer void properties giving rise to lower reliance on private sector market renting
- The positive impacts of additional new build on housing benefit expenditure, again due to a reduced reliance on the private rented sector
- Savings from long term improvements to public health.

9.8.6.12.5 Under the transfer scenario illustrated, the value of the additional VAT receipts was estimated to be £83m. This would leave an additional £25m or more to be justified through broader economic stimulus plus the value of any debt redemption premia.

9.8.6.12.6 Even if it were possible to demonstrate this economic case, the Council would still only be promising tenants a level of expenditure which could be delivered under the two retention options. The key difference would be that residents would see the Northampton Standard improvements earlier than under retention. The Council would need to consider whether this would be sufficient to justify the case for change and result in a positive ballot supporting stock transfer.

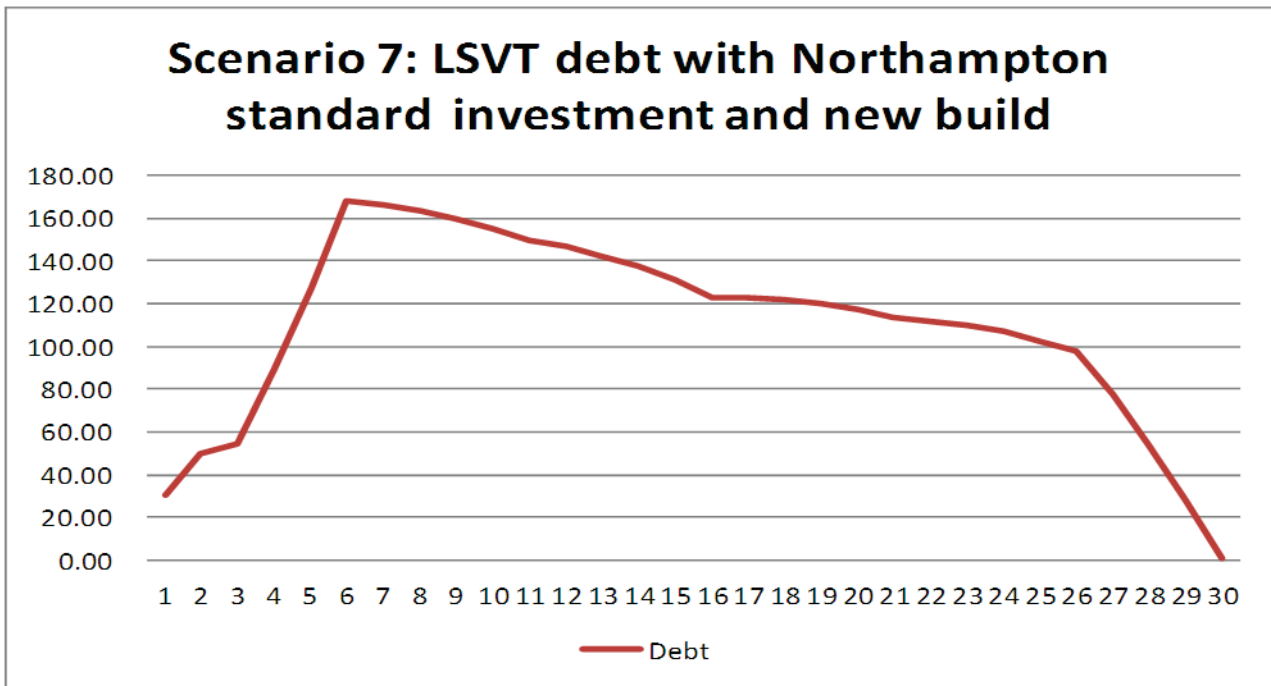
9.8.6.12.7 If the Council wished to deliver an additional level of investment it would need to consider:

- The impact of any additional expenditure on the need for debt write off
- The desirability of any additional expenditure from a residents' perspective.

9.8.6.13 **Scenario 7: Stock transfer and new build**

9.8.6.13.1 This scenario included the assumptions included in scenario 6 plus new build, let at social rents, in line with the assumptions modelled under the retention options, and in line with the Council's current Business Plan. This considered the amount of subsidy required from the Business Plan to fund the shortfall between income from social rents and the cost of managing and maintaining the homes and servicing a loan for the cost of provision. A cross-subsidy would be required from the transferring stock which would reduce the price that could be paid for that stock and so would increase the amount of debt write-off required.

9.8.6.13.2 This scenario produced a slightly reduced stock value with a maximum purchase price possible of £30m. This would also be subject to the availability and cost of funding. If funding were available at 6% and long term financing was available over a 30 year period, the new landlord's Business Plan could support this maximum purchase price. This is illustrated below however, this is heavily dependent on the availability of long term funding at this rate and on tight income and cost controls.



9.8.6.13.3 Whilst this scenario would produce 1,120 new homes over 30 years, it would result in an increase in debt write off requirement of £55m which would need to be justified based on the economic benefits delivered by the new homes.

9.8.6.13.4 If it were possible to justify this, this transfer option would include both new homes and refurbishment at an earlier stage than under retention.

9.8.6.13.5 However given the fact that the key difference in investment levels and new homes is in timing, rather than values, it may be difficult for the Council to justify the level of debt write off required based on the economic benefit linked to delivering investment and new homes sooner.

9.8.7 Financial consequences of transfer on the Council

9.8.7.1 Recharges

9.8.7.1.2 Savills confirmed that financially, there was no longer a beneficial advantage to establishing an ALMO. This was due to the fact that the establishment of an ALMO no longer brought with it access to additional capital funding. The Council would benefit from the decent homes backlog funding under both retained ownership and management and the establishment of an ALMO. The costs of the establishment of an ALMO, depending upon set up decisions, may be relatively minimal and it was assumed that these could be contained within the provision made for service improvement, included in all of the financial models. Decisions made on the set-up of the ALMO, on issues such as

accommodation and take up of support services currently provided through the Council, could significantly impact on the ALMO and the Council.

- 9.8.7.1.3 If the stock was to be transferred, the HRA would be closed, usually within one year. At that point, any charges made to the HRA by the Council would no longer be possible.
- 9.8.7.1.4 Costs initially charged to Council's General Fund budget (GF) would be recharged to the HRA to reflect the provision of services, office accommodation, and other charges linked to supporting the Council's housing landlord function. The Council would be required to make reasonable recharges reflecting the costs of the services, etc., provided. Whilst the Council would continue to own its Housing Stock, whether it directly managed it or managed it through an ALMO, it would need to maintain a HRA and the recharges could then continue to be made subject to the ALMO continuing to receive support services from the Council. In the event of a whole housing stock transfer the HRA would be closed and the recharges from the GF could no longer be made.
- 9.8.7.1.5 Recharges to the HRA, based on the baseline figures, from non-housing departments amounted to approximately £4.8 million. There was a further recharge of housing costs charged initially to the GF and recharged to the HRA of £0.44 million. These related to, for example, the HRA contribution to the Choice Based Lettings service and Housing Options service.
- 9.8.7.1.6 Of the £4.8 million:
- £0.67 million of the above related to charges made to the housing service for "facilities" (e.g. office accommodation),
 - £1.03 million of the above related to overheads charged to the housing service by other sections (e.g. finance has its own recharges from ICT),
- 9.8.7.6.7 Consequently, about £3 million related to more direct costs from within the recharging sections.
- 9.8.7.1.8 It was important to note that if no actions were taken in the preparation for and delivery of a housing transfer then much of the above costs could fall to be met from the GF.
- 9.8.7.1.9 There would be a range of actions that could be taken where feasible to reduce the impact of a Housing Stock transfer on the GF, including the following:
- The cost driver (e.g. employees, buildings, ICT equipment, etc.) could be transferred to the new landlord with the Housing Stock,
 - The Council could negotiate the continued provision of the service to the new landlord,

- The Council could look to secure some income from the transfer to offset the costs,
- The Council could look to make savings to reduce its costs.

9.8.7.1.10 Savills estimated that, from their previous experience of housing transfers, out of approximately £5.25 million of the total recharges, it may be possible to achieve reductions in recharge costs of up to £3 million. This would be achieved through the transfer of staff and / or equipment at the point of transfer or through the provision of services after transfer. It would be likely, however, that some of these estimated savings may not be deliverable in the medium term if and when the service transferred to the new landlord, because part of the costs would relate to overheads charged to the service providers.

9.8.7.1.11 It is estimated, therefore, that the Council may face residual costs following housing transfer of over £2 million per year. The final level of this deficit would depend on a number of factors including the existing organisation of services (and the correlation with staff TUPE arrangements), the feasibility of disposing of offices and other related buildings work and the Council's ability to deliver cost effective support services to the new landlord.

9.8.8 Treasury Management Implications

9.8.1 Under options where the stock is retained or retained and managed by an ALMO, the current treasury management arrangements can continue. Savills produced a report that considers the treasury management issues when exploring alternative options for the stock (Appendix 5). These relate exclusively to stock transfer options, the report is summarised below.

9.8.2 Until the start of the economic downturn in 2007/08, most housing transfers were funded through long term loan facilities provided by the major banks, and several of those banks were prepared to take exposures of up to £200m to any one organisation.. Now the banks prefer maturities of around five to ten years with most banks setting limits of around £50m.

9.8.3 The cost of borrowing, in terms of interest rate margins, has also increased significantly from lows of 0.25% to current levels of 2.00% and more. Currently however, this is being partly offset by historically low market interest rates, caused by the government's attempts to boost economic growth by manipulating base rate and through its asset purchase programme (quantitative easing).

- 9.8.4 In modelling the impact of stock transfer at Northampton, the maximum funding requirement would be in the order of £215m as illustrated in scenario 6 above. This assumes that the new landlord would need to pay Northampton £85m for the stock, and then borrow additional money to deliver transfer promises – illustrated here as the delivery of the Northampton Standard within 5 years.
- 9.8.5 In scenario 7 above the new landlord would need to pay a reduced price to the Council, to reflect the subsidy requirement of new build housing at social rents. With a reduced purchase price, the overall borrowing level is also reduced, to around £168m.
- 9.8.6 As stated above, it may be possible to arrange bank funding for up to 10 years but even at the lower level of funding requirement of £168m this would involve a syndicate of, probably, three banks. It does however result in a considerable refinancing risk for both the borrower and the lenders. It would likely be necessary to give each syndicate member a proportion of the debt at each maturity. Having no debt paid back during the term of the loans would present a severe obstacle to the banks.
- 9.8.7 An alternative treasury management option is to identify whether a debt capital markets structure would be suitable for funding the proposed housing transfer. However, this solution would appear to be very inefficient in that it results in excess cash in the early years with a significant “carry cost” and a reliance on continuing bank debt to support any bond interest which would be most unattractive to institutional investors.
- 9.8.8 Debt capital solution models determine that, just in terms of numbers, any type of funding solution is likely to present significant challenges in the current funding market. It is unlikely that banks would be comfortable in lending against a profile which demonstrates significant refinancing risk and no repayment during the term of the lending.
- 9.8.9 For all debt capital markets issues, investors expect the issuer to have a credit rating which they can rely upon. In this instance, the issuer, being a start-up organisation, is unlikely to command a credit rating at a sufficient level to allow investors to take any comfort from it. A few early housing transfers were funded in part, through the debt capital markets but these carried guarantees from triple A-rated monoline insurance companies such that investors could look through the issuer at the credit quality of the guarantor. These guarantees are no longer available.
- 9.8.10 In summary, the availability of funding could be challenging in the context of stock transfer. If the Council wished to pursue stock transfer, it is recommended that a programme of soft market testing is undertaken before any firm commitments are made.

9.9.9 Other Potential Corporate Impacts for Transfer

9.9.9.1 There would be a number of other potential corporate impacts:

- Contractual Implications around contracts which are unable to be novated to the new housing provider
- Treasury Management Implications relating to any residual debt which cannot be written off
- Pension Liabilities through residual costs of pensions provided to staff who have TUPE'd to the new organisation
- Pre-Ballot Costs which would have to be met from the Council's own resources

9.9.10 Financial Analysis Summary

9.9.10.1 The Council consulted extensively with the TP and EFG to develop the new local standard of investment, the Northampton Standard. The retention options offered opportunities to deliver this standard of investment, although the constraints of the debt cap meant that choices would need to be made around the timing of the implementation and the delay in completing some of the works.

9.9.10.2 The Business Plan would have some capacity to deliver new additional affordable housing under the retention options, although again choices would need to be made between the timing of new homes, and the level and timing of investment in existing homes.

9.9.10.3 Stock transfer provided an opportunity to deliver improvements to existing homes and to build new homes sooner than under retention. However stock transfer would require a significant level of debt write off and this would need to be justified by savings and benefits to central government. The economic case for these benefits may be difficult to justify given that the additionality delivered through stock transfer related more to timing of works and new homes, rather than absolute levels of activity.

9.9.10.4 Through consultation with tenants and employees, the Northampton Standard was reprioritised and a decision was taken, recommending that New Build should be provided for outside the HRA. Consequently, the retention option chosen by tenants and employees, to measure against the transfer options was scenario 3: Northampton Standard investment, without new build and with early years expenditure re-profiling.

- 9.9.10.5 There were also significant barriers to transfer due to the new rules from DCLG relating to the need to provide an economic case based on costs and benefits to central government, the restriction of standard to be delivered, and the high level of risk involved in considering transfer within the required timescales.
- 9.9.10.6 The new transfer guidance restricted the ability of councils to mitigate, through debt right off calculations, against the additional costs that could impact on General Funds, thus reducing the appetite for transfer further.
- 9.9.10.7 Finally, there would also be significant challenges in obtaining funding for a transfer organisation to be able to finance its commitments. The reduction in funding availability from the market following the economic downturn from 2007/08 onwards could, in itself, be seen to present a barrier to any of the transfer options.

9.9.11 Visits from Transfer and Retention Housing Organisations

- 9.9.11.1 Prior to the commencement of revision sessions recapping all issues necessary to compare the options, visits from other organisations that had either stock transferred to a Housing Association or moved to an ALMO were held.
- 9.9.11.2 The visits were the last information-gathering exercise delivered as part of the Review. They provided an opportunity for the TP and EFG to hear first-hand from other ALMO's and Housing Associations representing the 3 alternative transfer options what their experiences had been. TP and EFG members used the sessions to challenge their understanding of the key benefits and dis-benefits of each of the options and raise any concerns they had.

10 Scoring the Options

10.1 Outcome of Scoring Process

- 10.1.1 The processes to arrive at the evaluation criteria, and then the scoring and weighting system, were at the heart of what the TP and EFG did as Panels.
- 10.1.2 The groups were able to take the evidence received concerning the Stock Condition Survey, the financial analysis, the Tenant Survey, the available options, and the presentations made by the visitors from other organisations, and use it to feed into the individual scores for each of the options.

10.1.3 The TP and EFG members carried out the scoring process independently. Individual members scored the options and the ITA moderated the completed the TP scoring sheets, in accordance with the agreed scoring rules, based of factual accuracy. The TP and EFG prepared reports to present, their scores, scoring rationale and their recommended option to the HOP.

10.2 The Results of the Tenant Panel Scoring Exercise

10.2.1 The TP reported that in total 31 TP members chose to take part in the formal scoring exercise. Detailed results are provided in the Tenants' Panel Report; Key Doc 1.

10.2.2 Table 3 below gives the results of that exercise. It shows:

- The total scores awarded for each of the five options
- The scores awarded for each of the eight criteria groups by option;

Totals per section with selected option						
Section Name	Section	Retain homes with review	ALMO	Transfer to HA standard	Transfer to mutual HA	Transfer as subsidiary of HA
Accountability, Influence, Participation and Power	1	1312	3118	3936	4224	3486
Tenants' Rights and Involvement	2	1536	1744	1812	1812	1584
Employee Issues	3	644	1256	1208	1208	960
Financial Implications incl. rents	4	3230	3221	2759	2759	2559
Quality of Homes	5	384	384	384	384	384
Impact on Local Community and Economy	6	500	500	404	404	404
Legal Framework and Equality	7	1152	1536	984	984	808
Implications for the Council	8	1536	1400	1004	1004	988
	Total	10294	13159	12491	12779	11173

Table 3

10.2.3 The shaded scores (green on colour copies of this report) indicate the highest score(s) for each of the eight categories. Based on the above totals, Table 4, below, shows the rankings for each option

Tenant Panel Ranking of Options	
Rank	Score
1. Option 2 (Retention - ALMO)	13159
2. Option 4 (Transfer – Mutual)	12779
3. Option 3 (Transfer – Stand-Alone)	12491
4. Option 5 (Transfer – Group Structure)	11173
5. Option 1 (Retention – Service Review)	10294

Table 4

10.2.4 The above tables show that the retention options were at the opposite ends of the rankings, with the three transfer options sandwiched between them. Option 2, retention with the establishment of an ALMO, scored highest. One of the transfer options, transfer to a mutual housing association, came second. Transfer to a stand-alone association came third, with the remaining transfer option, transfer to become part of a group structure, in fourth place. The first retention option, retention with a major service review came fifth, and last.

10.2.5 Analysis of the number of individual TP members scoring a specific option highest showed the following in Table 5 below:

Numbers Ranking Each Option as First				
Option 1	Option 2	Option 3	Option 4	Option 5
0	20	0	11	0

Table 5

10.2.6 Out of the 31 tenants who scored the five housing options: 20 or 64.5% ranked Option 2 - the ALMO the highest; and 11 tenants, or 35.5% ranked Option 4 - Transfer to a Mutual Housing Association as the second highest.

10.3 Summary of the Tenants' Panel Scoring Exercise

10.3.1 In reviewing the results of the TP scoring exercise there were a number of specific conclusions that the TP wanted to draw from it, as well as a number of general observations they wished to make.

The specific conclusions were these:

- The ALMO option scored highest because it scored strongly or very strongly across all eight categories (not, for example, because it had a very large margin over the other options in a few categories). The ALMO scored most strongly on: tenant rights; employee issues; financial implications; the legal framework; and the implications for the Council.
- The Mutual Model (Option 4) also scored well across the categories, but particularly well in relation to: accountability, participation, and power; tenant rights; financial implications; and employee issues.
- Option 3 (the stand-alone transfer model) scored identically with the Mutual Model except on accountability, participation and power, where its scores were weaker.
- Option 5 scored consistently lower than both other transfer options because Panel members rated it lower on accountability, participation and power, tenant rights, and employee issues, and lower than the ALMO because its scores were worse than the ALMO on 7 of the 8 categories.

10.4 Results of the Employee Focus Group Scoring Exercise

10.4.1 The EFG confirmed within their report that all 11 of the EFG members had scored the options. EFG Scores were moderated by the Housing Options Review Team, in accordance with the agreed scoring rules, on the basis of factual accuracy.

10.4.2 The detailed scoring outcome for the EFG is contained in Key Document 2 .Unlike the TP scoring, EFG members scored unanimously in favour of the ALMO option. In summary, the scores for each of the options from the EFG were as follows;

Rank	Score
1. Option 2 - ALMO	3905
2. Option 4 – Transfer – Mutual	3681
3. Option 3 – Transfer – Stand-Alone	3582
4. Option 5 – Transfer – Group Structure	3202
5. Option 1 – Retention with Service Review	3116

10.5 Summary of the Employee Focus Group Scoring Exercise

10.5.1 The EFG also made a number of specific conclusions that they wished to draw from the scoring outcome;

- The ALMO scored highest overall because it scored very strongly across all 8 criteria groups and most especially on: Tenants Rights and Involvement, Employee Issues, Financial Implications, Legal Framework and Equality and Implications for the Council
- Mutual also did well across the board – particularly because it scored very highly on Accountability, Influence Participation and Power, Tenants Rights and Involvement, Employee Issues and Impact on Local Community and Economy
- Option 3 (Stand Alone HA) scored lower than the Mutual because of its scores on Accountability, Influence, Participation and Power
- Option 5 (transfer as a subsidiary) comes fourth because it scored lower on Accountability, Influence, Participation and Power than the other transfer options and scored lower than the ALMO on all other criteria (bar one where all options scored equally)
- Option 1 actually scored highest or joint highest on 3 criteria, but scored lowest overall because of very low scores on sections 1 & 3: Accountability, Influence, Participation & Power and Employee Issues, which were also weighted highly by employees.

11 Reporting to the Housing Options Panel

11.1 Reporting of Recommendations

11.1.2 The EFG and TP terms of reference required each group to make their recommendations known to the HOP. Both groups prepared their reports and presented them to the HOP in

October 2013. Representatives from the TP and EFG delivered presentations to the HOP stating their preferred option and provided reasons for their choices. Further recommendations were also made concerning the implementation phase for the preferred option, in addition to recommendations of a more general nature. Full details of the recommendations and views of the both the TP and EFG members are contained within their reports, Key Docs 1 and 2 respectively.

11.2 Tenant Panel Recommendations and Views on the Review Process

11.2.1 Key Recommendation:

11.2.1.1 The TP recommended to the HOP, and through the HOP, to Northampton Borough Council, that the option to be pursued was a retention option where current responsibilities for council housing management would be delegated via a formal management agreement to a newly established Arm's Length Management Organisation (ALMO) with its own Board of Management. The reasons were mainly due to the ability of the ALMO to provide greater opportunities for tenant and employee empowerment, while maintaining local focus and not being dependent on Government debt write-off

11.2.1.2 The TP hoped that the Council would continue to work with other councils to persuade Government to allow greater borrowing freedoms for longer term council housing investment, and in so doing, build on the benefits they believed improving homes to the Northampton Standard would bring to homes and neighbourhoods.

11.2.1.3 They also agreed with what the early guidance on ALMOs saw as the principal benefits of an ALMO, in that it would;

- Give a clear focus on the role of housing management
- Promote the involvement of a wider range of people, particularly tenants, in decision-making
- Provide a more efficient way of managing homes and delivering services.

11.2.2 Other TP Recommendations and Issues for Further Consideration by the Council

11.2.2.1 In making the recommendation for the ALMO option, the TP wanted careful consideration to be given to the following, during the implementation phase:

- The composition and (s)election of the Board of Management
- The ALMO's on-going relationship with NBC
- The commitment to full and democratic consultation with NBC tenants

11.2.2.2 Certain members of the TP felt that as moving to an ALMO was a major change to the service received by Council, tenants should be balloted, in a binding ballot, in the same way as they would have been if they were being asked to leave the Council as a landlord through stock transfer, even though there was no legal obligation whatever on the Council to hold a ballot.

11.2.2.3 The Tenants' Panel strongly recommended holding a ballot of all tenants. However, the TP confirmed that regardless of whether a ballot was to be held, they expected to see comprehensive and meaningful consultation on the option if it was confirmed at Council, as the preferred choice.

11.2.3 Tenants' Panel Views on the Review Process

11.2.3.1 The TP felt that they were established to give a tenant voice in the Options Appraisal process and in carrying out their programme of work, in producing their report, and in presenting its findings, they felt that they had fulfilled that brief.

11.2.3.2 The TP stressed that they saw the end of the Review as the beginning of their work, not the end. They believed that there was a long-term role for a Northampton Tenants' Panel constituted in broadly the same way as they were already, but open to new members and with a new remit.

11.2.3.3 The TP report highlighted that TP members felt the Review had been well organised and managed by the Housing Options Review Team to enable them to take part. Transport had been provided where required, bus fares and other expenses such as childcare or carers' costs had been met and paid promptly at each meeting; light refreshments and food were always provided at longer meetings. In the view of the TP, this had been a process which exemplified good practice in equality of opportunities. Every tenant had an opportunity to have their say, either by joining the Panel or in a wide variety of other ways. The TP hoped to see the Council continue to try to engage with as many tenants as possible as they moved into the next phase of this project.

11.3 Employee Focus Group Recommendations and Views on the Review Process

11.3.1 Key Recommendation:

11.3.1.1 The EFG unanimously recommended the creation of an ALMO to the HOP. The EFG also recommended that strong autonomy should be given to the ALMO to enable it to be run at true arms length.

11.3.2 Other Employee Focus Group Recommendations and Issues for Further Consideration by the Council

- 11.3.2.1 The EFG also recommended that a Shadow Board for the ALMO should be introduced as soon as possible to run alongside the existing service for a period of time before taking over fully at the ALMO's inception date.
- 11.3.2.2 Continuation of robust arrangements for engagement and communication with Council employees, through the implementation phase, was also identified as a key issue for the EFG.
- 11.3.2.3 Many EFG members wanted to see new employee Service Improvement Panel type structures introduced to improve work processes enabling further improvements to be made to services for tenants.

11.3.3 Employee Focus Group Views on the Review Process

- 11.3.3.1 The EFG reported that the process had been a positive one for them to be part of. It had helped individuals with their confidence and had broadened their understanding of other functions within the Housing Service. EFG members enjoyed the group sessions working with tenants. They felt that the sessions were well run and initial concerns and scepticism over the process, particularly that the outcome had been pre-determined were unfounded. The EFG agreed that the process had been carried out in an open way and employees felt that a genuine effort had been made to ensure that they were empowered to make their own decisions based on the facts presented.
- 11.3.3.2 The EFG also stated that they would like the opportunity to continue to be involved in the implementation of the chosen option, following the Council decision in December.

11.4 ITA Report to the Housing Options Panel

11.4.1 Overview

- 11.4.1.1 Part of the remit of the ITA was to ensure that the process was undertaken by the Council appropriately. The ITA presented its report to the HOP, giving its views on how the Review was conducted, including views concerning the reviews;
 - Balance
 - Comprehensiveness

- Competence and;
- The role given to the ITA

11.4.1.2 The ITA report, providing full details of their views can be found in Key Doc 3

11.4.1.3 It was important for the HOP to receive impartial assurance concerning the quality of the Review and have the benefit of receiving the independent views and feedback received from tenants, captured through the ITA outreach work. These views would be fundamentally important in helping the HOP to reach its own recommendation to the Council's Cabinet.

11.4.2 Balance

11.4.2.1 The ITA reported that Options Appraisals were sometimes criticised for a lack of balance. The most common criticism was that they overly focused on financial issues, and that as a consequence the tone of the discussion within the council, and between a council and its tenants, was dominated by the detail of the financial appraisal.

11.4.2.2 This would potentially result in the appraisal process being dominated and driven by what was presented as a financial imperative, with little or no scope for other considerations or criteria.

11.4.2.3 The ITA reported to the HOP that it had found from their initial out-reach work, that there were fears that the Council had already taken a view on the option it preferred and that the process would simply be used to rubber stamp that view. Most tenants reported to the ITA that they felt that a transfer option would emerge from the Review process as the recommended option, and that information published by the Council would have an inherent pro-change, and pro-transfer, bias.

11.4.2.4 In the ITA's view, the material published by the Council was demonstrably balanced in its approach in respect of:

- Equal emphasis given to the options (for example in the 'Pocket Guide' where all 6, as they then were, were summarised purely factually) in the information given to all tenants.
- The broad range of information for all tenants contained in all four newsletters, and presentations at the Tenant Conferences, also contained factual information only (and covered all the main issues such as the results of the Stock Condition Survey, the Tenant Survey, and so on).

- The work programme for the Tenants' Panel. The Council's presentations to the Panel, and the debate and discussion around it, were factual in content and allowed the Panel to draw its own conclusions.

11.4.2.5 In terms of how the financial issues were generally presented to all tenants, the ITA felt that this was even handed in its approach (whereas many options appraisals focus on capital investment 'gaps' in the event of retention).

11.4.3 Comprehensiveness

11.4.3.1 The ITA also reported to the HOP on the extent to which the review process had properly drawn on all the evidence sources needed to help shape a rational view on the options.

In their view:

- The process gave due weight to the current state of the HRA and future projections about it. It also noted that the HRA had provision in it for a capital investment programme that would achieve a standard higher than the Decent Homes Standard.
- It properly evaluated the impact both of debt write-off, in the case of the transfer options, and the debt ceiling in the case of the retention options – and this in turn had prompted the detailed re-prioritisation of capital items that made up the draft Northampton Standard.
- It had the benefit of a high quality stock condition survey, based on a 25% sample (which is generally considered to be a 'belt and braces' level of confidence).
- It drew on the detailed results from the Tenant Survey of around 27% of council tenants, and which gave a clear view both on satisfaction levels with many elements of the current service and of priorities for the future.
- It drew upon the evidence about broader tenant views gained in the ITA out-reach programme and through the Tenant Conferences.
- It properly supported, and then drew upon, the work done by the TP and the EFG in option development and evaluation.
- It gave due cognisance to relevant current guidance, particularly the guidance on Stock Transfer finally published in November 2013.

11.4.3.2 In summary, the ITA reported that the Options Review had been properly evidence-based and evidence-driven.

11.4.4 Competence

11.4.4.1 The ITA also reported on the appropriateness of the evaluation framework used within the Review. The HOP was advised that in their view, the evaluation framework developed

though the Review had been the best they had seen in their 50 ITA jobs across the UK. They believed (as with many other aspects of this review) that it had been exemplary.

- 11.4.4.2 The evaluation system adopted had been sophisticated and comprehensive in that:
- The process of reducing the ten theoretical options from ten to six, and then to the final five, was clear and evidence based.
 - The evaluation criteria used to assess the options were derived from over 170 original ideas, which were then refined down to the 46 criteria eventually used, through a series of meetings and discussions within and between the Tenants' Panel and the Employee Focus Group. The eight categories eventually arrived at covered the widest range of criteria they had seen in any options appraisal.
 - The scoring and weighting framework had also been arrived at through a similar process of discussion within the Tenants' Panel and the Employee Focus Group. The ITA felt that the system adopted was rational and clear.
- 11.4.4.3 The ITA confirmed that the evaluation system had evolved throughout the course of the review, as a result of intensive consultation and discussion and the decision-making framework had also been effective and appropriate.
- 11.4.4.4 They also reported on the effectiveness of the HOP structure, involving tenants, employees and cross party Councillors and the overall quality of involvement from the tenants and employees involved in the Review.
- 11.4.4.5 The ITA reported that the Northampton TP had been the best Panel of its kind they had ever seen or worked with. Their key reasons were;
- It was the largest Panel of its kind they had seen
 - The commitment shown by TP members had been astounding; in view of its large membership (35 in total), and the numbers attending Panel Meetings were constantly at 85%-90% of the total membership.
 - The pattern of work it has adopted (ITA Development Session followed by a council-led session) meant that when it was called on in council-led sessions to make decisions it had already had the benefit of discussing the issues with the ITA, and had often reached an informed view on them.
 - The TP Report to the HOP was an outstanding piece of work. The ITA had contributed to it by producing a base document on which the Panel's own Editorial Panel then worked. But the final Report was very much the Panel's own.
 - Finally, the Panel had a very diverse membership in terms of ideas and perspectives on the future for council housing in Northampton. However, members worked in a collaborative and democratic way throughout, to arrive at their recommendation.

11.4.5 The role allotted to the ITA

- 11.4.5.1 The ITA also reported to the HOP on of the role that they had played in the Review and the relationship they had with the Council, in fulfilling its role. They confirmed that they;
- Had complete freedom to develop the outreach programme as they saw fit, and had been properly supported by council staff to deliver it.
 - Had the opportunity to speak privately with the TP whenever the panel and the ITA had requested it.
 - Had no restrictions placed upon them in the planning and delivery of the ITA Development Sessions with the Panel
 - Had access to all the information relevant to the appraisal they felt they needed.
 - Had been able to communicate with tenants as a whole, through newsletters, drop-ins, meetings, and their web site, according to their views on issues, and no attempt had been made to influence that from any source.
 - Had been able to have all suggested amendments to Council communication material adopted in all cases.

12 Housing Options Panel Recommendations

12.1 Process

- 12.1.1 After receiving the reports of the EFG, TP and ITA the HOP debated the issues raised and the recommendations in order to reach its own recommendation to submit to the Council's Cabinet. The HOP Report can be found in Key Doc 4.
- 12.1.2 The HOP acknowledged the recommendations contained within the EFG and TP reports and confirmed that it had considered in detail the scoring and basis for the recommendations made by both groups. The HOP also agreed that the review had been an extremely robust, detailed and evidence based process. The HOP welcomed the report from the ITA, which had endorsed the process and acknowledged the extensive contribution made by tenants taking part in the review.
- 12.1.3 The HOP agreed that all tenants had the opportunity to be involved in the process and had been consulted with throughout. The HOP confirmed that before reaching its decision on which option it wished to recommend to Cabinet it had;
- Taken into account the evidence and many other aspects raised within the HOP sessions delivered throughout the review

- Fully considered the views, recommendations and the reasons for them contained within the TP and EFG reports
- Considered the feedback received from the Tenants' Conferences, particularly those held in November 2013, held to present the EFG and TP preferred option. The conferences have provided the HOP with wider tenant views regarding the Housing Options Review process and the TP and EFG preferred option (Detailed views available in Key Doc 21)
- Considered the tenant feedback received from the ITA outreach programme.

12.2 HOP Panel Vote

12.2.1 After considering all of the information and evidence presented to them, the HOP unanimously voted (13 out of 13 members- 2 members absent) **to support the EFG and TP recommendations to select the ALMO Option.**

12.2.2 The HOP believed that the ALMO option most appropriately met all of the requirements set out in the Review Mission Statement detailed within section 5.6.2 above, based on the evidence presented throughout the review.

12.2.3 HOP members had also discussed the further recommendations and issues raised within the EFG and TP reports. The TP report had recommended having a tenant ballot; however the recommendation of the ALMO option was not intended to be conditional on the holding of a tenant ballot.

12.2.4 HOP members debated the benefits and issues relating to the holding of a ballot. A vote was held and 12 of the 13 HOP members present, voted against recommending that the Council should hold a ballot.

12.2.5 The reasons provided were that;

- The money could be better spent on improving services and homes.
- The timescales involved in holding a ballot would delay the implementation of the improvements that tenants and employees had identified through the review.

12.3 Housing Options Panel Recommendations

12.3.1 Following consideration of all of the evidence and information presented to it, the HOP recommended to Cabinet that;

1. The **ALMO Option** should be approved for implementation

2. That any further substantial change to the future of the delivery/management and ownership of Housing services should be preceded by a robust Options Appraisal process (except in the event of a risk of serious detriment to tenants and/or tenant services)
3. The ALMO should be created as a true Arms Length managed organisation to ensure the ALMO has sufficient autonomy to make decisions for the benefit of tenant services and improvement
4. The implementation phase for the option chosen should continue to include a comprehensive programme of consultation and engagement with the key stakeholders to ensure that they are well informed and remain at the heart of the process. This should specifically include the continued involvement of the Northampton Tenants' Panel and Employee Focus Group, working both separately and jointly
5. The Council should consider adopting the consultation and engagement approach used within this review across other service areas within the Council
6. The Council should consider adopting a process for employees from all services to be actively involved in further policy development and continuous improvement activity to improve internal processes and systems.
7. If 2.3 a) is agreed, the next steps (outlined in section 3.4) be considered and agreed;
8. Authority be delegated to the Chief Executive in consultation with the Chief Finance Officer, the Cabinet Member for Housing and the Leader of the Council to make decisions necessary to facilitate the implementation of the chosen option.

13 Next Steps

13.1 Planning

- 13.1.1 If the recommendation of this report, to create an ALMO is accepted, a number of issues will need to be considered and addressed when commencing the implementation of the option.
- 13.1.2 The Housing Options Review process has been characterised by excellent organisation, realistic timescales, good governance and thorough resource planning. The same aspects will be critically important in implementing the proposed option.

13.1.3 It is intended that the process of establishing the ALMO, if supported by Cabinet and Council as the preferred option, should be well thought out and should build upon the successes that this Review has created. Detailed planning will be required in a number of areas;

- Project Oversight
- Project Governance and Advice
- Development of the detailed proposals
- Resources
- Timescales including key stages
- Tenant and Employee Involvement
- Future reports to Cabinet
- Communications
- Delegations
- Interim Management Arrangements
- Involvement with the Homes and Communities Agency and the Government
- Implications for the HRA and the General Fund

13.2 Project Oversight

13.2.1 The project oversight arrangements for the Housing Options Review were extremely effective and it is considered that this joint working format for engagement of key stakeholders should be replicated during the development phase of the ALMO.

13.2.2 It is therefore recommended:

- That the Housing Options Panel be retained in format but with a changed title – the ALMO Joint Panel;
- That its role should be to:
 - keep under general review and monitor the progress of the implementation process;
 - to act as a sounding board for the development of ALMO based issues in conjunction with a Shadow Board for the ALMO, to be established as soon as possible;
 - to consider issues in relation to the establishment of the ALMO and related housing matters which the Council will need to address prior to such matters going forward to the Cabinet for approval;
- That its membership should continue to be 5 tenants, 5 employees and 5 cross party Councillors but that each of the nominating groups (the TP, the EFG; and the Council)

be afforded the opportunity to re-nominate so as to reflect the change in function of the Panel;

- That members of this Panel should not also be members of the ALMO Shadow Board, as this would create an inherent conflict of interest.

13.3 Project Governance and Advice

13.3.1 The governance arrangements for the project also worked effectively throughout the Review and it is considered that these should also be replicated.

13.3.2 It is therefore proposed:

- That the project should continue to be led by the Housing Options Programme Director as Programme Director (ALMO Implementation)
- That the supporting resources be determined by the Chief Executive in conjunction with the Cabinet Member for Housing
- That the Council should appoint an interim Managing Director for the ALMO to advise and work with the ALMO shadow board and also to be the lead person for the creation of the detailed arrangements for the ALMO to be able to function successfully.
- That the Programme Director be authorised to ensure that the necessary financial, legal, technical and tenants' advice is obtained in consultation with the Chief Executive and the Cabinet Member for Housing.

13.4 Development of the detailed proposals for the ALMO

13.4.1 The Programme Director in consultation with the Interim ALMO Managing Director will lead the development of the detailed aspects of this proposal and consult on these with the EFG and the NTP before the consideration by these by the ALMO Joint Panel.

13.4.2 It should be noted that once the Shadow Board of the ALMO has been created it will be for that body to determine, in consultation with the Council as necessary, the way in which the ALMO will address their operational issues.

13.5 Resources

13.5.1 At the outset of the Review a budget of £2 million was identified within the HRA. Upon the completion of this first phase there remains £1m.

13.5.2 It is therefore proposed that this sum be utilised as the budget for this pre-inception phase. A full assessment of the costs for the implementation will need to be undertaken

and any estimates which may exceed this initial budget allocation will need to be identified and approvals sought for additional budget if agreed through the governance approvals process, although this scenario is considered to be unlikely.

13.6 Timescales

13.6.1 Undertaking such a major change within a large and complex service requires significant time and this must take account of the need to ensure that involvement of the key stakeholders is continued.

13.6.2 It is therefore proposed:

- That the date of inception of the new ALMO organisation should be 5 January 2015;
- That a project plan that incorporates this timescale is approved by and kept under review by the new ALMO Joint Panel.

13.7 Tenant and Employee Involvement

13.7.1 Extensive, effective engagement and involvement processes have been at the centre of the process of the Review and these are considered to be key to its success in delivering a single option recommendation, supported all three engagement groups. The establishment of the EFG and the TP has shown the considerable benefits of bringing together both customers and providers to develop policy through projects. The TP and EFG groups have stated that they would like to see their ability to contribute being maintained into the implementation phase.

13.7.2 It is therefore proposed:

- That the TP be enabled to continue under an expanded terms of reference to encompass all aspects of the landlord/tenant relationship and that its role is seen as being central to tenant involvement and participation in the future.
- That the EFG should continue and play a central role in employee consultation on the issues that affect employees.
- That a Leaseholders Liaison Group (LLG) be also set up to ensure that the issues which affect this stakeholder group are fully addressed.
- That once the ALMO Shadow Board is in place it will examine these arrangements and through the ALMO Joint Panel, make proposals to the Council relating to involvement and engagement activities which will recognise the different roles the Council and the ALMO will have, following the inception date.

13.8 Future Reports to Cabinet

- 13.8.1 A number of key reports will need to be developed and approved by the Council, in conjunction with the ALMO Shadow Board when created, in order for the ALMO option to be implemented. These are;
- Governance structures of and with the ALMO – including the agreement of the Memorandum and Articles for incorporation at Companies House and the composition and appointment/election/nomination of the ALMO Board of Management;
 - The Management Agreement – this will set out the legal relationship between the Council and the ALMO and will include a scheme of delegation of functions from the Council to the ALMO;
 - The first Annual Delivery Plan – this will cover what the Council’s expectations of the ALMO are including performance delivery targets;
 - The financial arrangements within the HRA;
 - The proposed staffing arrangements including those under the TUPE; regulations – the staffing structures within the ALMO will be for its Board to determine;
 - Accommodation and other land management issues;
 - Contract management – this will deal with any live contracts already in existence and how they will be dealt with in the future.

13.9 Communications

- 13.9.1 The Review process has included extensive activities to raise awareness of tenants, employees and other stakeholders regarding the implications of the review and progress made.
- 13.9.2 The Conferences held in November 2013 highlighted that tenants wanted to know more about how an ALMO option would operate and how services would be divided between the Council and the ALMO in the future. It is therefore vital that the interest created is built upon and not lost.
- 13.9.3 It is therefore proposed:
- That key stakeholder groups are kept informed and encouraged to come forward to actively participate in the implementation of the option taken forward.
 - The budget requirement to undertake a comprehensive communications and engagement programme will need to be identified and factored into the overall project cost requirements to ensure that sufficient budget provision is made.

13.10 Delegations

- 13.10.1 In order to ensure that the project could proceed efficiently, timely decision making would be necessary. It is therefore proposed: That to ensure that momentum is maintained, a general delegation to be given to the Chief Executive, in consultation with the Leader of the Council and the Cabinet Member for Housing, to take decisions which are directly related to the implementation of this proposal, subject to the consideration of the reports to Cabinet itemised above, and that such matters are within the agreed budgetary provision.

13.11 Future Management Arrangements of Other Housing Services

- 13.11.1 If the option to create the ALMO is approved, the Council would need to ensure that operational management arrangements which seek to ensure that the services to tenant, leaseholders, housing applicants and other associated service users such as homeless persons are maintained and improved. The Chief Executive will bring forward proposals, in due course, to address this.

13.12 The Government and the HCA

- 13.12.1 Until relatively recently, there was a requirement for councils to submit their housing options review outcomes to the regional government office. These offices no longer exist and the Homes and Communities Agency has, in the majority of areas inherited their housing functions.
- 13.12.2 The Council has had informal discussions on the Review with the HCA, particularly in relation to the possibility of the Council pursuing a housing transfer option. In order to advise the HCA of the outcome of the Review, it is proposed that a copy of this report should be provided, following the Council's decision.

13.13 Implications for the HRA and the General Fund

- 13.13.1 The HRA will continue to be the Council's statutory account for the housing landlord service; however, it will operate in a fundamentally different way to how it does currently. The Council will pay the ALMO a management fee per property. To ensure that this fee is robustly calculated, a thorough review of the HRA will be required.
- 13.13.2 This and other changes relating to the Housing Service may have implications for the Council's General Fund as any costs currently incurred by the HRA for corporately

provided services will require investigation and appropriate allocation. It is therefore proposed that:

- The financial position of the HRA and General Fund should be reviewed with the overall aim of creating a clear and appropriate delineation of responsibilities and accountabilities with the proper alignment of resources.

14 Conclusions

14.1 Conclusions

14.1.1 At the start of the Review process, both groups had set out to work through the issues to identify the best option for the future of the Housing service and for homes in Northampton. The EFG and TP scoring exercises resulted in the recommendation to create an ALMO, due to this option being the most capable of meeting the requirements set out within the evaluation framework developed by the tenants and employees taking part in the Review.

14.1.2 At the end of the Review process, a number of conclusions were able to be drawn by each of the groups and these key findings fundamentally influenced the decisions of the TP, EFG and HOP, in making their final recommendations.

14.2 Improving Housing Services and Quality of Homes

14.2.1 The baseline analysis identified that the Council was underinvesting in the Housing Service, based on Government assessment of investment need informed by the characteristics of the Council's housing stock and the needs of the local population. Through analysis of the revenue costs within Northampton's HRA budget and the measures of tenant satisfaction, it was identified that the HRA could reasonably afford an additional £2m towards improvements in day to day service delivery.

14.2.2 There was a significant amount of costs categorised as 'special services' for which service charges were not being raised (£2.4m). It was recommended that this should be investigated further, to identify whether there was scope for additional income to the housing service, through additional charging, thereby supplementing the additional investment specified above.

14.2.3 Following this, tenants and employees developed a new local standard of investment, the Northampton Standard. This standard addressed many of the concerns tenants raised

through the Tenant Survey and Tenant Conferences, relating to the standards of service and the quality of their homes and neighbourhoods.

- 14.2.4 The new service standards specified within the Northampton Standard were capable of being delivered by any of the options assessed, as the investment required was included within the base costs for each of the financial scenarios tested in section xxx above.

14.3 Asset Management Strategy

- 14.3.1 The evaluation of asset performance identified a number of properties that needed further analysis to assess their overall viability and it provided a basis for the development of an informed comprehensive asset management strategy to support the future business's 30 year Business Plan. The implementation of an effective strategy could significantly improve value for money, with investment decisions informed by accurate and up to date property condition information.

14.4 Assessment of the Retention Options

- 14.4.1 Both retention options offered opportunities to deliver the Northampton Standard of investment, although the constraints of the debt cap meant that choices would need to be made around the timing of some works, in addition to any new build provision.
- 14.4.2 The retention options could achieve the Northampton Standard and just stay within the debt cap provided £44m of expenditure was re-profiled from Years 1-5 to Years 6-10, and provided there was no HRA-funded new build. Tenants and employees decided to re-profile the Northampton Standard to allow delivery of the Retention with review or ALMO options, within the constraints of the debt cap.
- 14.4.3 The Business Plan would have some capacity to deliver new additional affordable housing under the retention options, although again choices would need to be made between the timing of new homes, and the level and timing of investment in existing homes. Consultation with tenants and employees indicated that priority should be given to improving existing homes and estates and that new housing provision should be delivered outside of the HRA.
- 14.4.4 These decisions resulted in the retention, scenario 3: Northampton Standard investment, without new build and with early years expenditure re-profiling, being chosen by tenants and employees, to measure against the three transfer options, described in section 9.8.6 above.

14.4.5 When assessing the two retention options against the 46 criteria, retention as an ALMO scored the highest and was ranked first against all of the options due to it scoring strongly, or very strongly, across all eight categories and not, for example, because it has a very large margin over the other options in a few categories. The ALMO scored most strongly on: tenant rights; employee issues; financial implications; the legal framework; and the implications for the Council.

14.5 Assessment of the Transfer Options

14.5.1 All of the stock transfer options could provide an opportunity to deliver improvements to existing homes and to build new homes sooner than under retention, however stock transfer would require a significant level of debt write off and this would need to be justified by savings and benefits to central government.

14.5.2 The economic case for these benefits may be difficult to justify given that the additionality delivered through stock transfer related more to timing of works and new homes, rather than absolute levels of activity.

14.5.3 There were significant barriers to pursuing any of the transfer options arising from the new transfer guidance, in addition to the significant challenges that would need to be faced in obtaining funding for a transfer organisation to be able to finance its commitments due to the reduction in funding availability from the market following the economic downturn from 2007/08 onwards.

14.5.4 There were also significant barriers to transfer due to the new rules from DCLG relating to the need to provide an economic case based on costs and benefits to central government, the restriction of standard able to be delivered, and the high level of risk involved in considering transfer within the timescales required for completion, namely March 2015.

14.5.5 In addition to the above barriers, the new transfer guidance restricts the ability of councils to manage, through debt write off calculations, the impact of additional costs to the on general fund, thus reducing the appetite for transfer.

14.5.6 The assessment of the options carried by tenants and employees resulted in the Mutual Transfer model scoring highly, and ranked second overall, due to its ability to meet significant elements of the 46 criteria developed by Tenants and employees to compare and assess the different options.

14.5.7 The tenants' viewed the transfer options favourably due to their ability to deliver an accelerated investment programme and more opportunities for increased tenant and employee empowerment. However, they did not support an option that minimised the local focus (option 5- Transfer as part of a subsidiary) of the housing service, or long-term council influence on it.

The above issues together with the restrictions detailed within the transfer guidance rendered the stock transfer options unachievable.

15 Recommendations

1. The ALMO Option is approved for implementation
2. That any further substantial change to the future of the delivery/management and ownership of Housing services should be preceded by a robust Options Appraisal process (except in the event of a risk of serious detriment to tenants and/or tenant services)
3. The ALMO should be created as a true Arms Length managed organisation to ensure the ALMO has sufficient autonomy to make decisions for the benefit of tenant services and improvement
4. The implementation phase for the option chosen should continue to include a comprehensive programme of consultation and engagement with the key stakeholders to ensure that they are well informed and remain at the heart of the process. This should specifically include the continued involvement of the Northampton Tenants' Panel and Employee Focus Group, working both separately and jointly
5. The Council considers adopting the consultation and engagement approach used within this review across other service areas within the Council
6. The Council considers adopting a process for employees from all services to be actively involved in further policy development and continuous improvement activity to improve internal processes and systems.
7. If 2.3 a) is agreed, the next steps (outlined in section 3.4) be considered and agreed;
8. Authority be delegated to the Chief Executive in consultation with the Leader of the Council and the Cabinet Member for Housing to make the decisions necessary to facilitate the implementation of the chosen option.

16 Supporting Information

16.1 Key Documents List

Key Doc 1 - TP Final Report

Key Doc 2 - EFG Final Report

Key Doc 3 - ITA Final Report

Key Doc 4 - HOP Final Report

Key Doc 5 - TP TOR

Key Doc 6 - EFG TOR

Key Doc 7 - Nov 13 HOP TOR

Key Doc 8 - Programme Team TOR

Key Doc 9 - Programme Board TOR

Key Doc 10 - Member Board TOR

Key Doc 11 - HRA Baseline Position

Key Doc 12 - Re-Profiled Northampton Standard Expenditure

Key Doc 13 - Communication & Consultation Strategy

Key Doc 14 - Stock Condition Survey

Key Doc 15 - Initial Options Criteria

Key Doc 16 - Scoring Framework

Key Doc 17 - TP Weighting

Key Doc 18 - EFG Weighting

Key Doc 19 - Options Comparison Document

Key Doc 20 - Individual Scoring Sheet

Key Doc 21 - Nov 13 Conference Feedback

Key Doc 22 - Financial Analysis Presentation (does not feature in this report)

Key Doc 23 - Consultation on the Housing Transfer Manual (does not feature in this report)

Key Doc 24 - Draft Northampton Standard (does not feature in this report)

16.2 Appendices List

Appendix 1 - DCLG Final Guidance

Appendix 2 - Risk Assessment

Appendix 3 - Community Impact Assessment

Appendix 4 - Financial Assessment Alternative Options

Appendix 5 - Treasury Management

16.3 Background Document List

Background Doc 1 - Tenant Survey

Background Doc 2 - Asset Evaluation

Background Doc 3 - Corporate Plan

17 Explanation of Terms

30 year Business Plan

Required from all council housing providers showing that they can fund the delivery of housing services and the maintenance of their housing stock for this 30-year period.

Arms Length Management Organisations (ALMOs)

A not-for-profit company that provides housing service on behalf of a local authority. Owned by the local authority, it operates under the terms of a management agreement between the authority and the organisation.

Asset Management Strategy

A plan identifying the investment priorities for Council owned dwellings.

Back log funding

Money made available through the Governments 2010 Spending Review settlement to help Local Authorities and ALMO's bring their homes to the Decent Standard.

Ballot

An independent process required by law if the Council is considering the transfer of ownership of the Council stock. Provides all tenants, including joint tenants the opportunity to vote on the offer being made.

Communication and Engagement Strategy

A document that sets out how NBC intends to communicate and engage with its key stakeholders for the duration of the Review process.

Corporate Plan 2012-15

NBC's document that details its priorities and explains what they want to achieve over the time period 2012 to 2015. The document also highlights what progress had been made over the previous year.

Department for Communities and Local Government (DCLG)

A ministerial department supported by 11 agencies and public bodies who work to move decision-making power from central government to local councils. This helps put communities in charge of planning, increases accountability and helps citizens to see how their money is being spent.

Decent Homes Standard (DHS)

A technical standard for public housing set by Government that aims to provide a minimum standard of housing conditions.

Direct Labour Organisation (DLO)

A section of Housing Services with staff directly employed by the Council that undertakes construction and maintenance works and work specified by Local Government on the Housing Stock.

Disabled Facilities Adaptations

Changes made which help disabled people continue to live in their home. Adaptions can provide easy access into and around the home and/or provide access to essential facilities in the home.

Employee Focus Group (EFG)

A group of employees who volunteered and subject to line manager approval formed a group of employees who met regularly and contributed to key pieces of work that were conducted as part of the Review. They received regular training and development.

Environmental works

Repairs and/or improvements that are required to the environment – the area outside and around your home including footpaths, grassed areas, car parking, fencing, communal areas etc.

Headroom

The difference between the amount of calculated debt held and the debt cap.

Homes and Communities Agency (HCA)

The national housing and regeneration agency and the regulator for social housing providers in England.

Housing Management Service

The management of Housing related services, ensuring tenants receive a good level of service. Covering work involved with tenants, rents, community and neighbourhood work etc.

Housing Options Panel (HOP)

Made up of elected members: 5 tenants (from the TP), 5 employees (from the EFG) and 5 councillors across each party who made the recommendation to the Council on the best option for Northampton considering all the facts and opinions. They met regularly to

discuss views of the TP and EFG and made decisions on key aspects of the review and how it should move forward.

Housing Options Review

The process of defining objectives, examining options and weighing up the costs, benefits, risks and uncertainties before making a decision on the future ownership, funding and management of Northampton Borough Council's (NBC) housing stock.

Housing Revenue Account (HRA)

A separate account that sets out the income and expenditure arising from council housing provision.

Housing Stock Transfer

Transfer of the ownership and management of the Council's Housing Stock to a non-for-profit housing association.

Housing Transfer Manual

A document that sets out the process local authorities and tenant groups need to follow if they are considering the transfer of housing to a private registered provider.

Independent Tenant Adviser (ITA)

An organisation appointed by tenant's independent to the Council who all tenants can approach for impartial, factual information on the Review. The ITA recruited for this review is PS Consultants.

Indices of multiple deprivation

An initial indicator of the levels of deprivation in different neighbourhoods measuring data for the general population at a post code level covering seven domains including;

- Income
- Employment
- Health
- Education and training
- Access/barriers to services
- Living environment/housing
- Crime

Lead Technical Adviser

An individual recruited by NBC who is an expert in housing options reviews, hired to provide detailed information and advice to the Council.

Member Board

A group of councillors and senior managers from NBC responsible for the communication of progress updates to NBC Cabinet Members.

Mission statement

A formal summary of the aims and values of the team.

Net Present Value

The assessed level of debt that the stock could afford and also represents the maximum amount that the individual authorities are allowed to borrow, a figure also known as the debt cap.

Private Finance Initiative (PFI)

A Government initiative that enabled local councils to enter into a contract with the private sector for the provision of services involving new or improved homes.

Programme Board

A group of senior managers who work for NBC that the programme team reported to. They set the overall strategic direction for the review.

Programme Team

The group of people specifically allocated to work on the Housing Options Review process.

Prudential Borrowing

Prudential borrowing meant that debt could be taken out providing the Council had the means by which to repay that debt in the future.

PS Consultants

Chosen by the Tenant's Panel to be their Independent Tenant Adviser.

Public Works Loans Board (PWLB)

Provide loans to public bodies from the National Loans Funds.

Schedule of rates

A guide detailing descriptions and costs of day-to-day and void repairs to social housing, used for estimating, tendering and contracting repairs and maintenance work.

Self-Financing System

Replaced the HRA subsidy system allowing councils to keep their rental income and use it to fund their housing stock. In setting up the system, a self-financing settlement redistributed debt between authorities on the basis of a Government assessment of their ability to pay the debt and in return, the councils no longer had to pay into a national pot.

Service Improvement Groups (SIPs)

Groups consisting of tenants and staff working together to improve services and ensure NBC meets the needs of its customers.

Service Standards

A public commitment to a measurable level of performance that customers can expect under normal circumstances.

Social Housing

Housing that is owned and managed by Local Authorities or Registered Providers which is let at low rents on a secure basis to those who are in most need.

Stock Condition Survey

Identifies the condition of the Housing stock and forecasts the future investment requirements.

Tenanted market value

Used to estimate the value of homes to be transferred

Tenants' Panel (TP)

A group of NBC Council tenants who registered their interest and volunteered to be on the panel. They met regularly and contributed to key pieces of work that were conducted as part of the Review. They received regular training and development and were supported in their work by the ITA.

Tenant Survey

A questionnaire designed to collect up to date data on tenants' level of satisfaction with various aspects of the Council's housing service.

Value for money

Achieving the right balance between economy, efficiency and effectiveness, or, spending less, spending well and spending wisely to achieve local priorities.

Risk Assessment

Appendix 2

Number	Date	Risk Category	Risk	Actual RAG Status	Mitigating Action / Control	Update
1	Nov-13	Customer Reputation	Reduction in service delivery and quality ALMO does not deliver improvements leading to reputation damage to Council		Robust implementation and transition plan including: Strong leadership Effective communication to Tenants, Partners and Council & ALMO employees Early development of ALMO values, aims, objectives and behaviours	Please note: The implementation of the mitigating actions/controls is part of the next phase of the programme. Delivery of identified actions will positively impact on the RAG risk status
2	Nov-13	Customer	Failure to meet aspiration of greater tenant involvement		Adoption and implementation of a comprehensive Tenant Involvement / Engagement strategy	
3	Nov-13	Communication	Key stakeholders do not receive communication regarding the option in a way that helps them to understand the impact to them		Communication and Engagement Strategy to identify stakeholders, identify messages, and ensure appropriate method of delivery and confirmation of understanding	
4	Nov-13	Corporate	Ineffective governance arrangements		Process needs to be thorough and timely to appoint shadow board	
5	Nov-13	Corporate	Project management arrangements don't keep control of the project		Ensure correct skills set are met	
6	Nov-13	Corporate	ALMO set up on inaccurate / ineffective advice		Ensure that appropriate and regular reporting takes place	
7	Nov-13	Corporate	Council fails to consider the impact of the implementation of the option on its own structures to remain fit for purpose		Ensure appropriately skilled and experienced advisors are appointed Consider the implications of the option and review the Councils overall structure to accommodate those services remaining within the responsibility of the Council	
8	Nov-13	Financial	Reduced rental income due to: Impact of Welfare Reform Poor performance Future changes in government rent policy		Service improvement resources focussed on Welfare advice and rent collection Networking Skills and Training Examine best practise	Restructure has made provision for resources

9	Nov-13	Human Resources	Council fails to meet its obligations in relation to TUPE requirements	Yellow	Council follows appropriate HR / legal advice relating to TUPE requirements	
		Financial	Pension liabilities through residual costs of pensions provided to staff who have TUPE'd			
10	Nov-13	Financial	Additional expenditure for service improvements does not deliver the step change in performance anticipated, leading to increased costs with no corresponding service improvement	Red	Service Improvement Plan Strong leadership, communication, employee & tenant involvement Skills and training	
11	Nov-13	Financial	Investment costs - outturn tender prices exceed stock condition survey allowances / investment programme could not be afforded within current estimates	Yellow	Effective specification of contracts Workable Procurement Strategy Strong management of major works with tight controls	
12	Nov-13	Financial	Duplicate costs at senior level and within performance teams between ALMO and Council staff	Green	Management agreement focussed on a partnering approach ALMO delivering cost reductions that justify additional staffing costs Single performance improvement team located in ALMO or Council with responsibility to collate and report on performance for both	
13	Nov-13	Financial	Increases arising in recharges made to HRA from the General Fund and / or made to General Fund from the HRA for services funded by each other	Yellow	Greater transparency in the recharges made Importance placed on securing value for money considerations such as cost and quality, relevance and appropriateness Ensure support service costs are correctly allocated	
14	Nov-13	Financial	The legal and set up arrangements do not ensure that costs currently charged to the HRA either continue to be charges to the HRA directly or to the HRA via the ALMO leaving General Fund with additional liability	Yellow	Thorough and efficient identification and allocation of all costs associated with HRA	

15	Nov-13	I.T.	IT systems and processes not aligned to the proposed new organisation		Robust project planning Sufficient finance / I.T. resources allocated to deliver work stream	
16	Nov-13	Legal	Responsibility and accountability not correctly aligned to resources - both for Council and ALMO		Clear and appropriate delineation of responsibilities and accountabilities Aligned resources between ALMO and Council Council optimises opportunities arising from TUPE process	
17	Nov-13	Partnership	Disconnect between Council & ALMO in relation to strategy, priorities and delivery		Joint Partnership Agreement to establish common goals	
18	Nov-13	Partnership	Creation of ALMO causes disconnect in partnership arrangement for Boroughwide Housing Strategy		Partnership Agreement Effective ALMO and Council participation with other Registered Providers	

Appendix 3



Northampton Borough Council

Housing Stock Options Appraisal Community Impact Assessment

December 2013

Author: Georgia Tait
Housing Options Programme Project Support Officer
V.1

Appendix 3

Community Impact Assessment

Name of matter assessed:

Housing Stock Options Review

Who will make the decision:

Full Council

Who has been involved in developing this matter:

- Northampton Borough Council Housing Tenants
- NBC Housing Employees
- A Tenant appointed Independent Tenant Adviser
- the Lead Technical Adviser to the Programme
- NBC Senior Management
- Councillors
- external Financial, Legal and Surveyor specialists and others as required
- the Programme Director and Team

Date:

December 2013

Proposal Name:

Housing Stock Options Review

1. Aims/objectives and purpose of the policy/service/function

- aims and objectives:

The Housing Stock Options Appraisal Programme was a review of the future options for the ownership, funding and management of the Council's homes.

The goal or Mission Statement of the review was to identify the most tenant focussed option for the future which:

- Secured tenants' rights
- Minimised tenants' costs
- Could meet the improved standards of home and environment which tenants wish to see
- Would be sustainable
- Assessed the potential for delivering affordable homes and regeneration

Appendix 3

- Looked at the issues for the affected employees and the Council

The options for the management and delivery of the housing stock were reviewed throughout the process. The tenants in the Tenants' Panel and employees in the Employee Focus Group scored 5 options against criteria they developed themselves.

- key actions:

Governance structures and engagement structures were implemented in order to manage the process. The governance structures included:

- Programme Team
- Programme Board
- Member Board

These were attended by key stakeholders and senior management within NBC. Member Board was additionally attended by Councillors.

Engagement structures included:

- Tenants' Panel (TP) - all tenants were welcome to join the Panel at any point since the first meeting of the Panel in September 2012. This became a closed group in August 2013 due to the inability for anyone new to obtain the depth of knowledge gained by tenants who had attended over the previous year, in time to effectively complete the scoring process. The attendance at each meeting varied from 30 to 40 tenants.
- Employee Focus Group (EFG) – consisted of 12 employees initially, dropping to 11 employee volunteers mid-way through the Review. The employees were drawn from the two sections of the Housing service; Landlord Services and Strategic Housing.
- Housing Options Panel (HOP) - consisted of five tenants from the Tenants' Panel, five employees from the Employee Focus Group and five Councillors. The tenants and employees were elected by their respective groups to sit on the HOP.

The Tenants' Panel and Employee Focus Group examined some key areas of work during the review. This included:

- the development of the criteria that the 5 housing stock options were measured against
- the creation of a draft 'Northampton Standard' (contained in Key Doc 14) - the standard of service tenants receive and the standards of improvements made to homes and estates

Appendix 3

- consideration of the impact and implications of making a choice to change to one of the 5 models of delivery options outlined in relation to matters such as employee rights, tenant rights and governance
- the prioritisation of the Northampton Standard based on priorities identified by tenants through the Tenant Survey and the Tenants' Conferences
- reprioritising the Northampton Standard following financial analysis by Savills (Key Doc 22)
- examining possibilities regarding new build in Northampton
- drawing up the Scoring Framework (Key Doc 16)
- scoring the options against 46 criteria
- The writing of reports by both the TP and EFG detailing their recommendation of an option (Key Docs 1 and 2)
- The writing of a report by the HOP regarding their final recommendation to Cabinet (Key Documents 4). This will then be ratified at Full Council in December 2013.

- **expected outcomes:**

There were five options that the tenants and employees could score against. These were:

1. **Retention** by the Council **with a service review**
2. An **ALMO** - the Council would **remain the landlord** but the management of the housing stock would be delivered via an Arms Length Management Organisation
3. **Transfer to a stand-alone Housing Association.** This would be the creation of a new HA which would solely focus on the stock transferred from NBC
4. **Transfer to a Mutual Housing Association.** The Mutual model allows tenants and employees to become members of the organisation
5. **Transfer as part of a Group Housing Association structure.** This would involve transferring to a new Housing Association which would be part of a bigger group for which there would be a Parent Board which would set the overall strategy, approve budgets and monitor performance.

The scoring exercise selected the ALMO as the highest scoring option for both the tenants and employees. The HOP received reports from both groups with their recommended option. The HOP has prepared its own report describing their recommendation which will be considered by Cabinet and Full Council. The next phase of the programme will implement the chosen option.

Appendix 3

The Tenants' Panel and Employee Focus Group also examined options around new build. The options were:

1. For new build to be accounted for within the Housing Revenue Account (HRA). The main implication of this is that the spend would need to be kept within the debt cap set by Government and would mean improvements in the draft Northampton Standard would need to be deferred to years 6-15 rather than 6-10
2. For new build to be considered outside of the HRA, potentially via a charitable subsidiary
3. For NBC to take a strategic role only and not partake in any new build

Tenants and employees made a decision to prioritise improvements to existing properties and estates and stated that they would like new build to be provided outside of the debt cap. This enabled tenants and employees to then reprioritise the draft Northampton Standard to be delivered in a shorter timescale than would have been possible if new build was to be delivered from within the HRA, and therefore within the debt cap. This decision was endorsed by the HOP.

- who will be affected and how:

The key stakeholders of the Programme were NBC tenants and employees within the Housing Service at NBC.

All NBC tenants will be affected by the outcome of the Housing Options Review. The aim of the review was to deliver a better service, meaning any changes should theoretically be positive, aided by the construction of the draft Northampton Standard. The draft Northampton Standard is a set of new standards that tenants feel they should receive. It covers the service tenants receive from the management organisation as well as the standard of improvements made to homes and estates. This draft Northampton Standard is higher than the Decent Homes Standard; a basic minimum standard of decency set by the Government. The Northampton Standard informed by tenants' views and priorities, builds on this to create modern homes which would better suit the needs of tenants.

Employees within the Housing Service at NBC will also be affected by the outcome of the process. Any option other than Council retention would mean that they may be subject to TUPE (Transfer for Undertakings (Protection of Employment) regulations), into the ALMO. If they are identified as affected, their employment would transfer to a new organisation under the ALMO and employees would form part of the new structure with the same terms and conditions of employment that they currently possess under the Council, including the protection of pensions. This forms part of

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the implementation phase and will be carried out in accordance with due process with consultation throughout.

Leaseholders could also potentially be affected by any change in management and service delivery of housing stock. Their concerns lie in service charge levels. Under the ALMO option, the Council would still be the Landlord as it would own the housing stock, but the management body would change. Their right to be consulted on service charges would not be affected under this option and the way in which service charges would be considered would not change.

This Options Review also has an impact on the wider community. The Review has included a decision to build the proposed HRA Business Plan without the specific inclusion of provision for new build initially. Tenants and employees wish to see new build continue, but would like this delivered outside of the HRA initially. This was decided after considering the impact of such a decision. New build is often delivered through various means and it would not mean that Northampton would not benefit from new build by the Tenants making this decision. The proposal was to have it addressed through different channels. The decision resulted in the Northampton Standard being capable of being implemented and delivered within ten years, rather than 15, whilst new builds could continue to be funded alongside this.

- approximately how many people will be affected:

There are approximately 13,800 tenants currently residing in a property owned by NBC who would be affected by the outcome of the process. There are approximately 300 employees in the Housing Service at NBC. Those employees affected by the Options Review will be identified once the implementation phase of the Programme is underway. There are approximately 700 leaseholders in the Borough.

2. Expected date of decision:

Full Council will make the final decision as to which option is to be implemented on December 9th 2013. The implementation phase will then begin in January 2014.

3. Scope/focus of the Assessment:

- please outline the scope and focus of the assessment

This Community Impact Assessment will focus on the activities of the Housing Options Review Team over the past 15 months in terms of engagement and consideration of stakeholders. This assessment will also look at factors to consider when undertaking the next phase of the programme, due to begin in January 2014.

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4. Community Screening Outcome:

Will the proposal:	Yes	No
Eliminate discrimination, harassment and victimisation	<input checked="" type="radio"/>	<input type="radio"/>
Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it	<input checked="" type="radio"/>	<input type="radio"/>
Foster good relations between persons who share a relevant protected characteristic and persons who do not share it	<input checked="" type="radio"/>	<input type="radio"/>
Contribute to health improvements or inequalities	<input checked="" type="radio"/>	<input type="radio"/>

5. Relevant data and/or research:

- outline the information and research that has informed the decision:

The 2012-2015 NBC Corporate Plan (Background Doc 3) included a commitment to look at the potential options for the future ownership, funding and management of its Housing Stock, to examine which option would best deliver long term improvements needed to both homes and estates as well as the quality of services provided to its tenants.

The outcome of the Options Review process was informed by key stakeholders throughout. A Tenants' Panel was formed, consisting of 30-40 tenants who attended meetings on a regular basis beginning September 2012. The invite to join the Tenants Panel was an open one, meaning any tenant could attend at any point. All documentation from these meetings was posted on the NBC website and all tenants were made aware that this information was available.

A comprehensive communication programme was implemented in order to publicise the Options Review process and to ensure all tenants were aware of the formation of the Tenants' Panel.

Vulnerable tenants were targeted to provide them with specific support to access information, if needed, particularly where tenants had requested large print information, stated that they had carer support, were not mobile etc. Home visits were offered to any tenant unable to attend meetings, via the regular newsletters and the ITA carried out the visits. Financial inclusion issues were considered and all tenants were given the opportunity to have expenses reimbursed, on the same day, for travel, carers or childcare costs, to support and encourage participation.

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Regular newsletters were sent, and three Tenants' Conferences were held; in December 2012, May 2013 and November 2013. All of these conferences included a day and an evening session to promote equality of access and a hearing loop, British Sign Language and interpreters were made available as required. These engagement methods encouraged tenants to share their views and concerns and for the review to understand the potential impact of any decision on the key stakeholders. These views were considered and incorporated into work during the review and in the decision making process.

An Independent Tenant Adviser (ITA) was appointed by a panel of tenants, resulting in the appointment of PS Consultants. The objective of the ITA was to ensure that there was no bias within the process, information was accurate and accessible tenants were supported to actively and effectively engage in the review. The ITA remained independent from the Council throughout. The ITA held ITA Development Sessions regularly for the Tenants' Panel, providing information in advance of Council run sessions so that content was understood and tenants had the opportunity to ask questions. The ITA produced their own newsletters which were sent to all NBC tenants, and provided a freephone number that they could be contacted on by any tenant or leaseholder. Home visits and telephone appointments were offered by the ITA to support those unable to attend meetings..

The appointment of a lead technical adviser provided specialist expertise to the Programme and the knowledge of this individual enabled the content of each engagement meeting to be tailored to meet the varied needs of attendees. This led to both tenants and employees being in a position to score each of the options in an informed manner against the criteria they had written.

Two key surveys were also carried out; a Tenant Survey (Background Document 1) and a Stock Condition Survey (Key Doc 14).

The Tenant Survey was conducted by Ipsos MORI and was designed to collect data on tenants' views, including satisfaction levels. This included satisfaction in relation to the Council's housing service, tenants' awareness of and desire to be involved in the Housing Options Review, and tenants' priorities for the Housing Service going forward. The survey was designed to give **all registered tenants, not just one per household**, the opportunity to provide their views and therefore the survey went out to all NBC tenants named on tenancy agreements. The survey could be completed either via post or online and produced a 26.55% response rate, which was considered by Ipsos MORI as excellent.

The second survey was a Stock Condition survey conducted by Savills. This evaluated NBC's housing stock with a view to assessing the current and future repairs and maintenance liability. This focussed on the work required to bring all

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properties up to the Decent Homes Standard and maintain that standard for 30 years, as well as modelling the costs to maintain the properties at a higher standard than decency brings, again over 30 years. In order to carry this out, Savills surveyed a representative sample of 25%.

Further specialists were utilised when necessary; for example, financial and external legal advice.

- sources and key findings:

The Stock Condition survey key findings were that £96million needed to be spent over the next five years to meet the basic Decent Homes Standard. An additional £64million would be needed to bring the properties up to a modern standard.

The Ipsos MORI Tenant Survey key findings were that tenants' priorities focused on security, repairs and maintenance, quality of services and quality of home. Tenant satisfaction over time showed gradual improvement with older tenants and white tenants most likely to be satisfied, while younger tenants and those from BME backgrounds were less likely. Despite the gradual improvement, there was a clear decline in the satisfaction levels of tenants in relation to believing that their views were taken into account. When compared to similar authorities via Housemark benchmarking, NBC were in the bottom quartile across a number of criteria.

The Northampton Standard was drafted by the Tenants' Panel and Employee Focus Group. This draft standard was deemed by Savills to be a reasonable standard of what tenants could expect. The new standard was developed utilising the priorities identified from over 3,700 survey responses.

The tenants and employees also drew up a list of criteria that reflected what they would like to see from the organisation managing their homes and was based on what they felt was important, across a range of issues. The criteria was further developed into eight key themes and used as a basis to construct a scoring framework. The tenants and employees undertook a prioritisation exercise which prioritised each criteria based on their importance to tenants and employees. The weightings were kept separate for tenants and employees as their priorities differed. A scoring sheet was developed which translated the criteria into questions, allowing the options to be examined as to whether and to what extent they could meet the criteria (Key Doc 16). This scoring process also accounted for the prioritisation by incorporating a weighting that accounted for the importance placed on each criteria by both tenants and employees. To support this assessment, an Options Comparison Document (Key Doc 19) was developed. This document provided factual information on each of the criteria and for each of the options.

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Savills profiled the costs of each of the options to determine their affordability alongside the timescales in which each of the options could deliver the draft Northampton Standard items (Key Doc 22). This was delivered to the tenants and employees and also incorporated into the scoring sheet. This also led to the tenants and employees reprioritising the draft Northampton Standard, meaning some spend could be pushed back to years 6-10 ensuring the affordability of the Standard.

Following the scoring exercise by tenants and employees, the option that was selected was the ALMO. This meant the Council would still own the housing stock but the delivery of this would be through an Arms Length Management Organisation.

- how will the decision affect people with different protected characteristics:

The ALMO decision would mean that the Council would still be the landlord, but the delivery of service would be through a new organisation. The ALMO will aim to improve services for tenants and could, according to the scoring results, deliver what tenants and employees wish to see. This decision should see improved standards in tenants' homes and to their estates, as well as an improved standard in service from the organisation managing the housing stock. There would be no alteration to the way the needs of those with protected characteristics are considered currently, under the ALMO option.

Under the ALMO, tenants would maintain the same rights as they currently have under the Council, with some additional opportunities for involvement including the potential to sit on the ALMO's decision-making board in a decision-making capacity and the ability to be involved in an advisory role in discussions regarding rents and service charges.

For employees, the ALMO would build on what the Council delivers currently but additionally enable them to have the opportunity to sit on a decision-making board in a decision-making capacity.

There would be no specific impact of the decision for the ALMO to manage the housing stock on those with protected characteristics. There may be some initial confusion and concerns regarding who would continue to deliver specific elements of the Council's current housing services and this may lead to access to service problems, as certain services would continue to be delivered by the Council. The impact of this will be mitigated by the implementation of a comprehensive communication programme involving all stakeholders, supported by a Communication and Engagement Strategy, clearly identify communication methods and channels to meet the specific needs of those with protected characteristics.

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Employees' terms and conditions would be protected under TUPE legislation. The additional possibilities that the ALMO would bring would be open to all tenants and employees should they wish to become involved. The ALMO would develop its own Equality & Diversity Strategy, developed and approved by tenants and potentially employees sitting on the ALMO Board. This would be a requirement in order to comply with equalities legislation.

6. Current service provision:

- what are you doing now:

Northampton Borough Council currently owns and solely the Housing Service. It manages a housing stock of over 12,000 properties and is responsible for helping to maintain the supply of low cost social housing in Northampton. Service performance measures and tenant satisfaction levels are historically low when comparing NBC's performance with others within the sector. Tenant expectations continue to rise, reflected in the demand for more modern facilities to be fitted as standard within homes. Significant investment is still required to maintain homes and make environmental improvements to estates, which cannot be funded through decency works.

Savills analysed NBC's financial position regarding the current day to day expenditure within the HRA and identified that, based on Government assessment of spending requirement, NBC is currently underfunding day to day services by over £2m per year.

7. Rationale for change

- what will you do if/when changes are agreed/introduced:

The key drivers for undertaking the Review to deliver the proposed change were;

- Delivering improvements to the quality of housing services to customers
- Meeting rising expectations of customers
- Ensuring that the necessary investment can be provided to improve homes and the local environment on estates and;
- Meeting the increasing demand for social housing

The Review process developed a goal or Mission Statement for the Review to specify its objectives in carrying out the Review, detailed in . The scoring exercise

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completed by tenants and employees, identified the ALMO as the option that could deliver the most positive impact against all of the agreed scoring criteria. The TP and EFG constructed reports giving their recommendations. The Housing Options Panel considered both of these reports when making its final recommendation. This recommendation will be presented to Cabinet and then to Full Council in December 2013.

The result of the scoring has been communicated to the Tenants' Panel, Employee Focus Group, the wider tenant body, NBC senior management and NBC Housing Service employees. This included an approach comprising of face to face briefings, website updates, and newsletters.

Two Tenants' Conference sessions were held in November 2013. The aim of the Conference was to share the result of the scoring and to gather wider tenants views. Feedback from the November 2013 Tenants' Conference is detailed in Key Doc 21.

Two newsletters were also sent to all tenants in October 2013; one from NBC and one from the ITA. These shared the result of the scoring and let tenants know what this means for them.

If Full Council signs off the recommendation, there will be a further phase to the programme, to prepare for the implementation of the ALMO. This will again include full stakeholder engagement.

Once implementation has been undertaken, which is expected to take 12 months, the housing stock would be managed by an ALMO. The Council would remain the landlord and would continue to have a significant role in specifying what the ALMO would need to do in order to continue to deliver services and the Council would put forward representatives to sit on the ALMO decision making Board. The Council would oversee the performance of the ALMO, through a Management Agreement and supporting delivery plans.

8. Identification of affected groups/individuals

- list the groups/individuals that may be affected by the proposal:

A stakeholder analysis was undertaken which identified potentially affected groups/individuals.

These are:

- Tenants
- Employees
- Leaseholders

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- NBC senior management
- Other NBC employees
- Councillors
- Key Partners/Contractors

9. Assess and/or undertake Consultation

- has there been specific consultation on this decision (if not, state why not and/or when this may happen):

This Review has involved an extensive engagement programme which has been in place throughout the Review, since 2012. The consultation programme included:

- A Tenants' Panel, to which any tenant could join. Tenants involved contributed a combined total of over 5,000 hours of their time through meetings and other sessions
- An Employee Focus Group, to which any employee could volunteer (with line manager approval). Each employee involved contributed approximately 250 hours throughout the Review
- Newsletters from both NBC and the ITA were sent periodically to all tenants providing information on the Review, potential impacts and asking for views
- The ITA delivered over 160 outreach meetings at over 50 different venues to enable tenants not able to attend Tenant Panel meetings. These were often located in community rooms associated with the Council's Sheltered Schemes, recognising the needs of more vulnerable tenants.
- Leaseholders were communicated with via letter regarding updates to the Review and explanation as to potential impacts of any changes
- Three conferences were held; one in December 2012, one in May 2013 and one in November 2013. All sessions updated tenants on the progress of the Review, including proposals, key findings from main evidence used and collected views on potential impact
- Regular staff newsletters and briefings were provided, asking for views and providing information on potential impact. Trade Union representatives were also kept informed on a monthly basis.
- All documentation from Tenants' Panel and HOP meetings were published on the Council's website
- The forum on the website enabled anyone interested in the Review to ask questions

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- what were the results of the consultation:

Tenants and employees were given the opportunity to understand the Options Review process and given the opportunity to identify the recommended option. The consultation programme resulted in a recommendation for an ALMO to be created as the chosen option for the future management of the housing stock. The Tenants' Panel and Employee Focus Group agreed on the same option and the ranking of the remaining options was also the same for both groups. Reasons for their selection were provided in their reports. The Housing Options Panel considered all of the evidence provided and also supported the recommendation for an ALMO to be created. Wider tenants' views, through feedback obtained were considered and taken into account as an integral part the decision making process.

- across the protected characteristics, what difference in views did analysis of the consultation reveal:

The Tenants' Panel was reflective of the wider community and incorporated considerable diversity within its membership although the panel was marginally underrepresented by women and more so with those under 50 years of age. The ITA's report (Key Doc 3) provides analysis of how representative the Panel was and gives its view on the accessibility of the Review process and how its view correlated to that shared by the wider tenant community.

Protected characteristics were analysed throughout the process to ensure due consideration was given to specific needs and to ensure the process was inclusive. The Tenant Survey conducted by Ipsos MORI utilised both postal communications and communication via email. Responses were collected and analysed provided in multiple ways, such age, ethnicity, disability etc as well as location. The survey found that:

- Across a range of services, results showed that older tenants and white tenants were most likely to be satisfied, while younger tenants and those from BME backgrounds were less likely
- Those aged 29 or under were the least likely to be satisfied with the housing service provided by the council (63%), while those aged 75 and above were the most likely to be satisfied (88%)
- Disabled tenants were very positive about the housing service overall. They were significantly more likely to say they were satisfied with the housing service overall (80%) than the tenant population as a whole, and 33% were very satisfied, compared to 26% of the overall tenant population

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- 84% of tenants aged 75+ were satisfied with the value for money of their rent, compared with 58% of under 30s
- 71% of white tenants said that they were satisfied with the value for money of their rent, compared with 64% of BME tenants
- While nine in ten (91%) tenants aged 75 or over said that they were satisfied with the overall quality of their home, just over a half (55%) of residents under the age of 30 were satisfied
- White tenants (73%) are more likely than BME tenants (68%) to be satisfied with the overall quality of their home. This was despite the fact that BME tenants (78%) were actually marginally more satisfied than white tenants (75%) with the housing service provided by the Council
- BME tenants (81%) were more likely than white tenants (72%) to agree that tenants should have a greater say in how the housing service was managed
- Communication with tenants appeared to be important to BME tenants. Keeping residents informed ranked as the third most important housing service among BME tenants while it was only the sixth most important for white tenants

- what conclusions have been drawn from the analysis on how the decision will affect people with different protected characteristics:

All of the extensive evidence, collected through this review, was fully considered in the decision making process.

Whilst the analysis suggested there was a difference in the satisfaction levels and priorities across all protected characteristics, any decision produced from this Review will potentially produce a higher level of service for all tenants, as well as a higher standard of improvements to their homes. The individual analysis obtained will be utilised by the Council and the future planning for services, to address specific issues highlighted through certain groups.

In terms of being able to communicate the decision across all protected characteristics, numerous options have been implemented. Home visits were offered, information was advertised as available in other languages and British Sign Language and interpreters were available and were utilised for the Tenants' Conference. Telephone access to information was provided on either Freephone numbers or 0300 numbers to ensure that cost effective communication methods were provided.

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10. Assessment of impact on staff

- please give details of impact on staff, including staffing profile if/as appropriate:

If the ALMO is approved by Full Council, this will require identified staff to transfer to the new organisation. This occurs under Transfer of Undertakings (Protection of Employment) regulations and means employees terms and conditions would be protected. The TUPE process will determine which employees will transfer. When there is to be a transfer of undertakings, the employer is required to inform and consult with employees through Trade Unions. This review process included regular consultation with the relevant Trade Union groups and this would continue, if the option is approved.

There may be an impact on the residual NBC organisation in terms of process and approval of the option may result in the need to restructure the services remaining within the Council's responsibility. The Council has an agreed Restructure Policy and this policy would apply to any restructure proposals made by the Council following the decision.

11. Assessment of impact on wider community

- please give details of any impacts to the community as a whole:

The draft Northampton Standard incorporates a considerable programme of improvements to estates rather than purely improvements to homes, which will be a positive benefit to the wider community. These improvements will take place throughout the life of the 30 year Business Plan but will take 10 years to initially implement. Improvements proposed include, additional parking provision, improved security lighting, improved drying areas, improved bin stores and refurbishments to play areas. Improved service standards relating to management of Anti- social behaviour, repairs and maintenance and grounds maintenance, will potentially positively impact on how individuals experience life within their communities. The effect of ineffectively managed anti- social behaviour, the quality of housing, cleanliness of estates etc, all have a fundamental impact on peoples' lives.

The draft Northampton Standard will also look at the provision of new build outside of the HRA. This would enable environmental and physical property improvements to be carried out sooner than if new build provision was to be delivered within the HRA.

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12. Analysis of impact on protected characteristics

- please summarise the results of the analysis:

The outcome of the Options Review would be the same for all tenants whereby it is intended that they would see an increase in service standards and property standards. Tenants would continue to receive services, albeit through an alternative provider. There would be additional opportunities for more involvement for both tenants and employees. This involvement would have no bias in terms of protected characteristics, if the option is implemented as the Equality policies developed for the new organisation would state how involvement should involve equality of opportunity. The outcome of the Review would have a positive impact with no detriment to the provision of service.

13. Assess the relevance and impact of the decision to people with different protected characteristics

	Relevance	Impact
Age	High	Positive
Disability	High	Positive
Gender reassignment	High	Positive
Marriage and civil partnership	High	Positive
Pregnancy and maternity	High	Positive
Race	High	Positive
Religion or belief	High	Positive
Sex	High	Positive
Sexual orientation	High	Positive
Other socially excluded groups (include health inequalities)	High	Positive

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14. Mitigation of adverse impact on staff/service/people

- where any negative impact has been identified, please outline the measures taken to mitigate against it:

No negative impacts were identified for the implementation of the options, mainly due to extensive consultation programme taking views and impacts into account throughout the process and decisions made had the benefit of such impacts.

For tenants, there was the potential for the final selected option to not meet their requirements, leading to a reputational risk for NBC and potential lack of buy in to the next stage of setting up the ALMO. This was mitigated throughout the process, by tenants and affected employees leading the process of drafting the draft Northampton Standard and drawing up the criteria against which the scoring was undertaken. All tenants had access to the ITA, offering impartial advice to tenants. There was regular communication, through the Council's website, newsletters and conferences. Wider tenant views gathered from the conferences were incorporated into work undertaken by the Tenants' Panel and Employee Focus Group. Information was provided for tenants in the way they wished to receive it, and communications will continue throughout the next phase of the Programme.

In regard to employees, there was a potential lack of buy in to the ALMO and a reputational risk for NBC. This was mitigated by comprehensive communications with employees, where clear messages were delivered to all employees within the Housing Service and wider Council services, on a regular basis. The Employee Focus Group had extensive input into work completed under the Review.

There was the potential for distrust regarding service charges for leaseholders. To mitigate the possibility of this, leaseholders were communicated with throughout the process offering opportunities for any questions to be answered. Leaseholders also received copies of newsletters sent to tenants and there was a leaseholder presence at the Conference in November 2013.

There was the potential for the period of change to impact negatively on the delivery of services. This would be mitigated through robust planning, strong leadership and accountable processes.

15. Publication of results

This CIA will be posted on the Council website

16. Monitoring and Review

- please give details of how the changes will be monitored and when the next review is due:

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The implementation phase will be thoroughly planned using the same tight programme management processes adopted for this Review. Engagement structures will be refreshed and tenants and employees will continue to be centrally involved and the process. The change will be closely monitored to ensure it is on track through effective governance processes. The ALMO would be subject to requirements contained within a Management Agreement and Service Level Agreements between NBC and the ALMO to ensure service delivery occurs at an agreed standard. The performance of the ALMO will continue to be monitored and the management and delivery of the housing stock could be brought back 'in-house' if the ALMO is underperforming, subject to certain requirements. Safeguards will be put in place to ensure a full options appraisal with full stakeholder engagement is undertaken if there is a call for either a future stock transfer or for the ALMO to be brought back in-house, except in for in certain circumstances defined within the Management Agreement.

17. Conclusion

- Please state how due regard has been taken to the equality duty, and public health considerations:

The Options Review process was designed to be inclusive, with consideration given to potential negative impact across the protected characteristics. The outcome of the Review will potentially have positive implications for tenants and employees. The Review was undertaken in a way to allow flexibility in meeting the needs of tenants and employees.

- please advise on the overall equality implications that should be taken into account in the final decision, considering relevance and impact:

The process undertaken was designed to be inclusive. Barriers were removed where possible, and access to information was available at all possible opportunities. There is no adverse impact for stakeholders and the Council will continue to monitor this, should the recommended option be implemented. Specific consideration would be given to the landlord function to ensure due regard is evidenced.

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References

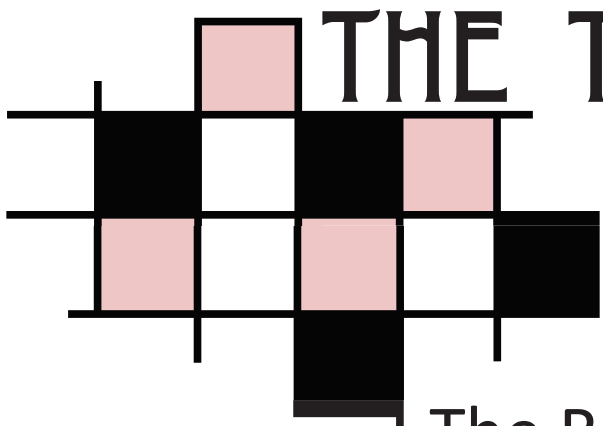
Sources of evidence referenced throughout this document are detailed below. This Community Impact Assessment is part of a series of reports compiled in relation to the Housing Options Review. The series comprises:

1. Tenants' Panel Report
2. Employee Focus Group Report
3. Housing Options Panel Report
4. NBC Final Report

The following Key Documents and Background Documents are held centrally and feature in more than one report within the series. All documents are available on the Councils website or available from the Housing Options Review team on 0300 330 7004.

Tenants' Panel Report	Key Document 1
Employee Focus Group Report	Key Document 2
Housing Options Panel Report	Key Document 4
Financial Reprioritisation	Key Document 12
Stock Condition Survey	Key Document 14
Scoring Framework	Key Document 16
Options Comparison Document	Key Document 19
Scoring Sheet	Key Document 20
November 2013 Conference Feedback	Key Document 21
Savills Financial Analysis Presentation	Key Document 22
Ipsos MORI Tenant Survey	Background Document 1
2012-2015 NBC Corporate Plan	Background Document 3

THE TENANTS' PANEL



The Report of the Northampton Tenants' Panel to the Housing Options Panel and to Northampton Borough Council October 2013



FOREWORD

NTP Editorial Panel Representatives

The NTP asked its five tenant representatives on the Council's Housing Options Panel (HOP):

Norman Adams
Kat Bennett
Phil Humphris
Tony Mallard
Steve Whitehead

with the NTP Chair and the NTP Vice-Chair

Rob Edwards
Conwell Munyaradzi

to be its Editorial Panel for the preparation of this Report for the NTP to discuss and to endorse at its meeting on 22 October 2013.

Key Documents are documents that will be referenced throughout a series of reports. This series comprises this Tenants' Panel Report, Employee Focus Group Report, Independent Tenant Adviser Report, Housing Options Panel Report, and the Northampton Borough Council Report on the Housing Options Review.

Key documents associated with this report are detailed below. All Key Documents, appendices and background documents, not published with this report, associated with the review are available for viewing on the Council's website or by contacting the Housing Options Review Team tel: 0300 330 7004

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Key Document Number

Key Document Name

5	Tenants' Panel Terms of Reference
12	Re-Profiled Northampton Standard Expenditure
13	Communication & Consultation Strategy
14	Stock Condition Survey
15	Initial Options Criteria
16	Scoring Framework
17	Tenants Panel Weighting
19	Options Comparison Document
20	Scoring Framework
22	Financial Analysis Presentation
23	Consultation on the Housing Transfer Manual
24	Draft Northampton Standard

Appendix Number	Appendix Name
------------------------	----------------------

- | | |
|---|-------------------------------------|
| 1 | Tenants' Panel Information Sheets |
| 2 | Tenants' Panel Scoring Presentation |

Background Document	Background Document Name
----------------------------	---------------------------------

- | | |
|---|---------------|
| 1 | Tenant Survey |
|---|---------------|

Executive Summary

The Northampton Tenants' Panel Report presents the recommendations of the Panel on the NBC Housing Stock Options Appraisal, and the process by which we came to make those recommendations.

Our Report describes the formation of the Tenants' Panel and sets the Panel's work in the context of wider tenant involvement in the Appraisal. It follows the evidence trail from our information sources, through our development of evaluation criteria, to our scoring against those criteria. From the results of the Panel's scoring, it evaluates the merits of each Option. Finally, it gives the Panel's recommendation and explores possible future development of that Option, including the Panel's potential role.

1. Introduction to the Northampton Tenants' Panel

- formed summer 2012 when invitations to join were sent to all tenants
- initial attendance tapered off until an influx in December 2012, since then maintaining a high average attendance of around 30 attendees per meeting
- open to new members until August 2013 when scoring began

2. Tenant Involvement in the Options Appraisal Process

- wider tenant involvement included:
 - ITA outreach work and drop-ins
 - the Tenant Survey sent to all tenants, with a response rate of 27% (3, 727)
 - two Tenant Conferences (at time of writing - third planned)
 - 'From Your Tenants' Panel' information sheets, written by tenants for tenants
- information gathered indicated Tenants' Panel opinions were broadly representative

3. What we learned from the process

- **Tenant Survey** - satisfaction is fair but falling, & tenants do not feel their views are taken into account; improvement priorities are repairs service & quality of homes
- **Stock Condition Survey** - significant investment is needed, frontloaded into the short-term; chronic underinvestment in neighbourhoods is apparent
- **Government Guidelines on Stock Transfer** - debt write-off on transfer now depends on making a case demonstrating net benefit to Government, not local housing stock
- **Financial Issues** (modelled assuming draft 'Northampton Standard' to be aimed for)
 - Northampton Standard can be achieved within the HRA debt cap, but only if:
 - it is spread over 10 years, if new build is funded from outside HRA
 - it is spread over 15 years, if new build is funded from within HRA
 - transfer requires £110m debt write-off, if new build funded from outside HRA
 - transfer requires £150m debt write-off, if new build funded from within HRA

4. The Options Criteria and Scoring System

- 46 criteria were eventually developed, grouped across 8 policy themes
- scoring ran from 0-3 on each option's ability to meet each criterion
- weighting relative importance of each criterion gave a multiplier running from 1-4
- weightings were agreed by the Panel, but each tenant then scored individually

5. The Results of the Scoring Exercise

- Option 2 (retention as an ALMO) was scored highest by the Panel overall
- the transfer Options were attractive in terms of tenant and employee empowerment but judged to risk loss of local focus, and were not considered likely to be financially viable in light of the Government Guidance available
- of the retention Options, the ALMO Option 2 was accepted as more likely than the internal review Option 1 to deliver tenant and employee empowerment, while maintaining local focus and not being dependent on Government debt write-off

6. Our Recommendations

- the ALMO is the best way forward, with caveats to the effect that:
 - we see its benefits as primarily derived from being a wholly housing-focused organisation
 - we see its strengths as lying in the opportunity for genuine and meaningful tenant and employee involvement including, although not limited to, at Board level

7. Issues for further Consideration

- we believe both the above would need to be recognised from the very outset of negotiations on developing an ALMO tailored to Northampton's particular needs and aspirations, to ensure the new organisation is both fit for purpose and has on-going tenant and employee support
- in particular we foresee careful consideration needing to be given to:
 - composition and (s)election of the Board of Management
 - the ALMO's on-going relationship with NBC
 - the commitment to full and democratic consultation with NBC tenants

We hope our efforts, over 15 months of the intensive evidence gathering and sifting entailed by this Appraisal, bear fruit in the future development of a tenant-focused housing service with full tenant involvement at its core. The Tenants' Panel wishes to be at the heart of the work to come.

Section 1 Introduction to the Northampton Tenants' Panel

1. Formation of the Panel

In summer 2012, Northampton Borough Council (NBC) invited tenants to join a new borough-wide Tenant's Panel with a specific remit to provide a tenant perspective in the Housing Options Review.

We were invited to become involved via a variety of methods:

- a letter of invitation sent out to every tenant, with additional mailshots in council newsletters to tenants
- targeted invitations sent to the members of the existing Tenant Sounding Board
- tenant meetings held in local areas which showcased the upcoming Housing Options Review alongside other Housing-related consultations
- reminder invitations regularly sent out in newsletters over the course of the Review
- word-of-mouth spread by Tenants' Panel members encouraging others to join

Two open information sessions were held in late August 2012 for those of us who had expressed an initial interest in being part of the new Tenants' Panel, with over 50 tenants attending. From these meetings the Tenants' Panel was formed.

2. Appointment of the Independent Tenant Adviser (ITA)

In July 2012, seven tenants who had expressed an interest became the selection panel for an Independent Tenant Adviser (ITA), with advice and support at this early stage from the Council's newly-established Housing Options Review staff team. This panel sent an invitation to tender to five organisations with previous experience of such work, shortlisted and interviewed two of them, and chose PS Consultants as our ITA. Their remit was to:

- work with the Northampton-wide Tenants' Panel
- raise awareness and provide information to all NBC tenants during the review
- feed back to the Panel the views of tenants gathered from the ITA outreach work across Northampton.

3. Overall Remit of the Panel

Our first tasks in September 2012 were to discuss and to agree the Council's Joint Engagement and Consultation Strategy (key document 13) and our own Terms of Reference and Code of Conduct (key document 5)

We agreed our purpose as a Tenants' Panel was to:

"Work with the Council and advisers to make sure the Council's Housing Options Review considers:

- *the things that matter most to tenants*
- *all relevant information and all aspects of the appraisal and make its views known to the Housing Options Panel (HOP)."*

The agreed terms of reference made it clear that the Panel would try to reach consensus wherever possible, but with each tenant present having one vote should the need for a vote arise.

All Panel members have abided by the adopted Terms of Reference and Code of Conduct, which has allowed the meetings to be run in a business-like and efficient manner. This is despite the many difficult and challenging decisions we have faced during the course of the review, and despite the size of the panel, the diversity within it and the wide range of opinions we hold.

4. Election of Officers

The Tenants' Panel elected our Chair and Vice Chair after hearing a personal statement from each of the candidates willing to put themselves forward, which gave them the chance to speak about the qualities and experience they would bring to the role. Support in formulating this statement was available to all candidates from the ITA, and the statements were circulated for the Panel to read beforehand. The election was overseen on our behalf by the ITA in order to guarantee impartiality and independence.

Rob Edwards was elected as our Chair and Conwell Munyaradzi as our Vice Chair.

In addition to the Panel's own officers, we needed to elect five of our members to represent tenants on the Council's Housing Options Panel (HOP), sitting alongside five employee representatives and five councillors. The role of the HOP was to consider the evidence gathered by the Review as it progressed, plus the findings and recommendations in the final reports of the Employee Focus Group (EFG) and Tenants' Panel.

Following a similar process to the election of the Panel's Chair and Vice Chair, the five HOP representatives chosen were Norman Adams, Kat Bennett, Phil Humphris, Tony Mallard, and Steve Whitehead.

5. Tenant Panel Membership

Attendance

We started off with 18 tenants attending the first formal Panel meeting in September 2012, with attendance falling back by November 2012 to 12-14 per meeting. We received a welcome influx of new members thanks to the success of the first Tenants' Conference arranged by NBC in December 2012. By this time the Panel had had an opportunity to shape early ideas on a new Northampton Standard for homes and services, which enabled Conference attendees to quickly get to work on a clear, focused, and practical approach to the Review when they joined the Panel.

From December 2012 onwards, right up to the time of writing in October 2013, our average attendance has been sustained at around 30 members per meeting.

We have been able to maintain this high overall attendance because we agreed at the outset we would be an open panel which welcomed and supported new tenant members. To do this the Council held formal 'catch up' information sessions for new Panel members, the Council and the ITA held 'recap' and 'summary' sessions which served to remind all of us of the key issues we had covered, and Panel members rallied round to offer informal peer support to one another during and outside of the Panel meetings.

It is testament to our commitment as tenants that at least two Panel members have continued their involvement by taking annual leave from their employment to be able to see the process through.

Being Representative

An on-going concern for the Panel has been the 'representativeness' of our membership compared to the profile of all council tenants across the borough. We have been able to attract tenants of varying ethnic backgrounds, and Panel members have varying disability, sensory impairment and health support needs; but on a simple analysis of our membership list compared to the figures from the Ipsos MORI Tenant Survey 2012, we can see female tenants have been under-represented, as have tenants under 49 years.

A key limiting factor to active involvement was the timing of Panel meetings. All Panel members were asked at the outset to identify which times and days of the week suited them individually, leaving the Council's Housing Options Review team the near-impossible job of trying to find times to suit everyone. Some evening meetings were scheduled at the start of the process but low attendance at these led to a programme of daytime meetings to suit the majority. We recognise the Council's efforts to experiment with timings of meetings, and we acknowledge, albeit with regret, that finding a regular time slot to suit everyone, across such a stretch of time as the Review entailed, was unrealistic.

We also appreciate that any group whose members are volunteers drawn from those with an interest in a subject is necessarily self-selecting and unlikely to be statistically representative of a whole population. But the views expressed at the two tenant conferences to date, as well as the feedback to the ITA's outreach programme, suggest that the views held by our members are broadly in line with those of tenants as a whole.

Commitment

We were asked to attend eight Panel meetings in 2012, 36 in 2013, plus a further ten joint workshop sessions in conjunction with the Employee Focus Group. As the Panel meetings have averaged 3.25 hours and the joint sessions 3.5 hours, this means the Tenants' Panel as a whole has given a total of 5,535 person hours to carry out this Review, an average of 15.4 hours per person per month.

This is without calculating the further commitment from the five HOP tenant representatives, and additional contributions to Residents Association meetings, involvement with the Northampton Federation of Residents Associations, taking part in the Council's Tenant Conferences, and supporting the four phases of the ITA outreach work.

We believe that the commitment shown by this Panel demonstrates that there are Northampton Borough Council tenants willing and able to work constructively with the Council, and with its staff, across the whole range of social housing issues. We also hope that this will be just the start of the work of a Northampton Tenants' Panel.

Evolution

Our membership has changed and evolved during the course of the Review.

This inevitably reflects the changing circumstances experienced by our members during the 15 month period, notably the pressure of family and care commitments. Over the entire period some 56 tenants have been involved, either at certain stages or throughout the whole course of the Review. Throughout 2013 from a core membership of around 35 members, our meeting attendance averaged 30 regular attendees.

We agreed to close Panel membership in August 2013, when we reached the critical stage of finalising the scoring and weighting process. By then it was not fair or practical to expect any new member to be able to fully catch up with the details of a Review process nearing its culmination, with individual scoring of the Options by Panel members against detailed criteria which we had by then spent several months formulating as a group.

The intended timetable of the Review called for a Council decision to be made in July 2013, but come June 2013 we were still waiting for financial analysis and costings for the proposed Northampton Standard, and crucially also for the long-awaited Government consultation on stock transfer during self-financing. We are grateful, therefore, that the Council responded
Final NTP Report as agreed on 22 October 2013

to our formal request to push the timescale back to a decision date in December 2013. It has allowed this vital information to be properly assessed and incorporated into our evaluation.

In summary

We feel the meeting programme has been well organised and managed by the Housing Options Review staff team to enable us to take part. Taxis to and from meetings have been arranged where required, bus fares and other expenses such as childcare or carers' costs have been met and paid promptly at each meeting; light refreshments and a buffet lunch have always been provided.

In our view this has been a process which exemplified good practice in equality of opportunities. Every tenant has had an opportunity to have their say, either by joining the Panel or in a wide variety of other ways.

We hope to see the Council continue to try to engage with as many tenants as possible as we move into the next phase of this project.

Section 2 Tenant Involvement in the Options Appraisal Process

1. The Tenants' Panel

Once the role of the Tenants' Panel had been established the process began to settle into a regular pattern of work. From this point onwards the Review programme was mainly based around 3 elements:

- **ITA-led development sessions**, where the ITA prepared and presented information to the Panel to raise our awareness and understanding of specific issues and to allow us the time to prepare for discussion of the topic with the Council, and where appropriate with the Employee Focus Group;
- **Council-led sessions** which, once the structures and process of the Review had been agreed, focused on each of the key topics or issues that we would need to consider and form a view on;
- **joint discussion sessions**, where the Tenants' Panel and Employee Focus Group worked together on specific issues such as developing the draft Northampton Standard.

We understand, somewhat to our surprise, that these joint workshop sessions are not common in Options Appraisals. We found they allowed us and the employees to arrive at a shared position on certain topics rather than work in isolation from each other; certainly from the perspective of the Tenants' Panel we benefitted from the expertise and experience of the employees involved, and we hope the benefits flowed the other way, too. This is an innovation Northampton Borough Council should be proud of having supported.

2. The work carried out by the ITA

In addition to the support role to the Panel, the ITA carried out a borough-wide **outreach** role, providing information and helping tenants to understand what the Review is about and what the potential implications might be for tenants depending on which Option is chosen, and inviting tenants to express their views and concerns which were then fed back to the Tenants' Panel and to the Council.

Many of us were keen to support this aspect of the ITA's work, as we recognise that we got involved to represent as far as possible the views of the wider tenant body.

Some of us:

- offered our knowledge of Northampton's community and voluntary sector to advise the ITA on where we thought the ITA drop-ins should be to engage with NBC tenants across the borough
- contributed to the content of the 3 ITA newsletters
- one Panel member certainly used the ITA's online interactive forum to raise questions and concerns during the review
- attended some of the ITA drop-in meetings in the Community rooms on our estates and in the Self-Serve area of the Guildhall Foyer to show that as a Tenants' Panel we wanted to hear first-hand what tenants were saying, to explain our role in the process and to tell them the range of issues the Review would cover.

We produced a contact card for Rob Edwards as the Chair of the Tenants' Panel which we and our ITA handed out during the outreach programmes to invite tenants to speak directly to Rob. Most of all we wanted tenants to know that as far as we could tell this was a genuine attempt by the Council to involve and to listen to the views of tenants about what we want from the Housing Service.

3. The Tenant Survey

This gave us feedback from a wide cross-section of council tenants across Northampton so for the first time we had a real indication of the concerns, views and the priorities of around 27% of the tenant population. Once we knew that our views largely chimed with those of a significant number of council tenants, we felt we could speak with more confidence to make sure our collective voice got heard.

In the Tenant Survey (background document 1) tenants were asked whether they would like to learn more about the Review. Around 160 tenants who were interested but wanted to be involved in a less demanding way than attending the Panel meetings which, by early 2013, had become at least weekly, have been kept informed at regular intervals by the Council's Housing Options Review team. As a result wider contact has been maintained with less-involved tenants, on the main issues under consideration and on updates on decisions agreed, via email or by posting information out to them.

4. The Tenant Conferences

Both of the Tenant Conferences held by the time of writing have tackled significant issues within the review.

The first conference mainly focused on the condition of our homes, the work that needs to be done to improve homes and estates to meet tenants' aspirations, and on tenants' views on the housing service and their priorities for the future.

The second focused on the groundwork for a significant review of housing services.

The third will discuss with tenants the findings and implications of the housing review and hear from the Panel why we chose our recommended Option.

As a Panel we want to know how other tenants view the conclusions we have reached, whether they agree and whether they would be supportive if it can achieve significant and lasting change to housing service delivery.

5. The Tenant Information Sheets produced by the Panel

We were clear that we wanted to do all we could to actively engage with and inform other tenants. One of the immediate advantages to tenants from being involved with the Panel was access to information we had previously struggled to find or never realised was available, and we wanted other tenants to benefit from the knowledge we have picked up during the Review.

We felt that a good starting point was to produce a series of clearly-written and straightforward **information** sheets (appendix 1) around key issues for Council tenants because information at this level of clarity and simplicity was not being provided by the Council, and was slightly outside the remit of the ITA during the review.

So we began to put together information, which both the Council and the ITA checked for accuracy for us. The Council kindly offered to copy the resulting five information sheets, which were made available to tenants at the second Tenant Conference and during the second phase onwards of the ITA outreach drop-in programme.

Both the Council and the ITA have put our five Tenant information Sheets onto their websites. Our NTP information sheets are in and comprise:

- Cover sheet - Knowledge is Power
- Decent Homes
- Getting Your Voice Heard
- Your Rent and what it's spent on
- Knowing Your Rights
- Who's who in Housing Services

We have been told that from the ITA's experience no Tenant's Panel has gone to this level to share information with other tenants in such a professional manner. Again, Northampton can be proud of supporting an innovative approach.

Section 3 What we learned from the process

1. Introduction

When we began work as a Panel most of us had a clear idea of what we thought of the present Council Housing Service. Those ideas came in part from our own direct experience of the service as tenants, but some of us also had been active in local tenant groups, or in Northampton-wide groups such as the Council's Tenant Sounding Board, where we had discussed those experiences with others.

We knew, however, that in order to be able to evaluate the options comprehensively and objectively, we would have to go beyond our individual views and experience and learn about a wide range of issues that would impact on the appraisal.

In this section we set out the main policy and topic areas that we have had to consider, and summarise what we have **learned** from each of them.

2. The Available Options

At a very early stage in the process we understood that there were ten options possibly open to the Council. These were:

Contracting out the housing service

Retention with no change to the operation of the service

Retention with a major service review

Retention with an ALMO or Arm's Length Management Organisation

Transfer to a stand-alone association

Transfer to a mutual association

Transfer to become a subsidiary of an existing association

Transfer i.e. absorption by an existing association

Transfer to a Community Gateway organisation

PFI (Private Finance Initiative).

It was clear from that early point that the Council itself had ruled out both the first and last of those options (contracting out and PFI) as ones they did not wish to pursue, in part because they did not feel that these options would be acceptable to tenants. The Panel agreed with that decision.

None of us felt that contracting out would lead to a better service nor, in our view, would there have been the opportunities for the much stronger engagement with tenants we knew we wanted.

PFI had no appeal, particularly in the light of the experience in Eastfield.

Transfer to become tenants of an existing housing association also had no support whatsoever. It seemed to us that this option would simply erase the identity of our current council housing service and remove us from the type of democratic accountability many of us value. Nor did we feel that Northampton tenants as a whole would ever support this option in a ballot.

Finally, we ruled out the Community Gateway model at a fairly early stage, principally because although it is itself a mutual model, it did not seem to offer as much in terms of tenant engagement as the type of mutual organisation represented by the Community Housing Mutual Model adopted in Rochdale, for example.

As discussed later in this report, we then agreed in late spring 2013 that the option to retain but with no change to the operation of the housing service (which by now had become Option 1) was not a viable option. It seemed to us that the Council was already embarked on the early stages of a service review, through the operation of the Service Improvement Panels, and that the service was already in the process of change in a way that rendered what was, in effect, a 'no change' option, redundant.

There was some concern in the Panel that in dropping that specific retention option the evaluation process would be seen as overly biased towards a transfer solution, as it then left two retention options and three transfer options. But we came to accept that it was the right thing to do.

What we have learned from the process of options development is that retention and transfer are not single and undifferentiated solutions. There are different ways in which retention could happen, just as there are different ways in which transfer could occur. That was a new realisation for many of us who had previously thought of them in simpler terms i.e. 'retention' versus 'transfer'.

As a Panel we are satisfied the options which have been fully evaluated and scored are the only options that had a realistic prospect of meeting the investment and service needs of our homes, and which would be understood by tenants as a whole once they are properly explained and developed. They are also the options that best lent themselves to the kind of detailed evaluation that we, and the Employee Focus Group, wanted to carry out.

3. The Tenant Survey

Shortly after we began our work in August 2012, Ipsos MORI carried out a major tenant survey. This attracted a 27% response rate, with 3,727 questionnaires received.

We think the most significant points to come out of the survey were as follows:

- The overall satisfaction levels with the service provided stood at 75% - but this was 3% lower than in 2010
- The overall satisfaction levels with individual homes was 72% - 9% down on 2010
- The overall satisfaction with the neighbourhood as a place to live was also 72% - but this was 11% down on 2010
- The overall satisfaction rate with how tenants' views were taken into account was only 55% - a decline of 12% since 2010
- The two most important services to tenants are repairs and maintenance and maintaining the overall quality of homes, and these are also the two most in need of improvement according to the survey
- The four most important areas for improvements to the home itself are security of the home, modern and secure front and back doors, central heating, and modern kitchens
- 83% of tenants agreed that it is more important that their homes are in good repair, have a reasonable rent, and are well managed, than who the landlord is.

Analysing these results, we have learned a number of things:

- Although satisfaction levels across the service are reasonable, and better than results in 2006 and 2008, relative to other landlords they look poor, and have gone into reverse over the last few years
- Our views on the importance of repairs, and improvements to homes and neighbourhoods, very much matches those of tenants as a whole
- Tenants are clearly not satisfied that their views are properly taken into account.

We took from the survey an understanding of how tenants view investment priorities. These fed directly into the subsequent work we did to establish the Northampton Standard, and then to re-prioritise the investment programme in line with financial analysis of a 30 year Business Plan.

4. Stock Condition Survey

The material presented to us on the condition of our homes and neighbourhoods gave us the first overview many of us have seen on the state of NBC council homes as a whole (key document 14).

We learned:

- Although Savills told us that the investment needed was about what they would expect for the age and type of council stock, that still meant 'significant' investment was needed to upgrade and modernise properties
- Despite the work that has been done in the last few years, some 40% of our homes do not yet meet the Decent Homes Standard
- Approximately 50% of all kitchens and bathrooms need to be replaced in the short term, and wiring needs to be replaced, and 25% of all heating systems need to be upgraded at the same time
- Significant work is also needed on external areas including paths, fences, outbuildings and estates
- The Decent Homes / Legal Obligations standard would require £157m in Years 1-5 and £692.7m over 30 years. The 'Modern Standard' would require £267.6 m in Years 1-5 and £880m over 30 years, and the Northampton Standard as drafted would cost approximately £851m over 30 years.
- Savills consider the 'Modern Standard' (which is close to the Northampton Standard developed by the Tenant Panel and Employee Focus Group) to be 'not excessive'.

These facts informed how we developed the essential components of a Northampton Standard, and helped us to re-prioritise the investment programme elements to meet Business Plan requirements.

5. Government Guidelines on Stock Transfer

Our work was considerably hampered by the fact that the draft Government guidelines on Housing Stock Transfer (key document 23) were not published until July 2013, with the final version not yet available. The non-availability of the guidelines has meant that throughout most of our work we were unable to properly evaluate the financial viability, and hence attractiveness, of the three transfer options.

On the basis of the draft guidelines what we believe we know is as follows:

- These guidelines are for a specific period which ends in March 2015. There is no advice available on any future transfer proposals, in effect it implies a 'now or never' approach to transfer
- Transfer proposals in this period are required to be approved by the Department for Communities and Local Government and Her Majesty's Treasury on the basis of the

preparation by a council considering transfer of a 'full business case' which has to include strategic, economic, commercial, financial, and management factors.

- Councils are expected in the full business case to show that the valuation of council homes is maximised, so as to minimise any debt write off required from Government, meaning the costs of improving homes to an aspirational standard such as the Northampton Standard would be detrimental to the business case.
- The Government is giving no commitment to write-off any debt even where the valuation is maximised in this way, although neither has it said categorically that it will not do so.
- The Government expects the proceeds from any VAT Shelter, usually shared by the transferring council and the acquiring landlord, to be used to reduce debt write-off, and in most cases expects set up costs to be funded from within the Business Plan, and not via the transfer valuation model.

What we have learned from the Guidelines is that whereas in the past the Government's position was to support transfer via debt write-off where this resulted in a viable Business Plan, it is now much more about a council proving in its full business case that transfer will bring a net benefit to the public purse and/ or the Government's wider policy agenda.

6. Financial Issues

The financial analysis is modelled for retention as a whole and for transfer as a whole (key document 22).

It models the impact on a 30 year business plan of a range of scenarios, the principal ones being:

- whether or not the plan includes the provision of 40 new build units a year as under the current HRA Business Plan
- when during the course of the Business Plan the expenditure to achieve the Northampton Standard occurs
- in the case of retention, the impact of the current debt cap for Northampton of £209m – the principal component of which is the Government-imposed debt of £193m entailed in the introduction of council housing self-financing in 2012.

We learned from this analysis that:

- The valuation of the homes, as determined by the Government's Tenanted Market Value formula, is £83m

- The current HRA Business Plan allows for a capital programme above the Decent Homes Standard but below the Northampton Standard, and for up to 40 new build units per year
- With retention, although the HRA Business Plan could afford the Northampton Standard, attaining that standard would breach the debt cap with or without new build if that standard were to be reached in Years 1-5
- Retention could achieve the Northampton Standard and just stay within the debt cap provided £44m of expenditure was re-profiled from Years 1-5 to Years 6-10, and provided there was no HRA-funded new build
- Retention could achieve the Northampton Standard, meet the new build requirements, and just stay within the debt cap, but only if £60m of capital expenditure is pushed back to Years 6-15
- A Transfer Business Plan could achieve the Northampton Standard in the first 5 years provided there was no new build within it, and the Government writes-off £110 of debt (i.e. £193m minus £83m)
- A Transfer Business Plan could achieve the Northampton Standard in 5 years, and new build 40 units, but would require debt write-off of over £150m.

The key things we took from these facts were:

1. To the relief of many Tenants' Panel members, retention is a viable financial option even under the current debt cap, allowing all options to be kept in consideration
2. The Northampton Standard is attainable with retention, but only with major delays in when it is fully implemented.

Transfer delivers the Northampton standard in the shortest time, but requires an acquiring landlord to pay up to £83m for the homes and for the Government to write-off between £110m and £150m.

The conclusions we have drawn from the financial analysis presented to us are set out in our Conclusions and Recommendations (Section 6).

7. Visits from other Housing Organisations

This was the last information-gathering exercise in the Review and an opportunity for us as a Tenants' Panel, and for employee representatives also, to hear first-hand from other ALMO's and housing associations representing the 3 alternative transfer options what their experience had been.

We found the visits very informative. We would have liked more time to consider the information that each provided; however coming as they did just before we did the scoring against the 46 objective criteria some of us as Panel members were probably influenced to some extent by what was said.

8. Using the evidence

These are the main groups of issues that we have taken into account in our scoring of the options. Some Panel members may have preferred to approach the evaluation in a more subjective and less systematic way, but the Panel as a whole has agreed that these data sources have given us the best background information with which to evaluate the options.

We believe the approach we have used has been the most honest and transparent way for us to meet the objectives we set for the Housing Options Review Mission Statement:

Mission Statement:

To seek to identify the most tenant focussed option for the future management and ownership of the Council's housing which:

- secures tenants' rights
- minimizes tenants' costs
- meets the quality of standards of home and environmental improvement which tenants wish to see
- is sustainable in the long-term
- appraises the potential contribution the various landlord options could have towards meeting the need for additional affordable homes and the regeneration of estates
- takes into account the impact on the Council.

We now have an evidence trail which can be followed from our original intentions to our final conclusions.

In the next section (Section 4) we describe the evaluation criteria that were used and the scoring and weighting systems we adopted to evaluate them.

Section 4 The Options Criteria and Scoring System

4.1 The Options Criteria

The Tenants' Panel worked both singly and in conjunction with the Employee Focus Group to develop and agree the criteria against which each of the options would be evaluated. This process produced 176 ideas at the outset (key document 15), which were then condensed down into a final total of 46 individual criteria.

The options comparison criteria are detailed in key document 16.

We then grouped the individual criteria that formed the basis of the final scoring system into eight policy categories, and this process too was carried out in collaboration with the Employee Focus Group.

The categories we eventually agreed were:

1. **Accountability, Participation, and Power** (encompassed 12 criteria)
 - to what extent does the option have the potential to empower tenants and/ or employees in the decision-making by the housing organisation?
2. **Tenants' Rights and Involvement** (encompassed 7 criteria)
 - to what extent does the option protect and develop tenant rights?
3. **Employee Issues** (encompassed 4 criteria)
 - to what extent does the option protect and develop employee rights?
4. **Financial Implications – including rents** (encompassed 12 criteria)
 - to what extent is it likely that the option will deliver the resources needed to meet both the investment and service improvement needs of Northampton Borough Council homes, and how will decisions on setting rents and service charges be taken?
5. **Quality of Homes** (encompassed 1 criterion)
 - to what extent is the option capable of delivering and maintaining the Decent Homes Standard over the life of a 30 year Business Plan?
6. **Impact on Local Community and Economy** (encompassed 2 criteria)
 - to what extent is the option likely to lead to a positive contribution to developing the local community and economy?

7. Legal Framework and Equality (encompassed 4 criteria)

- to what extent does the option offer necessary legal and allied protections?

8. Implications for the Council (encompassed 4 criteria)

- to what extent does the option allow the council to meet statutory and governance obligations?

Once this had been done each of the 46 agreed evaluation criteria was converted into a question format.

For example, the evaluation criteria: ‘The housing service organisation has its own decision making board’ was simply translated in to the question ‘(for each option) does the housing service organisation have its own decision making board?’

4.2 The Scoring System

Having agreed the evaluation criteria, and having turned these into questions that would allow us to award a score, we then had to agree with the Employee Focus Group and the Council how we would score each option against each of the criteria.

The system we decided on allowed Panel members and Employee Focus Group members to award a score of between zero and three for each option, on each of the 46 criteria. The scoring scale we used was as follows:

Score	Characteristic
0	fails to meet the objective
1	partially meets the objective
2	largely meets the objective
3	fully meets the objective.

To guide us on how each of the criteria should be scored we did a number of sessions with the ITA and the Council to agree an **Options Comparison Document** (key document 19). This gave us an overview of how we should approach our individual scoring.

For some specific criteria we needed to award a mark of zero or three for a particular option, where the answer to the question posed in the criteria involved a matter of fact, not of judgement or opinion.

For example, on the criterion: ‘Under the option will the rent setting system be the same?’ all five options had to be given a score of three – because it is a fact that the rent setting systems would be the same.

The scores awarded on other criteria, however, were awarded on the basis of a judgement that the Panel member had to make when scoring.

For example, the criterion: ‘To what extent under the option can there be opportunities for training and development?’ Here Panel members could award each option any score from zero to three they wished.

We also accepted that scores needed to be consistent across groups of options.

For example, the criterion: ‘To what extent does the Council have the power to the implement the option’ had to be scored the same across all three transfer options – since the Council’s ability to implement a stand-alone option is the same as its ability to implement a mutual or group structure option.

This work enabled us to agree an **Options Scoring Sheet** (key document 20) which we then used individually to record our scores.

It is fair to say that the scoring system adopted was more structured than some Panel members felt comfortable with. Some argued for a more subjective scoring, without reference to the Options Comparison Document and the guide to scoring that flowed from it. They felt that the scoring system used did not allow them to score the options in a way that reflected their wishes and feelings about the options.

But we decided, collectively, that the process we decided upon was the only way an objective judgement could be reached, and thus the only way the results of the exercise would have credibility with the HOP, the Council, and our fellow tenants.

This is because the scores we eventually awarded derived directly from the evidence trail detailed above, and were awarded against the criteria we ourselves had developed in the light of the information we gained access to and analysed, as reported in Section 3.

4.3 The Weighting System

We were also advised that in addition to agreeing a scoring system we also needed a system of weighting the criteria. Where scoring establishes the numerical value placed on a criterion, weighting establishes the relative importance of those criteria.

What this means is that although an option may score well on a particular criterion, that criterion in turn may be judged to be relatively unimportant compared to others.

A total score for any option on any individual criterion would be its assigned scores multiplied by its weighting.

The first stage in our work here was to agree a weighting scale. We agreed on the following scale (where the agreed value acts as the multiplier for each agreed score):

Value Importance

- 1 The criteria was **not essential**
- 2 The criteria was **desirable**
- 3 The criteria was **important**
- 4 The criteria was **essential**

The next stage was to review all 46 criteria and agree what weighting to attach to each of them.

We had a number of long sessions to establish this. Panel members cast votes on what weighting each criteria should have. In some cases this involved repeated balloting until one weight was agreed for each of the criteria.

What we finally agreed was that none of the 46 criteria should be weighted as ‘not essential’ or ‘desirable’ but that all 46 were either ‘important’ (7 criteria) or ‘essential’ (39 criteria). We felt that if a criterion was unimportant to us we would have not agreed its inclusion as a criterion against which to score - all the criteria we scored against were important to us. The results of our weighting exercise are set out in key document 17.

As with the scoring system, there was some debate about the weightings process, with concerns that the weighting must not be prejudicial to any particular Option. But the Panel as a whole accepted that the most rational course was to accept the weighting for each of the criteria that most Panel Members had voted for - and indeed, in 34 of the 46 criteria the weighting chosen was chosen by a clear majority of the Panel.

Summary

The process to arrive at the evaluation criteria, and then the scoring and weighting system, were at the heart of what we did as a Panel.

It meant that we were able to take the evidence we had heard about the Stock Condition Survey, the financial analysis, the Tenant Survey, the available options, and the presentations made to us by the visitors from other organisations, and feed these into our individual scores for each of the options.

The results of that scoring exercise are summarised next in **Section 5**.

Section 5 The Results of the NTP's Scoring Exercise

In total 31 members of the Tenants' Panel chose to take part in the formal scoring exercise. **Table 1** below gives the results of that exercise (appendix 2). It shows:

- The **total scores** awarded for each of the five options
- The scores awarded for **each of the eight criteria groups** by option.

Totals per section with selected option						
Section Name	Section	Retain homes with review	ALMO	Transfer to HA standard	Transfer to mutual HA	Transfer as subsidiary of HA
Accountability, Influence, Participation and Power	1	1312	3118	3936	4224	3486
Tenants' Rights and Involvement	2	1536	1744	1812	1812	1584
Employee Issues	3	644	1256	1208	1208	960
Financial Implications incl. rents	4	3230	3221	2759	2759	2559
Quality of Homes	5	384	384	384	384	384
Impact on Local Community and Economy	6	500	500	404	404	404
Legal Framework and Equality	7	1152	1536	984	984	808
Implications for the Council	8	1536	1400	1004	1004	988
	Total	10294	13159	12491	12779	11173

Table 1

The shaded scores (green on colour copies of this report) indicate the highest score(s) for each of the eight categories.

Based on those totals, **Table 2**, below, shows the *rankings* for each option

Tenant Panel Ranking of Options	
Rank	Score
1. Option 2 (Retention - ALMO)	13159
2. Option 4 (Transfer – Mutual)	12779
3. Option 3 (Transfer – Stand-Alone)	12491
4. Option 5 (Transfer – Group Structure)	11173
5. Option 1 (Retention – Service Review)	10294

Table 2

The tables show that the *retention* options were at the opposite ends of the rankings, with the three transfer options sandwiched between them. Option 2, retention with the establishment of an ALMO, scored highest. One of the transfer options, transfer to a mutual housing association, came second. Transfer to a stand-alone association came third, with the remaining transfer option, transfer to become part of a group structure, in fourth place. The first retention option, retention with a major service review came fifth, and last.

The Tenants’ Panel notes that this rank order exactly matches that of the Employee Focus Group.

Analysis of the number of individual Panel members scoring a specific option highest shows the following:

Numbers Ranking Each Option as First				
Option 1	Option 2	Option 3	Option 4	Option 5
0	20	0	11	0

Table 3

Out of the 31 tenants who scored the five housing options: 20 or 64.5% ranked Option 2 - the ALMO the highest; and 11 tenants, or 35.5% ranked Option 4 - Transfer to a Mutual Housing Association as the second highest.

Having seen the overall scores we wanted to understand how we as a Panel had collectively scored each of the eight categories that made up the scoring criteria, and to draw some conclusions from them.

The following sub-section of this report summarises the implications of the scores for each section reported in Table 1.

1. Accountability, Participation, and Power

1. Accountability, Participation, and Power

Option 1 Retention & Review	Option 2 Retention – ALMO	Option 3 Transfer – stand alone	Option 4 Transfer – Mutual	Option 5 Transfer- Group Structure
1312	3118	3936	4224	3486

Table 4

The key facts that emerge here are:

- All three transfer options scored very strongly on this dimension. They generally scored well because they permit tenant membership both of the landlord organisation and its Board, and in the case of the mutual (which scores highest on this category) may also permit employee membership at both these levels
- The mutual model scored strongly on all of the 12 individual criteria that make up this category, but was scored particularly highly on its ability to give tenant membership not just of a Board but also intermediate bodies (e.g. the Rochdale Boroughwide Housing (RBH) Representative body which appoints all Board members
- The ALMO scores less well than the transfer options mainly because it does not permit tenant membership of the organisation

- Option 1 scores very poorly on this option because the structure of council governance is such that tenants and employees can't offer the same degree of influence or empowerment as the other options.

2. Tenant Rights and Involvement

Option 1 Retention & Review	Option 2 Retention – ALMO	Option 3 Transfer – stand alone	Option 4 Transfer – Mutual	Option 5 Transfer– Group Structure
1536	1744	1812	1822	1584

Table 5

The scores here were much more even across the five options. The key factors behind our scoring in this category were as follows:

- The two highest scores were obtained by Options 4 and 3. Option 4, the Mutual Model was scored by us marginally higher than Option 3
- Options 3 and 4 score higher than Option 2 (ALMO) mainly because they score more strongly on tenant rights in relation to changes in the tenancy agreement
- The ALMO option, however, was scored more highly by us than the remaining transfer option (Option 5) principally because the latter scores less well on tenant involvement in rent and service charge setting
- Although Option 1 is again the lowest scorer, we generally gave it reasonably good scores across the category. It came last overall mainly because it generally scores less well on tenant involvement in rent and service charge setting, and also because it scores poorly on the ability of tenants to agree changes to their tenancy agreement.

3. Employee Issues

3. Employee Issues				
Option 1 Retention & Review	Option 2 Retention – ALMO	Option 3 Transfer – stand alone	Option 4 Transfer – Mutual	Option 5 Transfer- Group Structure
644	1256	1208	1208	960

Table 6

- The ALMO option came out marginally strongest here with the other retention option scoring particularly poorly
- The Panel rated the ALMO as marginally the stronger option than Options 3 and 4 mainly because it permits employees membership of the Board
- Option 5 once again scored the lowest mark of the three transfer options because of the power of the parent body to determine policy on employee Board membership
- Option 1 scored poorly in this category because it does not permit employee issues to be decided by a separate organisation Board (and therefore to permit employees to be part of that Board).

4. Financial Implications (including rent)

4. Financial Implications – including rent				
Option 1 Retention & Review	Option 2 Retention – ALMO	Option 3 Transfer - stand alone	Option 4 Transfer – Mutual	Option 5 Transfer- Group Structure
3230	3221	2759	2759	2559

Table 7

We recognised from the beginning of our work that financial issues would be amongst the most important we had to understand, and assess. That importance was reflected in the fact that in our agreed options criteria suite of 46 individual criteria, financial criteria alone made up 12 of those 46 (i.e. 27%).

Our ranking here differed strongly from those previously discussed. The key features of our scoring were as follows:

- The two retention options score highest in this category, with Option 1 scoring marginally higher than the ALMO option
- The retention options score highest because they alone are not subject to the requirement for housing debt settlement, either by a purchase price, debt write-off, or a combination of both
- The Panel clearly recognised here the importance (as shown in the financial data provided by Savills) of the Council being able to meet the long term service and investment needs of the homes whilst remaining within the debt cap figure, subject to investment re-profiling
- Option 5 has the lowest score mainly because Panel members scored it down on the issue of whether any potential surpluses would certainly be used for local housing purposes.

5. Quality of Homes

5. Quality of Homes				
Option 1 Retention & Review	Option 2 Retention – ALMO	Option 3 Transfer – stand alone	Option 4 Transfer – Mutual	Option 5 Transfer- Group Structure
384	384	384	384	384

Table 8

This category comprised just a single criteria i.e. would the option allow the funding, delivery, and maintenance of the Decent Homes Standard over a 30 year Business Plan.

Essentially based upon Savills figures for the Business Plans for both retention and transfer, the answer is in the affirmative. So the scores for the five options are the same in this category.

6. Impact on Local Community and Economy

6. Impact on Local Community and Economy				
Option 1 Retention & Review	Option 2 Retention – ALMO	Option 3 Transfer – stand alone	Option 4 Transfer – Mutual	Option 5 Transfer- Group Structure
500	500	404	404	404

Table 9

We also scored the two retention options higher than the three transfer options.

The scores for the individual criteria suggest that the main reason for this is that Panel members judged the negative impact of the requirement for debt write-off to be more prejudicial to the viability of the transfer options, than the fact of the debt cap was to the retention options.

7. Legal Framework and Equality

7. Legal Framework and Equality				
Option 1 Retention & Review	Option 2 Retention – ALMO	Option 3 Transfer – stand alone	Option 4 Transfer – Mutual	Option 5 Transfer- Group Structure
1152	1536	984	984	808

Table 10

The main factors to bear in mind here are:

- The ALMO option comes out a clear top here, but Option 1 scores a strong second
- The ALMO option beats Option 1 largely because of the greater freedom an ALMO Board would have to implement its own equality and diversity policies
- Both retention options comfortably outscore any of the transfer options, and this seems to be because Freedom of Information requirements apply to both of the retention options (which the Panel clearly values) but not to any of the three transfer options.

8. Implications for the Council

8. Implications for the Council				
Option 1 Retention & Review	Option 2 Retention – ALMO	Option 3 Transfer – stand alone	Option 4 Transfer – Mutual	Option 5 Transfer- Group Structure
1536	1400	1004	1004	988

Table 11

This is another category where Option 1 actually scored highest. The main factors were these:

- Option 1 was scored by us more highly than the ALMO mainly because the ALMO can only be implemented with Government approval, whereas retention with a review requires no external approval
- The two retention options were scored more highly than the three transfer options partly because of a lack of certainty that there would be long term Council representation on a transfer association Board, but also because Panel members also scored the transfer options lower on the ability of the Council to hold those associations fully to account post-transfer.

9. Overall Conclusions on the Scoring Outcomes

In reviewing the results of our scoring exercise we think there are a number of specific conclusions that can be drawn from it, as well as a number of general observations we want to make.

The **specific conclusions** are these:

- The ALMO option scored highest because it scores strongly or very strongly across all eight categories (not, for example, because it has a very large margin over the other options in a few categories). The ALMO scores most strongly on: tenant rights;

employee issues; financial implications; the legal framework; and the implications for the Council.

- The Mutual Model (Option 4) also scored well across the categories, but particularly well in relation to: accountability, participation, and power; tenant rights; financial implications; and employee issues.
- Option 3 (the stand-alone transfer model) scores identically with the Mutual Model except on accountability, participation and power, where its scores are weaker.
- Option 5 scores consistently lower than both other transfer options because Panel members rated it lower on accountability, participation and power, tenant rights, and employee issues, and lower than the ALMO because its scores are worse than the ALMO on 7 of the 8 categories.
- Option 1, although it is last overall, actually came first or joint first in 4 of the 8 categories (see **Table 12**) below.

Options ranking highest for each topic area

Option 1 Retention & Review	Option 2 Retention – ALMO	Option 3 Transfer – stand alone	Option 4 Transfer – Mutual	Option 5 Transfer- Group Structure
4	4	2	3	1
2 as highest & 2 as equal highest	2 as highest & 2 as equal highest	1 as highest and 1 as equal highest	1 as highest and 2 as equal highest	1 as equal highest

Table 12

But the Panel scored Option 1 lowest overall mainly because it was judged very weak on: accountability, participation, and power and employee issues; and lowest on tenant rights.

Following from these specific conclusions we would like first to reflect on our experience of the scoring exercise and offer our observations on the evaluation criteria and scoring process. We will then go on to discuss our general conclusions on the three transfer options and two retention options, before giving our final recommendations.

Overall, we came to the understanding that the key issues in determining the relative strengths and weaknesses of the various options were:

- **accountability**
- **tenant power and employee representation**
- **local focus**

Following from these specific conclusions we would like first to reflect on our experience of the scoring exercise and offer our observations on the evaluation criteria and scoring process. We will then go on to discuss our general conclusions on the three transfer options and two retention options, before giving our final recommendations.

10. Undertaking the Scoring Exercise

When we began this process very few of us on the Panel had previous experience of Options Appraisals. Although we understood that our ultimate role would be to advise the HOP of the option we thought best for the future of council homes in Northampton, few of us realised what steps we would need to go through to reach that conclusion.

It must also be said that there was an initial scepticism whether our views would carry weight if they conflicted with what some supposed would be a pre-determined Council position on the Options. That spirit of scepticism has proved enduring, but has evolved into an approach of robust enquiry and constructive challenge to each and every element of our Appraisal process.

Many of us came to this exercise as pro-retentionists, but in the past tenants in Northampton have not had a chance to critically examine information such as that we have had access to in this Appraisal. Our own examination of the evidence has led us to conclusions which in some cases contradict long and strongly held beliefs and individual preferences. However, an easy, safe and superficial Appraisal could never have allowed us to clarify and deepen our understanding of what we, as tenants, want from our Housing service in the way this process has done.

As it progressed we came to appreciate that what we were engaged in was an extremely comprehensive process to enable us to arrive at an objective assessment of the Options, evaluated against criteria we ourselves had spent a considerable amount of time and effort in developing. The process of self-analysis entailed in this was rigorous and far more demanding than any of us realised when we began. In return we have, as a Panel, subjected each step in the process to equally rigorous examination, and we feel the conclusions we have reached are all the stronger for being challenged and tested at every stage.

Whilst some of us may still not be reconciled to what the scoring process has shown us, the large majority of us acknowledge that the way the Appraisal has been carried out has been

the only way it could have been, to carry credibility not just with the Council, but also with our fellow tenants.

It has been exhaustive, and exhausting, and along the way some of us have had to accept revisions to what we believed or wished for. But we are proud of sticking with the process and interrogating it in the way we have done in the last 15 months, and we stand by the conclusions and recommendations that have come out of what we have been through.

11. The Northampton Standard

We know that until the work that has been done by ourselves, the Employee Focus Group, and the HOP Panel, has been formally accepted by NBC, what we have been calling the 'Northampton Standard' is not yet an established benchmark (key document 24). But given that what we have called the 'draft' standard has been developed as a result of intensive work by ourselves and those other two groups, and formed the basis for Savills' Business Plan modelling, it seems reasonable to us to have treated it in this appraisal process as the standard to which we aspire to have our homes improved.

The fact that the transfer options offered the prospect of achieving that standard (subject to debt write-off) within the first five years of the 30 year business plan is something we feel tenants as a whole would value.

We had, therefore, to consider the importance of achieving that standard within five years with transfer, and weigh it against the prospect of the Northampton Standard not being fully implemented for up to 15 years.

The investment re-prioritisation exercise we went through showed us how achieving the Standard within 10 years could be done in a way that, as far as we can judge, meets the most important needs for tenants as a whole (as revealed by the Tenant Survey) in the earlier years, and pushes back less essential work until the later years (key document 12).

In doing this we are conscious that we have given a higher/ earlier priority to investment in our homes, and a lower/ later priority to larger-scale environmental works.

Whilst tenants as a whole would undoubtedly have preferred to have the whole range of Northampton Standard work done in 5 years, rather than 10, we believe that the implementation of the Northampton Standard over that period will be seen as an acceptable compromise, given that it will be undertaken within a retention option - if our recommendation for an ALMO is followed.

12. New Build

As a Panel we recognise the need for the building of new social housing in the Borough. We believe that there will be a rising demand for social housing in the future and that many existing tenants will want to know that their children and grandchildren will have a good chance of renting a good quality social home at a reasonable rent.

It is also true that when we began the process few of us had any thought that the Options Appraisal exercise would involve consideration of new build. We had assumed it would simply look at the future for existing NBC homes.

The implications of new build did not really occur to us until we saw the presentation from Savills in which assumptions about new build were factored into the various Business Plan scenarios.

But what the Savills analysis showed was that to achieve new build with a retention option would require pushing back the full achievement of the draft Northampton Standard until year 15. The lesson we took from their analysis of the transfer options suggested that new build, combined with achieving the Northampton Standard within an acceptable time-scale, would have the effect of pushing up the debt write-off required from Government to around £150m.

Based upon the advice we have received from the Council and the ITA, we do not believe that such a level of debt write-off is likely within the transfer option. On the other hand, we also do not believe that a time scale of up to 15 more years to achieve the (draft) Northampton Standard with retention is acceptable.

We have, therefore, concluded that the inclusion of new build should not be part of the Business Plan for any option chosen. Our view is that if a transfer option were adopted it should be with a Business Plan that focuses solely on achieving the draft Northampton Standard, without a new build element. Similarly, with retention we also feel that a future HRA Business Plan should not seek to achieve new build within resources available to the HRA.

We have also been advised that some councils have been able to new build by drawing on resources additional to the HRA via their ALMOs. These include Rochdale Boroughwide Housing and Rykneld Homes. Our view is that this should be the route to achieve social housing new build in the Borough.

13. The Transfer Options

At the outset of the Appraisal not many of the Panel had direct first-hand knowledge of housing associations, and the anecdotal knowledge we had was often negative. We also had little direct knowledge of the process of transfer itself. The first step to a more nuanced

understanding was to appreciate that transfer may be to a range of different types of housing association, involving different governance structures.

We learned that many transfers have taken place where the stock transferred to a new housing association which was created locally but was part of a group structure with other organisations. This meant that the organisation as a whole would have an over-arching parent body to which our local association would be subordinate. This is **Option 5**.

The Panel appreciates there are potential financial advantages in becoming part of an existing and presumably strong group, especially as regards economies of scale and collective procurement, shared service delivery, and absorption of set-up costs.

However, we understand the size of the Northampton stock means we are not in the position of some much smaller authorities where financial viability of a stand-alone association could be questionable, and therefore for us the purely pecuniary benefits have always been outweighed by the loss of autonomy our local association would face. Given that ultimate authority rests with a parent Board over whom the Council may have little or even no influence, the relative weakness of NBC in relation to the housing priorities of the association would also be a major concern.

These concerns are borne out in our scoring of this Option. Local focus is a key driver in evaluating the various Options, and many of us see continued Council influence as an important safety net for tenants in the future. The Panel has always been unhappy with an Option which would minimise Council influence and lose local responsiveness and accountability.

Option 3, in comparison, offered the prospect of establishing a local stand-alone organisation. An association with the capacity to borrow on the private market, focused purely on managing and improving homes, and concentrating solely on Northampton, was clearly seen to offer real potential. The fact that tenants could be members of the organisation as well as being on its Board was also one of its attractions, as evidenced in our scoring.

However, one of the issues Panel members had with this stand-alone option is the lack of guarantee that it would remain stand-alone in the future. A merger with another organisation, even another relatively local one, would entail precisely the same loss of autonomy, accountability and local focus which we most urgently wish to avoid.

Option 4, a stand-alone association on a mutual model, has been generally highly regarded in theory as having the virtues of Option 3 without the drawback of a possible loss of autonomy in future, since merger or takeover by another association would present severe legal difficulties and tenants would in any case be in a strong position to block such a move, thanks to the tenant power inherent in a mutual's governance structure.

Another strong attraction to the Tenant Panel of the mutual model is the potential it appears to offer for employee influence in the organisation's management, and of genuine

partnership working between tenants and employees. This is seen as a real positive for a mutual which sets it apart from the other options, but as the model is so new, and its practicalities still being worked out by its pioneers, we cannot yet be certain how the potential could be translated into actuality.

Despite the newness of mutuals as a housing association model and the lack of clarity of some of the details of governance as yet, the fact that 11 of the scoring Panel members arrived at Option 4 at the top of their individual rankings shows that it came to have genuine support within the Panel as we progressed with the Appraisal.

In summary, while transfer has never been uncritically accepted by the Panel as a way forward, our evaluations of its abstract merits have become more realistic, less reactionary, and are grounded in objective fact. The point where this understanding of its benefits became more concrete was when Savills' financial modelling demonstrated that any one of the three transfer options could realistically expect to achieve the aspirational Northampton Standard of homes and services within the first five years of a viable 30 year business plan.

We have, though, listened carefully to the advice from the Council, Savills, and our ITA who have had to stress that a transfer is dependent on substantial write-down or total write-off of the HRA debt prior to transfer; further, that such an intervention may not be forthcoming.

To conclude: our view of transfer is that while we might be attracted by its possibilities in terms of accelerated investment and increased tenant and employee empowerment, we could not advocate an option that minimised local focus of our housing service, or long-term council influence on it. Nor can we be convinced that transfer, under current housing self-financing rules and in the light of the most recent version of the draft Government guidance on stock transfer available to us, is financially viable.

We further believe that while it is possible transfer might be an option that tenants as a whole would support in a transfer ballot, this is by no means certain, and thus poses real risks in terms of potentially wasted Council resources which could negatively impact on current housing services.

14. Retention

It rapidly became apparent that the Panel was unimpressed with the past and present quality of the NBC housing service and was not prepared to see those standards perpetuated. As one of our members put it, 'the status quo is not an option'. We were bolstered in this view by the results of the Tenant Survey which indicated very strongly that tenants as a whole shared our stance, and heartened that it was a view apparently shared by the Employee Focus Group.

We therefore agreed that the original Option 1, retention with no service review, should be dropped and we be left with the remaining five.

The new **Option 1**, retention **with** a major review, has always been seen by us as an eminently viable option. What it promised was an assured future under council ownership and management but with all elements of the service subject to a root-and-branch revision. The recent development of Service Improvement Panels has in our view been an extremely positive move and has demonstrated the Council's willingness to look closely at how things have been done in the past and how they can be changed where necessary.

The potentially limiting factors on the eventual extent and success of such a review are seen as twofold:

- how far such a process of change and improvement can go while the Housing Service remains embedded in a highly complex and multi-function organisation such as the Council;
- to what extent tenants would be able to drive improvements and changes and collectively monitor their effects while having no direct leverage in decision-making or implementation.

As our work has developed, we have come to recognise that the ALMO model, **Option 2**, brings the same benefits of retention but also satisfactorily addresses these two issues, of housing service focus and direct tenant involvement. As a further advantage in the eyes of the Tenants' Panel, we note that it is possible for an ALMO Board to include employee representation.

The results of the scoring exercise show the ALMO option to be rated strongly across all evaluation categories, and as such it is the option we as a Panel conclude that we would wish NBC to pursue.

However, if this option were to be adopted by NBC there are a number of important issues the Panel believes need to be addressed in the ALMO's subsequent development to meet Northampton tenants' particular needs and aspirations. These are set out in detail in Section 7.

Section 6 Our Recommendations

1. The ALMO is the best way forward

We recommend to the HOP, and through the HOP, Northampton Borough Council that the option to be pursued is a retention option where current responsibilities for council housing management are delegated via a formal management agreement to a newly established **Arm's Length Management Organisation (ALMO)** with its own Board of Management.

In proposing a retention option we are aware that such an organisation will still be subject to the new rules on council housing self-financing under which the HRA will be required to carry the recently imposed debt of £193m and to the total debt cap of around £209m.

We hope that our council will continue to work with other councils to persuade Government to allow greater borrowing freedoms for longer term council housing investment, and in so doing build on the benefits we believe improving homes to the Northampton Standard will bring to our homes and neighbourhoods.

In proposing retention with an ALMO we are also aware that, unlike in past ALMO developments elsewhere, this will bring no extra financial benefits to Northampton.

But in this regard we have two points to make:

- From the advice and training we have received we know that the 50 or so existing ALMOs have developed a range of proposals over the last few years that would allow ALMOs greater financial freedoms, and attract more resources for investment. Whilst these ideas have not yet for the most part been accepted by Government, it is clear that ALMOs can make a strong case for being innovative social housing organisations well placed to build partnerships with public, private, and voluntary sector organisations. Those kinds of partnerships might, in time, increase the available resource base irrespective of the constraints on the HRA.

We would like Northampton to play a positive role in that work, and believe that an ALMO here could do that.

- We also agree with what the early guidance on ALMOs saw as the principal benefits of an ALMO. That is
 - it gives a clear focus on the role of housing management
 - it promotes the involvement of a wider range of people, particularly tenants, in decision-making
 - it provides a more efficient way of managing homes and delivering services.

Whilst we see these as desirable in their own right, we acknowledge that they ought also to result in a housing service that gives significantly better value for money.

Section 7 Issues for Further Consideration

We would not expect these following issues to be resolved within the Council's discussion of this recommendation in December 2013. However, we regard them as important questions to be addressed if the Council adopts our recommendation of an ALMO as the way forward for Northampton's council housing, hopefully in an ALMO Development Programme beginning early in 2014. As such it is sensible to raise them here, as issues for future consideration.

Reaching mutually satisfactory agreements over such questions through joint working, co-operation and open debate between tenants, employees and Council will provide the best possible template for our future working relationships. It will ensure the new organisation is based on strong foundations and goodwill from the outset, and optimise its likelihood of success.

The key issues we perceive can be grouped under three main headings.

1. Composition of the Board of Management

The Tenants' Panel is keen to continue working alongside employees following the successful joint workshop sessions we enjoyed as part of the Appraisal process, and we wish to see employees have a stake and a say in the management of the new organisation. Therefore we hope to have discussions around the possibility of employee representation on the ALMO Board.

The question of how many representatives should be on the Board for each interested group will need to be resolved. We understand a traditional division is five tenants, five Council nominees, and five independents; but there have also been ALMOs with seven tenants, three Council nominees, and five independents, an arrangement tenants would assuredly favour. If such an arrangement were to be seen as an ideal for tenant empowerment, a further question would arise as to whether it should be a starting point of Board composition or a target - that is to say, whether it would be best for the Council to initially hold five seats and eventually reduce to three as the ALMO grows in confidence, and if so under what kind of timeframe.

The problem of how to ensure tenant representation on the Board is as diverse as the wider tenant population is likely to generate vigorous debate. We have over the Appraisal process heard about several different modes of (s)election: a tenant from each geographical area so as to reflect diverse needs across the diverse estates; tenants with particular areas of skill and expertise to match 'job specifications' drawn up by fellow tenants; tenants from various

groups such as older, younger, disabled, family, supported living, and black and minority ethnic tenants so that no particular viewpoint or set of specific concerns is lost. As can be appreciated even from a brief run-through of alternatives, this issue can be approached from many angles and it is imperative the Council seeks all views and considers all options in depth before we develop a final proposal. The last thing a fledgling organisation needs would be to appear to be excluding any particular group of tenants from its processes.

Finally there is the issue of selection of Board members versus election. While selection may give a more even playing field to those quieter tenants who have excellent, useful and much-needed skills and qualities but lack the self-confidence to compete in election, election can be viewed as the most transparent and democratic method of filling tenant places on a Board. We would hope the Council would take both views into consideration and, if necessary, would work with us in giving all the support needed to encourage more self-effacing tenants to stand if they so desire, to ensure all tenants voting are fully informed and empowered to make their choice, and to act as impartial moderators so the process is fair and can be seen to be fair.

2. On-going Relationship with the Council

We learned from the visits we invited from other organisations (Daventry & District Housing, Rochdale Boroughwide Housing, Salix Homes and Wellingborough Homes) that the best ALMOs work at a genuine arm's-length from their parent Council; indeed it was commented that the failure of one ALMO was directly attributable to the parent Council keeping too tight a restriction on the independence of the ALMO to respond to its tenants' needs.

We believe it would be counter-intuitive and counter-productive for NBC to create an ALMO and retain too close a hold on its activities. If the main advantage to us of an ALMO is to focus solely on the local housing service, it needs to have the independence to match action to theory.

Conversely, anxieties are raised among tenants at the risk involved in trying something as new to Northampton as an ALMO. A clearly-structured protocol for taking the new organisation back in-house if the need were to arise would help allay fears that we might be 'cut adrift', and would provide insurance against any acrimonious or lengthy dispute. The mere fact of having formed in advance a well worked-out plan for the worst may be the best guarantee of never having to use it.

To better gauge the pitfalls already negotiated and the best practice already developed by others, the Tenants' Panel would recommend initiating a dialogue with a range of other

ALMOs at the earliest opportunity, and hopefully visiting other areas to see and hear for ourselves what Northampton would do well to avoid, and what to emulate.

3 Consultation

There is a school of thought among some in the Tenants' Panel that as moving to an ALMO is a major change to the service received by Council tenants we ought to be balloted, in a binding ballot, in the same way as we would be if we were being asked to leave the Council as a landlord and transfer, even though there is no legal obligation whatever on the Council to hold a ballot.

The Tenants' Panel strongly recommends holding a ballot of all tenants.

Regardless of whether a ballot is held, however, we all most urgently wish to see comprehensive and meaningful consultation on the option if it is confirmed at Council as the preferred choice. We recognise that although we are an unusually large group of tenants to be engaged at this stage of an Appraisal, we are still a tiny fraction of the total tenant population and we feel most strongly that all tenants' views should be sought and taken into account in as full a way as humanly possible.

For a new organisation to succeed, having the goodwill and support of tenants in general is crucial. This does not mean embarking on a promotional exercise which may be resented, suspected, and ultimately undermines both organisations' credibility. It means involving tenants from the outset in planning and implementing a genuine consultation, helping to inform people with facts rather than opinion, and allowing all tenants space to make up their own minds.

This Appraisal has involved tenants in a way that is entirely novel to Northampton, although we are led to believe it has been common elsewhere for some time. The resources and logistical effort put in have paid dividends as tenants who had never previously been involved, or who had spent years putting effort into involvement which never seemed to come to anything, gained unprecedented access to facts and figures pertaining to our Housing Service and were allowed space and time to criticise, comment, and eventually develop our own constructive response to them. We hope the successful Appraisal process can serve as a model for meaningful, open and honest consultation on the chosen Option's future with as many tenants as wish to join in.

In summary

Questions will need to be answered, at some point, over how exactly to go about gathering as wide and robust a tenant voice on the chosen Option as possible; over precisely what kind of relationship between ALMO and Council is regarded as a healthy median between too close and too detached; and over who is on the Board, how they get there, and what their remit is once they're incumbent.

We hope we have here usefully flagged up some of the forthcoming debating points.

4. Next Steps

The Tenant's Panel was established to give a tenant voice in the Options Appraisal process. In carrying out our programme of work, in producing this report, and in presenting its findings, we have fulfilled that brief.

But we see this as the beginning of our work, not the end. We believe that there is a long-term role for a Northampton Tenant Panel constituted in broadly the same way as we are now, but open to new members and with a new remit.

We see the role of the Panel as having two main elements.

4.1. We believe that the Panel should have a central role in working with the Council, and with the ALMO Shadow Board once in place, to **establish** the ALMO.

This will include:

- work on the organisational and governance structures of the ALMO
- the management and other service level agreements
- the development of a tenant engagement policy and structure
- the development of key performance indicators
- the development of ALMO monitoring arrangements.

4.2. Once the ALMO is operating as a separate organisation, we see the role of the Panel as offering a regular tenant oversight of the **policy and strategic role** of the ALMO.

This would be a different role to that played by the Service Improvement Panels whose work to date we endorse and support. We see their role in the future as continuing to drive service improvements within a scrutiny framework. The role we see for the Tenants' Panel is more like that of the Representative Body in the Rochdale Boroughwide Housing Mutual Association.

How this would work, and how it would fit with the need also to have a broader menu of individual opportunities for tenant involvement, will be need to be covered in an anticipated new tenant engagement policy and structure.

5. Final comments

Back in September 2012, the lead technical advisor for NBC, Gerald Davies, described the appraisal ahead of us as like embarking on a journey. As we recall, he mentioned trains. He didn't tell us it would be the metaphorical equivalent of a trek to the South Pole and back.

En route, the small and disparate band who falteringly began the expedition grew into a sizeable, cohesive and self-willed cohort. We explored previously uncharted territory for us - the HRA, tenancy law, Companies Limited by Guarantee. We crossed the wastelands of governmental recalcitrance, and unearthed fabulous gems such as the concept of tenant scrutiny and service improvement. We also did a fair amount of hacking at undergrowth and disappearing on our own excursions, to Gerald's eternal despair.

We should thank Gerald for convincing us to set off on this long and exhausting journey; regardless of its final destination, and despite the unexpected rigours, we must admit that it has been worth the trip. They do say travel broadens the mind. We would like to thank Steve Sharples, Christine Bailey and Jim Mitchell, our Independent Tenant Advisors, for being our ever-dependable guides. And we would like to thank Dale Robertson and her team for acting as our support crew throughout with admirable patience, tenacity and meticulous attention to detail.

Where Northampton's council housing service goes from here is now over to the Council. What we do know is that, having now seen so much more of what is possible, we have no intention of tamely returning back to where we started.

Acknowledgements

Northampton Tenants' Panel wish to thank the following people without whom the extreme learning process we have been on would have been either impossible or, at best, much, much harder and much less enjoyable:

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Wendy Jeffcoate

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Fiona Lloyd

Jim Mitchell

Dominic Otabil

Dale Robertson

Steve Sharples

Georgia Tait

We also wish to commend Richard Hawkes and Hazel Smith: both these Tenant's Panel members demonstrated an unwavering commitment to the Review and to the cause of tenant empowerment, which is all the greater in the light of their pre-eminent commitments to the needs of family. The thoughts of the Panel are with you.



**Employee Focus Group
Housing Stock Options Review Report**

Version Number: FINAL

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Foreword

Key Documents are documents that will be referenced throughout a series of reports. This series comprises; this Employee Focus Group Report, Tenants' Panel Report, Housing Options Panel Report, Independent Tenant Adviser Report and the Northampton Borough Council Report on the Housing Options Review.

Key Documents associated with this report are detailed below. All Key Documents, appendices and background documents, not published with this report, associated with the review are available for viewing on the Council's website or by contacting the Housing Options Review Team tel: 0300 330 7004

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Key Document Number Key Document Name

6	Employee Focus Group Terms of Reference
12	Re-Profiled Northampton Standard Expenditure
13	Communication & Consultation Strategy
14	Stock Condition Survey
15	Initial Options Criteria
16	Scoring Framework
18	Employee Focus Group Weighting
19	Options Comparison Document
20	Individual Scoring Sheet
22	Financial Analysis Presentation
23	Consultation on the Housing Transfer Manual
24	Draft Northampton Standard

Appendix Number	Appendix Name
1	EFG Meeting Schedule
2	Tenant Survey Results with Benchmarking Data
3	Tenant Survey Key Measures Trend Results
4	HRA Baseline Analysis Presentation
5	EFG Scoring Presentation

Background Document	Background Document Name
1	Tenant Survey

SECTION 1: EXECUTIVE SUMMARY

1.1 Summary of key points and recommendations from the EFG

The Employee Focus Group (EFG) was a key stakeholder in the Housing Option Review. They undertook a detailed, fair and transparent process before recommending that the Northampton Borough Council Housing Service should become an Arms Length Management Organisation (ALMO).

Employees across various sections of the Housing Service formed the EFG whose role was to work with the Council and make its recommendation to the Housing Options Panel (HOP) on the preferred option. The HOP also receives a recommendation from the Tenants' Panel (TP) and makes one final recommendation on the future of the Housing Service to Council in December 2013.

The EFG considered key issues in the review by receiving information and presentations on each issue and had opportunity to question and challenge at each stage. Meetings were either exclusive to EFG members or joint sessions with the TP. Housing Associations and ALMO's who had already gone through their own review process also presented and responded to questions from the joint group

An objective scoring process was devised; and this again received input from both the EFG and TP. Key issues were able to be weighted, adding to their importance in the final scoring of each retention and transfer option.

Finally, each option was scored by every member of the EFG and unanimously the ALMO was the top scoring option; as well as being the preferred option from the Group.

SECTION 2: INTRODUCTION

2.1 What is the Housing Options Review process

The Housing Options Review (the review) was an independent led review process looking at the options available for the future ownership and management of the Housing Service currently owned and operated by Northampton Borough Council (NBC).

There were a number of groups who as key stakeholders have been involved in the review process and had opportunity to influence it's outcome to include tenants, employees, councillors, MP's, trade unions, CLG/HCA and full council.

Involvement was from three main stakeholder groups:

- The Tenants' Panel (TP); approximately 35 voluntary members of Council tenants who have been supported by an Independent Tenant Adviser
- The Employee Focus Group (EFG); 12 voluntary members of NBC employees working within Housing whose attendance was supported by their managers
- The Housing Options Panel (HOP); consisting of 5 members from each of the EFG, TP and 5 Councillors including the Leader, Deputy Leader & Cabinet member for Housing, and 3 Councillors representing the opposition parties.

The HOP considers information from all sources, including the EFG and TP and then makes the recommendation to Cabinet on the preferred option.

2.2 Who is on the EFG?

The Council decided to set up the main stakeholder groups to enable them to examine the issues in depth and make recommendations on the future of the Housing Service to Council. Details of the 12 members of the EFG members are included in the table below:

Employee	Job Title	Department	Membership of group/sub-group			
			EFG	HOP	Joint	Report writing
Emma Bird	Housing Strategy and Performance	Strategic Housing	YES		YES	YES

	Officer					
Lee Clark	Housing Officer	Landlord Services	YES	YES	YES	
Hannah Evans	Clerical Officer	Landlord Services	YES	YES	YES	YES
Mick Gallucci	Multi-skilled Operative	Landlord Services	YES		YES	
Ann Inniss-Haycox	Choice Officer	Strategic Housing	YES		YES	
Steph Kealy	Call Care Control Operator	Strategic Housing	YES		YES	YES
Lee Martin	Plasterer	Landlord Services	YES	YES	YES	
Barry Paterson	Plumber	Landlord Services	(partial) *			
Matt Ryan	Carpenter	Landlord Services	YES		YES	
Jannine Sanders	Welfare Reform and Rent Income Officer	Landlord Services	YES		YES	
Jonathan Swann	Independent Living Officer	Strategic Housing	YES	YES	YES	YES
Jackie Taylor	Asbestos Management Officer	Landlord Services	YES	YES	YES	YES

*This employee was unable to continue to be involved in the review

2.3 How & when the Group was set up

EFG members were recruited via an open invitation to all Housing employees in the summer of 2012. All employees that expressed an interest in being involved were invited to join the EFG, subject to line manager approval. The Group first met on the 20th September 2012 and regular meetings have been held throughout the year.

Employee members who also wanted to be members of the HOP went through a selection process. They wrote a personal statement which the EFG considered before having a ballot to decide on who the final Panel members would be.

It was originally intended that the EFG made their recommendation to the HOP in July 2013 however this period was extended to December 2013 because of delayed Government guidance on Housing Stock Transfer and following a request from the TP for more time to consider issues.

2.4 The Role of the Group

The main purpose and aim of the EFG, as defined in the EFG Terms of Reference (key document 6) was as follows:

Work with the Council and advisers to make sure the Council's Housing Options Review considered:

- the things that matter most to employees
- all relevant information and all aspects of the review and make its views known to the Housing Options Panel (HOP).

2.5 How many times it has met

Appendix 1 details the dates of all meetings and the subjects covered at those meetings. The table below summarises by employee group / sub group the amount of meetings attended and the maximum total hours of attendance per employee.

Employee group	Meetings attended	Total amount of hours (including traveling time)
EFG members	22 meetings since 20 th September 2012	Meetings averaged 5 hours = 175 hours per employee
Joint EFG / TP meetings	11 joint meetings	Meetings averaged 6 hours = 66 hours per employee
Employees on HOP	16 meetings	Meetings averaged 4 hours = 64 hours per employee
Report writing Sub-Group	4 meetings with additional work required to complete report	Meetings and additional work = avg. 20 hours per employee

It is not solely the contribution of employees directly involved in meetings, but also the support/effect on working teams where employees have been absent. A very significant contribution has been made by other Housing employees to enable the process to be supported; this contribution is not quantifiable but deserves recognition.

2.6 How the Group has operated/worked

The EFG has been facilitated by Gerald Davies (GD); the Group opted not to have a Chair but to continue with facilitation delivered by primarily GD (supported by Dale Robertson (DR)) and action minutes provided by the Housing Options Review Team. The Group developed a Code of Conduct as part of the Terms of Reference which was adhered to throughout the whole process. The EFG were involved at the outset in defining objectives and priorities for future improvement of the housing stock and improvements in service delivery. Written and verbal information was received by internal and external consultants (e.g. Savills) so they were better informed of the whole process and the implications of decisions made. Catch-up sessions were provided by DR to EFG members unable to make meetings or where further clarity on subjects covered was required. Meeting minutes were produced by the Housing Options Review Team and distributed to all Group members and agreed at the start of each subsequent meeting.

2.7 How the Group has approached its task

The EFG approached each task without any pre-conceptions and with an open mind. They had set agendas and timescales provided and led by the Housing Options Review Team and met more frequently towards the end of the process due to timescales. It predominantly worked as one group receiving information and having the opportunity throughout to challenge through discussion and debate. Initially the EFG process was independent of TP involvement and any EFG decisions were decided by a majority vote which were based on the facts presented, removing any subjectivity from the process. Latterly the EFG met with the TP more frequently where work was carried out together. This added value to the process, although for the employees it limited the time they could discuss key issues as a group.

SECTION 3: THE KEY ISSUES IN THE REVIEW

As part of the review, there were key issues that the EFG were required to understand and then discuss to make informed decisions. Summarised below are those issues, the findings and subsequent outcomes and/or actions.

3.1 The Stock Condition Survey

The Stock Condition Survey (key document 14) was carried out by Savills in July and August 2012. It assessed the current condition of NBC housing stock and the work required to meet and maintain the Decent Homes Standard and a more modern standard over a 30 year plan. 25% of the stock (3043 properties) was assessed instead of a more standard 10% sample to provide a more accurate detail of works required.

The key findings advised that:

- Significant investment is required in order to upgrade and modernise the properties
- The Council has focused on achieving the Decent Homes Standard and the percentage of non-Decent Homes has reduced to approximately 40%
- Continued investment is required to prevent an increase in non-Decent Homes.

The biggest area of investment however is required to the internal parts of the properties, with approximately 50% of kitchens and bathrooms and 25% of heating systems needing to be replaced in the short term. When presenting, Savills costed a 'modern standard' that they use which includes Decent Homes standard, plus an additional allowance for environmental improvements and additional works to properties to improve them to a modern standard. This was used until the Northampton Standard had been costed which then replaced the illustrative Savills modern standard.

In total Savills found that the estimated costs would be:

- £57K per unit to achieve the Decent Homes Standard over 30 years.
- £70k per unit to achieve the Northampton Standard over 30 years.

The survey and projected costings provided crucial information for the EFG throughout the review process and Savills findings were used extensively when producing the Northampton Standard and when taking financial implications into account.

3.2 The Tenant Survey

The Tenant Survey (background document 1) was carried out by Ipsos MORI in October 2012 to identify the tenants' level of satisfaction with the Councils' Housing Service as well as the tenants' priorities for the Housing Service.

The questions were formed around 3 main themes:

- Perceptions of the Housing Service
- Future of the Housing Service
- Housing Options Review

The survey was sent to all tenants named on tenancy agreements and a total 3,727 responses were received (26.55%). The results to key questions when analysed showed that the key areas of focus were:

- Repairs and maintenance
- Overall quality of home
- How much views are taken into account
- Anti-social behaviour

The results showed that although the majority of tenants were satisfied with the key housing services provided by NBC, satisfaction levels were all in bottom quartile when comparing the data to Housemark benchmarking information (appendix 2). Furthermore, the results of this survey showed a decrease in satisfaction levels from the last completed survey in 2012 (appendix 3). One of the main areas of decline was the satisfaction that the tenant views were taken into account, which has progressively declined over the last 6 years. This was something the Group felt compelled to investigate in more detail and wanted to address throughout the process.

The Tenant Survey provided a crucial overview of tenant's opinions and highlighted areas in greatest need of improvement as well as areas requiring further investment to improve the quality of the homes and surrounding areas.

3.3 The Northampton Standard

The Northampton Standard (key document 24) is a standard that was developed through the calibration of tenants and employee's knowledge, views and experience to include involvement from:

- Stock Condition Survey – 3,043 homes (25% of NBC stock)
- Tenants Survey – 3,727 tenants (almost 27% response rate)
- Tenants' Conference – 185 tenants attended, split into 36 discussion groups
- Employee Focus Group meetings
- Tenants' Panel meetings
- Joint Tenant and Employee meetings

It exceeds the minimum Decent Homes Standard and is split into two parts

1. Service and Performance Standards
2. Physical and Environmental Standard for the improvement of properties

The process for the development of the Northampton Standard was complex, however the EFG found that the process was well thought out and delivered at a pace that meant a fair analysis of the tenant's needs and aspirations could be made.

When completing joint sessions, tenants and employees generally agreed with the elements that should be within the Northampton Standard and when working in mixed groups the results were also similar.

Although the Service Improvement Standards were a consideration when developing the criteria as the Governance of the organisation sets these standards, the development of the Service Standard for the physical and environmental factors was concentrated on as the financial implications of these standards were crucial within the review when analysing whether the options were financially feasible.

3.4 Financial Analysis

Savills conducted a baseline analysis (appendix 4) and shared their findings after making comparisons with Local Authorities of a similar size and location. They highlighted that NBC was spending less than the Government had assessed was our need and in addition they identified opportunities to increase our revenue.

Savills also provided a presentation on the costing required to deliver the Decent Homes Standard and to increase this to meet the tenant's aspiration under the new Northampton Standard (key document 22). In addition, the EFG looked at legislation and issues that limited the ability to drive forward change in as timely a manner as possible:

- The Debt
- Debt cap
- Rent convergence
- Welfare Reform
- Housing Revenue Account Reform
- Government consultation on the Housing Transfer Manual

Each housing option was assessed to determine whether it was financially viable. All transfer options required Government write-off of debt and each retention option was subject to the debt cap and as such, could not deliver the Northampton Standard within the first 5 years of the Business Plan.

In a separate workshop, a unanimous decision was made by the joint group that it was acceptable to defer the completion of implementation of the Northampton Standard to being delivered over a 10 year period instead of the originally discussed 5-year period, which all housing options could achieve. Joint tenant and employee groups worked on prioritising the works they wished to see completed in the first 5 years and what to delay to years 6-10. The consolidated results again showed great similarity and the average outcome was accepted (key document 12).

3.5 The Government's draft consultation paper

The Government issued a consultation paper on the Housing Transfer Manual in July 2013 (key document 23). It was known that this would impact upon the review but the degree of impact was not clear until the publication of the consultation paper and will still not be known fully until the final report is issued, which is still outstanding. Regardless of the delay in publishing and the possible impact of the paper, the review continued.

When published, the consultation paper was summarised and shared with the Group but the impacts were not truly understood until a presentation in August from Savills along with Bill Lewis, Head of Finance who were both able to overlay the implications that the report had on

our ability to finance the choices available. It raised considerable concern from all areas of the programme because in the event that the scoring process identified a choice to transfer our stock then it would be unlikely that it could be afforded by NBC due to there being insufficient revenue to service the debt. The effect of this made the transfer options unrealistic due to the constraints imposed by the Government's draft consultation paper.

3.6 Visits from other authorities

Both the EFG and TP wanted to gain a greater understanding of what it was like to work in an environment where the housing option process had been conducted and an alternative option to stock retention was selected and implemented. Visits from other authorities were arranged to a joint group meeting where they presented and responded to questions.

Below are details of the visits:

Authority name	Option selected by tenants	Why selected
Daventry and District Housing	Stock transfer to Housing Association.	Close in geographical location and with whom NBC already has a collaborative business relationship and an example of transfer to a Housing Association
Wellingborough Homes	Stock transfer	Requested to come to talk to us. Local and an example of transferring to a Housing Association.
Salford City Council (Salix Homes)	ALMO	An example of an ALMO now considering going to transfer
Rochdale (Rochdale Boroughwide Housing)	Was an ALMO who transferred to a Mutual Housing Association	Rochdale had been successful as an ALMO but then chose to transfer to a Mutual Housing Association

Each visiting body was well represented apart from Wellingborough who failed to bring a tenant and from this point of view, any questions that were answered from the tenant perspective lacked the first hand insight required.

The financial investment into homes, the environment and the local economy had increased following the changes in each authority and therefore the quality for tenants had improved. Investment in employees training and development also increased. It was interesting that the majority of the authorities believed that the repairs worked better when managed “in-house” by their own workforce rather than outsourcing and moves were being made by some to reinstate this.

3.7 All forms of engagement in the review

The Housing Options Review Joint Communication and Consultation Strategy was devised by the Housing Options Review team and agreed by all EFG members (key document 13). This document outlined the Strategy that the Housing Options Review Team adopted to ensure effective communication happened during the review process. Employees received numerous communications relating to the review process including:

- Contributions from the Housing Options Review Team into the Housing Newsletter
- Presentation to the Westbridge staff by Mary Wood (previous Interim Head of Landlord Services)
- Attendance at the Staff Conference specifically about key pieces of work that had been undertaken during the process (e.g. Tenant Survey and Stock Condition Survey)
- Two Housing staff briefings providing progress updates
- Small pocket guide outlining the process and the options being considered in the review
- Key documents have been made available on the Intranet
- EFG members have briefed team members and answered questions posed by any Housing employee as required

SECTION 4: THE OPTIONS CRITERIA AND SCORING PROCESS

4.1 Development of criteria

The criteria against which all the options were to be scored against was looked at in one of the first workshops that the Employee Focus Group in attended in October 2012. Issues to think about were suggested and groups identified the things that mattered to employees,

tenants and the Council and listed these out under issue headings, including standards and financial levels that would be assessed against as part of the scoring process.

Joint sessions with the TP were held to agree definitions and agree success factors. There was a list of 176 criteria initially (key document 15) and through a number of workshops, the criteria was distilled to be more succinct and measurable; and resulted in a document detailing the final 46 criteria that the chosen option should provide and a scoring framework which detailed the key objectives to be scored against each criteria (key document 16). The criteria were split across the following eight themes:

- Accountability, Influence, Participation and power
- Tenants' Rights and Involvement
- Employee Issues
- Financial Implications incl. rents
- Quality of Homes
- Impact on Local Community & Economy
- Legal Framework and Equality
- Implications for the Council

Once the objectives and scoring criteria had been agreed by the EFG, the next exercise completed was to agree how to score each option and then agree the weighting that should be applied to each statement. The weighting applied was decided on by how important the majority of the Group felt each statement was (key document 18).

There was a number of revision sessions attended to help with the understanding of what each option could/could not deliver against each objective, before finally receiving an Options Comparison Document summarising the facts (key document 19) which aided individual scoring of each option in September 2013. The scoring was done on a pre-populated scoring sheet (key document 20). Where there were factual answers to the objectives under each criterion, this scoring was moderated to ensure a consistent score was given. The score papers were verified by the Independent Tenant Adviser. Only where the housing option part-met the objective employees were able to give a subjective score based on what had been learnt through the process detailing whether they thought the housing option partially met or fully met the objective detailed.

4.2 EFG views on process and outcome

It is the general view of the EFG that the rationale for the scoring process was thorough, fair, logical and followed a systematic due diligent approach. The process involved joint partnership working with both tenants and employees to finalise both the scorable questions and the scoring framework to compare each of the options against. The content of the scoring framework was a culmination of several pieces of work undertaken by both employees and tenants, spanning over many months.

The scoring process resulted in a unanimous outcome, with all 11 EFG members voting in the same way. The chosen option scored strongly over all eight criteria groups, and was especially strong in tenants' rights and involvement, employee issues, financial implications, legal framework and equality and implications for the Council as detailed in a Results and Analysis Presentation by the Housing Options Review Team (appendix 5).

4.3 How the EFG views each of the 5 housing options

There were originally ten options for consideration. In October 2012 the EFG undertook an exercise to reduce the number of options to consider going forward and together with the results of the same exercise from the TP, a recommendation was submitted to the HOP to make a final decision on which options would be considered for this process. The HOP agreed with decisions made by the EFG and TP groups in all but 1 option – the HOP decided to retain the option of a transfer as a subsidiary of an existing Housing Association when the EFG and TP wanted to exclude this. It could be argued that this initial narrowing of options could have been subjective.

There were initially 6 options retained through the process:

- Retention without review (this was later removed, as it was deemed that this process has already contributed to a review of the service)
- Retention with a review of the service
- Retain as ALMO
- Transfer to a Housing Association set up for NBC stock
- Transfer to a Mutual Housing Association
- Transfer as a subsidiary of a Housing Association

As the process continued, it was ensured that the subjectivity of key decisions was eliminated wherever possible. The EFG members did not have a view on each of the 5 options to be scored as each individual signed up to the code of conduct to have an open mind throughout the process and allow 'the facts to speak for themselves'.

4.4 What are the key issues for the Group?

The process of weighting each of the agreed criteria really enabled the EFG to focus on and decide what was most important to them in terms of what the chosen option could deliver.

The weighting document identifies the areas that mattered the most were employee issues, financial implications including rents, quality of homes and implications for the Council. There were more than 50% of the criteria in each of these sections that employees thought was essential that the chosen option could deliver. The sections that received unanimous votes were criteria included in employee issues and financial implications; where it was essential that the chosen option:

- Would protect employees rights
- Could afford the Northampton Standard in the 30-year business plan
- The Council could meet the cost of setting up the chosen option

Other criteria that were important to the Group were:

- Allowance for the same regulatory control and scrutiny under the HCA
- Providing security of tenure equivalent to current arrangements
- Tenants' rights would be equivalent
- There are opportunities for training and development

The Group also felt that the chosen option should provide greater employee engagement and involvement in the decision making process.

4.5 Additional information/views the Group want to make to HOP and why

Having asked all EFG members for their comments, the Group wished to make the following comments known:

- GD, DR and the Housing Options Review Team are to be congratulated by the EFG in successfully organising and managing the Stock Options Review process

throughout. It was felt by all to be a fair and transparent process and at no point did the EFG feel that they were being led or influenced in any way. The facts were presented accurately and 'spoke for themselves'.

- The EFG's scoring outcomes and recommendations are solely the views of the Group being a presentation of the employees and so cannot be considered to represent the views of all Northampton Borough Council's employees.
- The EFG members signed up to a code of conduct prior to the commencement of the options appraisal process, to have a clear, open mind, and be steered by the facts, which the EFG believe it has successfully achieved.

SECTION 5: THE GROUPS CONCLUSIONS

5.1 The Group's conclusions

The EFG have fed back that the process has been a positive one for them to be part of. It has helped individuals with their confidence and has broadened their understanding of other functions the Housing Service delivers. The team worked very well together and this process has helped with improving communication across sections.

Everyone enjoyed the group sessions working with tenants. It was interesting to see similar views and opinions were shared between tenants and employees with everyone having the same goal to ensure the right option is chosen for the Housing Service going forward.

A high level of commitment was required, and there were impacts on workload, but everyone enjoyed being part of the process. The sessions were well run and initial concerns and scepticism over the process, particularly that the outcome was pre-determined were unfounded with everyone agreeing the process was open and employees felt that a genuine effort was made to ensure that they were empowered to make their own decisions based on the facts presented.

The strength in the process was that there was very little change in group membership and the Group would like the opportunity to be involved in the implementation stage of the process.

5.2 Which option is preferred and why

The EFG were most fearful of no change happening as a result of the review process and the option of retention with a review was the least popular, which was reflected in the scoring process. There are strong opinions amongst EFG members that employees and tenants are allowed more involvement in scrutiny and decision making.

It is felt that transfer could have scored the highest if the debt was able to be written off, and the government guidance had not limited opportunities for transfer.

ALMO was the preferred option of the majority. Although it is considered a safe option and may be considered a 'half-way' house, this option has many benefits and gives greater flexibility for the future. It can deliver the benefits of a transfer option without the need to move away from the Council. There is more opportunity for the structure to be defined by what housing needs and it can select its own Board. Both tenants and employees will have the opportunity to challenge and be part of the key decision making processes.

5.3 Does this agree with the objective scoring?

Yes. ALMO ranked the highest scoring option by both tenants and employees. It permits tenants, employees and independents to sit on the Board and can deliver all the service improvements allowed for within the 30 year Business Plan. ALMO scored very strongly with it being the highest scoring option in four of the eight criteria areas and equal highest in a further two.

SECTION 6: RECOMMENDATIONS TO THE HOP

6.1 On the overall option preferred by the EFG

The EFG recommends that the decision of ALMO is fully supported by the HOP and is the preferred option that is reflected in its report to Council.

If the recommendation is accepted to become an ALMO, the EFG recommends strong autonomy is given and the ALMO is able to be run at true arms length.

6.2 On the next steps for implementation

It isn't clear what housing services will be included in the new management agreement. This will need to be clarified and communicated.

It is recommended that the ALMO is able to run its Board as a Shadow Board alongside the existing service for a period of time before taking over fully at the ALMO's inception date.

6.3 Informing other employees

The EFG recommends the following methods are used to inform employees about the decision making process:

- Publish this report on the staff Intranet – NBCNet and for it to be signposted to in the Chief Executives News and Updates 'David's Bulletin'
- This report to be appended in the HOP report for Cabinet and Council
- This report to be linked to in Landlord Services weekly update
- Heads of Service to ensure that this document is cascaded to all Housing Employees in team meetings / briefing sessions.

6.4 The future role for the EFG

The EFG members have been part of the review process for over a year and in that time have developed an in depth knowledge of the key issues and an understanding of the process involved. It is a valuable resource and many members would like the opportunity to

continue to be involved following a decision being made by Cabinet in December 2013 for implementing the chosen option.

EFG members have developed good working relationships through their close working with tenants throughout the review process. As a result, they now have valuable skills in facilitation and tenant engagement. Many EFG members have enjoyed this element of the process and would like to be considered for any future activities that require joint working with tenants and employees.

6.5 Others

The Service Improvement Panels (SIP's) were established during the review process including many of the TP and EFG members, who through this process had a good understanding of how the Council works. The idea of SIP's could be utilised internally and an employee SIP could be created to improve services to tenants and staff.

The structure of having an Employee Focus Group, Tenant's Panel and Housing Options Panel as the three key stakeholder groups in the Housing Options Review process worked very well. The EFG were fully involved and able to make informed decisions due to the amount of information received and discussed. This subsequently enabled the Group to influence the outcome, based on factual information and own the process throughout. The EFG suggest that similar structures could be considered for future project work across the Council.



The Northampton Options Review

Report of PS
(Independent Tenant Adviser)

November 2013
FINAL

Foreword

Key Documents are documents that will be referenced throughout a series of reports. This series comprises; this Independent Tenant Adviser Report, Employee Focus Group Report, Tenants' Panel Report, Housing Options Panel Report and the Northampton Borough Council Report on the Housing Options Review.

Key Documents associated with this report are detailed below. All Key Documents, appendices and background documents, not published with this report, associated with the review are available for viewing on the Council's website or by contacting the Housing Options Review Team tel: 0300 330 7004

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Key Document Number	Key Document Name
13	Communication & Consultation Strategy
5	Tenant Panel Terms of Reference

Section 1 Introduction to the Role of the ITA

1. The ITA Brief: Roles and Responsibilities

We were appointed to be the Northampton Independent Tenant Adviser in August 2012.

The key ITA **roles and responsibilities** set out in the brief were

- Provide support to tenant representatives on the Housing Options Panel (HOP) and to the Tenants' Panel (Panel), and give them impartial and accurate advice and guidance on all options available.
- Operate in an open and fair manner and adopt working practices that both reflect and maximize this approach;
- Be independent from, and not seen as representing, the views of the Council or tenants' groups. Advisers will be allowed and expected to offer impartial advice to tenants and leaseholders without interference;
- Be accessible to all tenants and leaseholders and tenant HOP members including ensuring provision for persons with disabilities;
- Work to the contract and agreed brief;
- Work alongside the Review (HOR) Project Team and meet with the Programme Director regularly for feedback and monitoring purposes;
- Provide the Housing Options Review Programme Director and tenant representatives from the Tenants' Panel with interim costings of work undertaken, and measurable outcomes achieved on a monthly basis.

2. The ITA Brief: Scope

The **scope** of the work was defined as follows:

Project Management

- Provide input into project planning and monitoring in respect of the responsibilities specified within the remit Independent Tenant Adviser's and associated issues, taking into account any predecessors and dependencies
- Identify issues that may put the achievement of the key stages at risk

Identification of baseline and initial training needs

- Carry out a baseline audit of tenant capacity to take part in the option appraisal process, and identify any training needs;
- Facilitate capacity building and empowerment with the tenant members of the Housing Options Panel

Providing support, guidance and engagement/liaison with Tenants and Leaseholders

- To work with the Tenants' Panel, the Programme Director, and other officers of the Council to prepare and implement a communications strategy.
- Prepare information for dissemination to tenants, and leaseholders explaining the options appraisal process and the various options open to the authority, together with regular updates and to consult on this with the Tenants' Panel.
- Provide contact information to be disseminated to all tenants, leaseholders and HOP members.
- Contribute to tenants' conferences to be held at key stages
- Arrange, where appropriate, and attend meetings as required, in the daytime or evening and weekends, to ensure maximum engagement of tenants in the proposals.
- Attend the meetings of the Tenants' Panel, during the day or evening, to discuss the stock options process.
- To present information to tenants in a way that they fully understand and as requested

Advice, Monitoring and Reporting

- To work with the Programme Director and other officers of the information relevant to the options appraisal and validate this information
- To meet with the tenant representatives of the HOP and also with the Programme Director regularly for feedback and monitoring purposes
- To assist the Tenants' Panel to prepare their own report on the outcome of the review including identifying and evaluating any improvements or amendments to the proposals under consideration that tenants consider feasible and bring these to the attention of the
- Record the whole of the process, showing evidence throughout
- To produce for the Programme Director, in a timely manner, the final ITA report on the process having consulted the Tenants' Panel on this
- To undertake any other reasonable task as required by the Tenants' Panel or the Council

3. The Appointment Process

We submitted a written tender based on the brief, and were subsequently interviewed by a panel of 7 N become members of the Tenants' Panel.

Following our appointment we began work as the ITA in mid-August 2012.

4. The ITA role in practice

An ITA is there to provide independent advice and information to all tenants on the Options Appraisal Process.

In essence, the ITA has three types of task:

- To advise, support, and further develop, the main **tenant representative body** with whom the Northampton (Northampton) Tenants' Panel. That type of council-wide panel is typically the group of tenants with whom a council works most closely on the detail of the appraisal, and the group from who it looks to for recommendations on the outcome of the appraisal from a tenant perspective. Northampton gave that role to the Northampton Tenants' Panel specially created for the purpose, and as well as asking us to support that Panel by providing training and advice, it was also supported by a very high level of policy and administrative back-up from the Northampton Team.
- To provide advice and information to **all council tenants** on the issues raised in the appraisal, and encourage them to have their say (via attendance at meetings, a freephone, an interactive web site, attendance at tenant conferences, etc.). The realistic aim here is not to make every tenant an engaged participant - that is clearly never going to happen - but to ensure that people have all the information they need to make an informed view about what the options are, and what they entail. In this process, the hope is that what we call the 'out-reach' programme will stimulate interest in joining the Panel, and in attending events such as tenant conferences. In practice, and as set out in other reports, the attendance at the tenant conference was very encouraging, and this in turn fed through in to a more than doubling in the membership of the Tenants' Panel after December 2012.
- To help ensure that the **information produced by the Council** for distribution to all tenants is comprehensive, and is fair in its treatment of the issues. Throughout the process in Northampton the Northampton Housing Options Review team have given us an early sight of all material that it proposes to distribute to tenants, and encouraged us to comment on its accuracy and fairness – which we have done. Those comments have been duly incorporated into the Council material in every case (this is covered in more detail in Section 3).

Section 2 The ITA Work Programme

1. Introduction

As stated in Section 1.4 the three key tasks for the ITA were to provide:

1. Training, information, and support to the Northampton Tenants' Panel,
2. Advice and information to support the 5 tenant representatives on the Housing Options Panel, and where required to give independent advice to the HOP itself, and
3. Information and advice to N informed and invite comment at key stages during the Housing Options Review.

We explain below how we delivered these tasks and the outcome.

2. Work with the Northampton Tenants' Panel

2.1 Role for the ITA

The initial tasks for the ITA were to help the [redacted] work and the ground rules for the role/remit of the Tenants' Panel. These included:

- Preparation of an initial draft [redacted] Itation Strategy (key document 13) which was finalised through discussion with the [redacted] Options Review (HOR) team, the Tenants' Panel and with the HOP;
- Involvement in the discussion and agreement of the Terms of Reference (key document 5). This provided for the appointment of a [redacted] and a [redacted] members agreed to abide by to allow Panel meetings to be run efficiently despite the size, the range of opinions held by individual members and the diversity within the Panel;
- Supporting individual tenants in putting themselves forward to be considered for either one of the two Officer roles or as one of five Tenant Panel representatives for the Northampton Tenants' Panel on the [redacted] HOP. The [redacted] pro-forma for potential candidates to complete to set out the skills, experience and personal qualities they could bring to carry out these roles. Their personal statements were circulated to the Tenants' Panel. As the ITA, we oversaw the election and vote on the HOP representatives at the Panel meeting in October 2012;
- Informally identifying and assessing the information and training needs of the Panel: particularly around developing their understanding of how the review process might work; each of the housing options, and there were 10 at the outset; the type of information that the Panel would need to have on each of the 6 options that were included in the Review; the evidence initially that the [redacted] discuss from the Stock Condition Survey, the borough-wide Tenant Survey etc.; to understand their role as being the voice for all tenants across Northampton; and to develop the working relationships between the Panel and the [redacted] Focus Group (EFG) and with the HOP;

- Providing regular recap and summary sessions to remind all Panel members of key topics and issues that have been previously discussed, and using this as a way to support the involvement of newer members of the Panel and individual Panel members as required, as well as through informal discussion with individual members during Panel meetings.

2.2. The Pattern of Work for the Tenants' Panel

After their initial establishment, the process of working with the Tenants' Panel began to settle into a regular pattern of work mainly based around 3 elements:

- **ITA led sessions, called development sessions**, for which we, as the ITA prepared and presented information to the Panel to raise their awareness and understanding of specific issues and to allow Panel members the time to prepare for discussion of each topic with the [redacted] from January 2013 onwards, for the joint discussion sessions with the Employee Focus Group representatives;
- **Council led sessions** with the Panel which the ITA attended initially to involve Panel members in discussing and agreeing the structure and the process of the Review, but by late October/early November this had changed to being taken through and discussing each of the key topics or issues that the Tenants' Panel would need to consider and have a view on;
- Once the Panel and the employee representatives on the Employee Focus Group had an understanding of the process, their own roles within it, and had a back ground understanding of each topic and the evidence began to become available to work with, the [redacted] il arranged **joint discussion sessions**, which the ITA attended.

In some cases joint working allowed the Tenants' Panel and the Employee Focus Group to arrive at a common position e.g. the draft Northampton Standard, or the re-profiling of the expenditure to meet the funding available to the [redacted] sessions it allowed both the Tenants' Panel and the Employee Focus Group to develop a shared understanding even if they then approached that topic from their own perspective as tenants (i.e. the receivers of the service) and employees (i.e. the deliverers of the service) e.g. on the development of the evaluation criteria.

2.3. The Content of the ITA development sessions with the Tenant's Panel

The

- 2 introductory meetings to support the establishment of the Tenants' Panel
- 26 ITA led Development Sessions with the Tenants' Panel
- 26 [redacted] sessions for the Tenant Panel
- 11 joint Tenant Panel and Employee Focus Group meetings
- 2 ITA support sessions with the Editorial Panel to support them in preparing the Northampton Tenant Panel NTP Report as the outcome of the Review process
- A total 67 meetings to date.

During the ITA led development sessions with the Tenants' Panel, the ITA prepared and presented information (and we have included two examples in appendices 1 and 2) which was copied as training handouts for each Panel member and made available on the Council's and the ITA websites. These sessions were based on the following topics:

1. An Introduction to Options Appraisal
2. What are the Options now? How can they be assessed?
3. Stock ll us?
4. Tenancy Rights & Tenancy Agreements
5. Recap session on: Decent Homes Standard and the Northampton Standard
6. Recap: How far have we got? An Introduction to Housing Mutuals
7. Performance Standards; and a recap on tenancy rights & issues about the Northampton Standard
8. The Housing Revenue Account
9. Council finance and the HRA and how stock transfer works
10. Financial issues in transfer and retention
11. Governance issues in retention and transfer
12. Recap and Introduction to Housing Mutuals
13. Informal and formal consultation: Offer document and the ballot in housing stock transfer
14. Options
15. The ALMO Model: Training & Development session
16. Options session and recap on Savills financial analysis of the housing options
17. The Options session
18. ITA Summary Session
19. The Key Results & Analysis of the Tenant Panels' Options Scoring Session
20. Recap on Key Results from Tenant Panel Scoring Exercise & Structure of the Panel's Report

2.4. Summary

Throughout each session members of the Tenants' Panel have joined in asking questions and referring us to other relevant issues that they were aware of within the Housing Service, so making these sessions very interactive, critical, challenging, and enjoyable. As a result this has created a successful learning environment. It has also been very pleasing to see that Panel members have helped and supported each other during what has been at times a very demanding and intensive schedule of meetings.

3. Attendance at the HOP meetings

As ITA, we have been present at every HOP meeting, to offer advice and information from our experience of being the ITA in over 50 commissions involving various types of housing options appraisals and tenant consultations. We have provided additional support to the tenant representatives as required.

4. The outreach work carried out by the ITA

4.1 Methods used

We have offered a variety of opportunities throughout the Review for tenants across Northampton to receive information, have the opportunity to talk to the ITA and to their ask questions about the Review. These have included:

- 4.1.1 The design and preparation of **3 ITA newsletters**, which the posted out to all tenants. These were issued in November 2012, April 2013 and October 2013 (and a copy of each is in appendices 3, 4 and 5 respectively).
- 4.1.2 **ITA Information advice services** available 24/7 to encourage tenants to talk to us directly via: telephone, text, online, and freepost facilities. The information advice services have all been advertised in the 3 ITA newsletters and in all information issued by the ITA (posters to help to advertise the ITA ity Room drop-ins (appendix 6) and the area Resident Association meetings (appendix 7) and in ITA Fact Sheets we have handed out during the outreach.
- 4.1.3 We have had an **online Tenant Forum** available on the ITA website during the Review. This can allow tenants to talk on line to one another and ask questions of the ITA. Although not many tenants have posted questions to the ITA, it is clear that this online questions and answer system has received many thousands of 'hits' but these could be from anyone. It is impossible to verify how many of these 'hits' are from N nk up to around 300 are from N tenants.
- 4.1.4 Through the **19 area based Resident Associations and 1 Residents' Council**, to offer that the ITA attends their meetings in an attempt to reach primarily council tenants and to raise awareness generally of the Review. S

By the end of the Phase 4 outreach we will have been to 20 residents meetings in 12 different areas of Northampton. In addition we have attended 4 Northampton Tenant Federation meetings.

- 4.1.5 Arranging a **borough wide ITA outreach programme**, which we have expanded both in terms of the locations used and in the timing of the drop-ins during the 4 phases of outreach meetings arranged at key stages in the Housing Stock Options Review. On the advice of the members of the Tenants' Panel we have held these in various community venues across the the day and week. The ITA outreach programme has focussed on the 28 owned the sheltered housing and in the Self- Serve area of the Guildhall foyer, although we have experimented with using some of the a in a housing surgery at the Weston Favell library. The location of these venues and their proximity is shown on the map in appendix 8 where the green pins denote the other venues used. The same pin number and colour coding is repeated in the overall table of attendance at each of the 4 phases of outreach that have been carried out. This is shown in appendix 9.

Tenant Panel members have taken part by attending some of the ITA drop-ins to hear directly what tenants were saying to the ITA and to share their experience of being on the Panel. The Panel wanted tenants to know that the involve and listen to the views of tenants about their aspirations for the Housing Service. The Panel produced a contact card for Rob Edwards as the Tenant Panel which Panel members or the ITA handed out during the outreach programmes to invite tenants to speak directly to Rob if they wanted to.

During each phase of ITA outreach we have helped council tenants across the Borough to understand:

- What the Housing Options Review is about and why the out.
- What the potential implications of it might be for tenants depending upon the option chosen, and has offered reassurance certainly around what the Arm's Length Management Organisation or ALMO option and the 3 transfer options might mean, and about the likely process for their implementation should one of these options becomes the recommended option.
- In Phase 4 we explained the recommendation from the Tenant's Panel and the Employee Focus Group and what this might mean for tenants if accepted by the We outlined the scoring system and the evidence which has led both the Tenant's Panel and The Employee Focus Group to both choose the Arms Length Management Organisation (ALMO) as their preferred option.

- In Phase 4 we described the decision making process with the HOP making an overall recommendation which will be put to the Council meetings in December 2013.
- We made it clear that the third Tenants' feedback gathered by the ITA would be reported to the HOP at its meeting on 13 November 2013, for inclusion in the final reports for presentation to the Council.
- Invite tenants to express their views and concerns and to feed these back to the Panel and to the

Apart from ITA attendance at 2 Resident Association meetings Phase 4 ITA outreach is complete. We have summarised the attendance, the response received and the issues covered in the ITA drop-ins and area meetings in 4 separate reports issued at the end of each phase. The summary reports for Phase 1, 2, 3 and 4 are in appendices 10, 11, 12 and 13 respectively.

4.1.6 The ITA has also been involved in the two **Tenant Conferences** (with the third to follow in November 2013), by supporting both the main presentations to tenants and the workshop discussion sessions, and by providing information on the Review at the Tenants' Conferences exhibition events.

4.1.7 In the fourth and last phase of ITA outreach we are also offering tenants the chance to ask for home visits by the ITA where they are unable to get out to attend any of the ITA drop-ins or where they prefer a face to face opportunity to talk to the ITA rather than by using the other ITA information advice services. 12 requests for **home visits** were received by the

4.2. Summary of the feedback received

As stated above we have prepared a report on each of the 4 phases of the ITA outreach held so far and the issues each raised.

As a result of the 4 phases of ITA outreach work and the attendance at the Tenant Conferences the ITA has been involved in 163 separate opportunities to talk directly to council tenants about the Review in 58 different venues. As a result we have spoken to around 755 people, the majority of whom were council tenants. We have dealt with around 140 requests for information through the ITA advice services. We have made information available about the Review and tenants have been interested to find out more about what is involved and what it is being done.

At this final stage and in light of the ALMO option, we believe that the information that we and the provided has enabled tenants generally to understand more about what the ALMO option would mean and to largely gain their support for the ALMO as the future for the housing service in Northampton if the this recommendation.

Section 3 ITA Observations on the Options Appraisal Process

1. Northampton Council's programme for carrying out the Options Appraisal

From the outset N four main elements:

- **Communication with all council tenants** via: newsletters; invitations to take part in the process; tenant conferences; web publicity; tenant surveys; etc.
- **The development and operation of the Tenants' Panel**
- **The development and operation of the Employee Focus Group**
- **The development and operation of the Housing Options Panel**

This was a large programme of work, and as such, difficult to hold together, and difficult to ensure it developed evenly. The danger in such an approach is that the diverse elements can take on a life of their own, and a coherent view that can inform the making struggles to emerge.

Our view is that the process has had an overall unity, and that the component parts have fitted together well.

The **general tenant communication programme** got the message out to all tenants. Not only did this lead to the formation of the Tenants' Panel, but it also seemed to have contributed to the relatively high response rate to the Tenant Survey, and the good attendance at the two Tenant Is are quite abstract exercises (compared say to communication around an agreed stock transfer proposal) and so don't easily provoke a tenant response. From our experience, the general response rate from Northampton tenants has been quite good.

We can certainly confirm that any tenant who wanted to play a role in the process has had the opportunity to do so.

The work of the **Tenants' Panel** has astonished us. It is not simply that it has put in over 5,000 hours of work. It is also the quality of the work the Panel has done to assimilate a wide range of complex information, work rationally to evaluate it, and then work collectively to reach a decision of the option to recommend. It is the only Panel we have known in over 20 years of this kind of work that has been able to produce, and then present, its own Report.

It has also done this within the agreed evaluation framework. This means that the HOP will have two reports to consider (the other being from the Employee Focus Group) which, whilst differing in style and approach, nevertheless both cover the key issues and give the HOP comparable perspectives with which to work.

Throughout the 1990's, and even later, staff views on Options Appraisals were rarely sought or valued. That changed in the early and mid-2000's when councils started to put some employee representatives on Appraisal Panels. But relatively few councils have set up Employee **Focus Groups** that have equal status with a Tenants' Panel and a responsibility to produce a separate report on the options.

We view this as a very positive step.

The process also brought together the Tenants' Panel and the Employee Focus Group for joint discussion from time to time. This worked better in some sessions than others because there were inevitably quite different tenant and staff perspectives on some issues.

taken as whole, the relationship seemed to us to be a positive one and contributed to the final decisions taken by both groups.

Finally, the **Housing Options Panel** was designed to be the body that would have an oversight of the process and which would make a final recommendation to options.

This also has worked well. It is true that some Tenants' Panel members felt that there was repetition at the HOP (i.e. presentations that had been previously given at the Tenants' Panel and EFG were often repeated at the HOP) . ut it was usually the case that those presentations did generate different lines of discussion which, in turn, fed back in to Panel discussions at a later date.

In summary, then, it is easy for an Options Appraisal process to focus largely on one part of the process (e.g. the HOP) at the expense of other parts. Our view is that the attention given to the four elements in the process in Northampton was a correct one.

2. Objectivity and Balance

One of the requirements placed upon councils when doing options appraisals is to ensure that the material tenants receive about the process is fair and balanced.

argue that such material is not fair or balanced, but gives a biased view of the issues.

One of the tasks of the ITA is to help ensure that the material tenants receive meets those tests of fairness and balance. In practice, and in the absence any detailed guidance from D G about what constitutes 'balance' for example, we have always applied the following tests to any material a council produces:

- Does it say anything which is, in our view, factually incorrect?
- Does it omit anything that, in our view, tenants need to know?
- Taken as whole, does it give tenants the information they need to make an informed view on the issues under discussion?

We have never taken a literal view of ‘balance’ e.g. that, any statement of the financial detail or advantage of transfer has to be ‘balanced’ by a statement of the financial detail or advantage of retention (since there may not be one).

To be able to make those judgements, and to raise them with a Council before publication, we need to see them in advance and have the time to make comments on them. In respect of this process we can say that:

- We have received advance sight of: all proposed new letter text; all letters to tenants; all presentations made to the Tenants’ Panel; EFG; and HOP; and other material
- We have made comments on this material that have, in all cases, been accepted and incorporated into the relevant text – these have mainly been different ways of expressing things or adding a detail which we thought was relevant
- At no point have we had to challenge the accuracy of material, or to ask for information to be inserted that constituted in our view, a misleading omission.

We are, therefore, happy to confirm that in our view the information produced by The Council throughout this process is accurate, objective, and balanced.

We can also confirm that at no point has The Council attempted to change, or veto, any information or comment that we have wanted to publish as the ITA (which is not always the case).

3. The Evaluation Process

The work to arrive at the options available to Northampton agreed those options, to score (and weight) them, was a detailed one.

3.1 Identifying the options

When Council housing stock transfer was first made possible within the provisions of the 1985 Housing Act (although the first transfer proposal was not balloted on until 1988) the options available to a council were limited. Following an appraisal exercise, The Council either transferred its homes to an existing Housing Association (subject to a positive tenant ballot), or it retained its homes and continued to manage them in the current manner.

As the transfer programme developed after 1988, new options began to develop;

- If the appraisal process showed transfer to be the best way forward, and following the provisions of the 1996 Housing Act, councils could establish a new ‘stand-alone’ and locally based association to whom homes could be transferred. Or they could form an association which would then become part of the group structure of an existing association (or even to form a new group with an existing stand-alone organisation).
- If the process showed retention to be the best option, from 2001, councils could transfer not the ownership of their homes, but simply the management, to a new ‘arms-length’ (and council-owned organisation) called an Arms Length Management Organisation (ALMO). Or they could continue to be the landlord but sign a long term

deal with a private contractor to provide the investment capital needed to repair and improve homes, with the contractor physically doing that work, and the housing management services for those homes transferred for the life of the contract to the private contractor's housing association partner (i.e. what was known as the 'Private Finance Initiative' - PFI).

- From the early 2000's transfer options increased to embrace mutual housing associations where tenants, as members of the organisation, had a major role in its governance. In England these were generally known as Organisations, and in Wales as describe the mutual organisations established in Rochdale and Liverpool).
- Finally, and in the last few years, some councils, whilst retaining ownership of their homes, have contracted out their housing management to a private contractor.

Drawing upon knowledge of those developments, the Options Appraisal process in Northampton identified at an early stage **ten possible options**. These were;

Contracting-out the housing service

Retention (with no change to the operation of the service)

Retention (with a major service review)

Retention (with an ALMO)

Transfer (to a stand-alone association)

Transfer (to a mutual association)

Transfer (to become a subsidiary of an existing association)

Transfer (i.e. absorption by an existing association)

Transfer (to a Community Gateway organisation)

PFI (Private Finance Initiative)

In our view the range of possible options identified at the very outset of the process were the most comprehensive and rational ones that could have been chosen. No realistic options were omitted.

It could be argued, for example, that there are theoretical ALMO models that have been put forward that are different to the conventional one appraised here. models, which include innovative ways of repaying the council's housing debt, have been shown to be realisable given a lack of support for them by the D reasury.

We are, therefore, happy to confirm that in our view the initial set of options summarised above were those that enabled the review process to begin in the correct manner.

The next step the Tenants' Panel and the Employee Focus Group, was to reduce the ten options to six.

- **Contracting out** the management service was ruled out essentially because it would have removed direct council control over the housing management service and would have marginalised tenant involvement in it.
- **Transfer via absorption** by an existing housing association was judged as never likely to be supported by tenants in a ballot even if the council had been minded to do it (which it was not).
- **PFI** was also ruled out both on the grounds that it was very unlikely to attract significant investment funding, given the ending of support for housing PFI, and also the clear hostility of tenants to the proposed PFI scheme in Eastfield.
- **Transfer to a Community Gateway** was ruled out because the broader mutual model as exemplified by Rochdale seemed to offer much more in terms of tenant involvement in governance.

These decisions were taken jointly by the Tenants' Panel and the Employee Focus Group after extensive discussions which began in early autumn 2012. We were present at all those meetings and can confirm that the decision to remove those four options from the list was properly done.

That then left six options: three retention options; and three transfer options.

Finally, in early summer 2013, the Tenants' Panel and Employee Focus Group jointly agreed that Option 1 (retention with no change in the operation of the service) was simply untenable.

The reasoning here was two-fold:

- The Tenant Survey had clearly shown significant weaknesses in current service delivery. The Tenants' Panel in particular felt that those results showed that any form of 'status quo' option would be unacceptable to tenants.
- The development of tenant-led Service Improvement Groups (SIPs) which had been running in parallel to the Options Appraisal exercise was, in effect, the first step in a major service review.

We were also present at all those discussions and are satisfied that the decision reached was a sensible one in the light of those discussions.

3.2 Evaluating the Options

The formal options evaluation process had three strands within it; the development of the options criteria; the scoring of each option against the agreed criteria; and the weighting attached to each of the criteria.

The total score for each option was the sum of the score awarded on each criteria multiplied by the weighting for that criteria.

The key issues in this process were as follows:

3.2.1 The Development of the Options Criteria

In our experience there are no universally accepted criteria for assessing options .It is certainly not an exact science. Councils who embark on Options Appraisal exercises often end up with very different individual criteria, and the number of such criteria is usually quite small.

For example, the next table shows the Options Appraisal criteria used by in the East Midlands in its Options Appraisal Report (June 2012).

Criterion	Detail	Weighting
Revenue Cost	How much will the option cost to run?	3
Capital investment	What level of capital investment will each option deliver in the first 5-10 years of the plan?	4
Service standards	What level of services can the option deliver?	2
Risk – change	What is the level of risk presented by the scale of change?	1
Risk – failure	What is the risk that the option will not work i.e. it will fail?	1
Risk – control	What is the control risk inherent in the option?	1
Tenant engagement and participation	What level of tenant engagement can the option deliver?	2
Delivering strategic objectives of the Council	How well does the option help to deliver the strategic options of the council?	1

This matrix uses eight criteria, which is fairly typical in our experience, and only gives a weight of two on a scale of one to four to ‘tenant engagement and participation’ (whereas it gives a weight of 4 for ‘capital investment’).

In the Northampton process there are, by contrast, **forty six** criteria divided in to eight categories. These are

1. **Accountability, Participation, and Power** (12 criteria)
2. **Tenant Rights and Involvement** (7 criteria)
3. **Employee Issues** (4 criteria)
4. **Financial Implications – including rents** (12 criteria)
5. **Quality of Homes** (1 criterion)
6. **Impact on Local Community and Economy** (2 criteria)
7. **Legal Framework and Equality** (4 criteria)
8. **Implications for the Council** (4 criteria)

This is clearly a much more rigorous, and comprehensive, approach to developing evaluation criteria than that represented in the example shown above. It also gives real importance to things such as tenant rights, employee issues, and accountability, participation and power (which is common to both tenants and employees).

Having been present at all the meetings to arrive at this evaluation framework, we can also verify that the decisions to adopt this set of criteria came directly out of those meetings and the work done in them by both the Tenants' Panel and the Employee Focus Group.

In summary, we believe that the set of criteria used to appraise the options were developed collaboratively by tenant and employee representatives, and constitute a robust and comprehensive tool for assessing the options.

3.2.2 The Scoring System

The system developed to score the options was a simple one:

- Where the option **failed** to meet the objective described in any individual criteria it was awarded **zero marks**
- Where the option **partially** met that objective it was awarded **one mark**
- Where the option **largely** met that objective it was awarded **two marks**, and
- Where the option **fully** met that objective it was awarded **three marks**.

In statistical terms this is what is known as interval scale. Interval scales show the differences between data points, where those distances are equivalent to each other (i.e. the gap between one and two is the same as that between two and three). However, interval scales (for example in psychological research) do not normally have a zero point, which this one does. That is normally a characteristic of what is known as a ratio scale.

But it is fairly common in other types of social research and evaluation studies to assign zero values in a scale. Our view is that the scale used here was a proper one for the task at hand. The question that was raised in the Tenants' Panel was not about the scale itself, but the extent to which the rules that had to be used in the awarding of scores on each criteria might have influenced the outcome.

The scoring rules agreed through discussion in the Tenants' Panel and the Employee Focus Group determined that where the criteria involved matters of fact (not opinion) the option had to be awarded three where that requirement demonstrably applied, and zero where it did not. No intermediate scores were permitted. For example it is not matter of judgement that ground 8 in the grounds for possession for assured tenancies does not apply in a council secure tenancy; it is a matter of fact.

The concern was that some options, and notably Option 1 (retention with a major service review), might be marked down because there were less opportunities for them to be awarded a mandatory three marks than some other options.

Taken at face value, the next table seems to give some substance to that view.

Criteria on which options had to score 3

Option 1 Retention & Review	Option 2 Retention – ALMO	Option 3 Transfer – stand alone	Option 4 Transfer – Mutual	Option 5 Transfer- Group Structure
20	28	24	25	18

What it shows it that, for example, is that there were 28 criteria on which the ALMO option (Option 2) had to be awarded a mandatory score of three marks, but only 20 opportunities for Option 1 (retention with a major service review) to be awarded a score of three.

But our judgement is that this scoring system did not produce a biased or skewed result. In fact, our analysis of the scores shows that:

- If all other scores were equal, Option 2 (the ALMO) must indeed score 24 marks per person more than Option 1 (retention with major service review). This is because Option 2 must have 28 scores of 3 (a total of 84 marks per person), whilst Option 1 will only have 20 scores of three (a total of 60 marks per person).
- With 31 Tenants’ Panel members scoring, and with all other scores being equal, the total score for Option 2 must be at least 744 marks more than that for Option 1.
- But the gap in scores between the options is actually 2865 (i.e. Option 2 scored 2865 marks more than Option 1).
- Therefore the margin by which Option 2 beats Option 1 is 3.8 times what can be explained by the rules of the scoring system alone.

In reality, the overall effect of the scoring rules was to increase the gap between Option 2 and Option 1, and, to a much lesser extent, between Options 3 and 4 and Option 1. also had the effect of reducing the score of Option 5 (transfer to be part of a group structure) relative to all other options.

But, crucially, the scoring rules have **not** produced the **rankings** for the options. They would have been the same had, for example, all options had (say) 22 opportunities to score 3.

The fact is that Options 2-5 scored more highly than Option 1 because the Tenants’ Panel scored them more highly – not because the scoring rules were biased in their favour.

As ITAs we checked that each individual scoring sheet completed by Tenants' Panel members had been properly recorded and summed by the N Housing Options Review Team. Where scores awarded against particular criteria had not followed the agreed scoring rules, we moderated those scores in accordance with the rules, before the final total was arrived at.

3.2.3 The Weighting System

Whereas a scoring system gives a value for how well an option performs on any given criteria, a weighting system says how important that criteria is. An option may score highly, but on a poorly weighted criteria, and vice versa.

The total score for an option is determined by the balance between a score and a weighting for the criteria which attracted that score.

The weighting system agreed here by the Tenants' Panel and the Employee Focus Group was as follows;

- a criteria that was judged '**not essential**' was given a value of **1**
- a criteria that was judged '**desirable**' was given a value of **2** a criteria that was judged '**important**' was given a value of **3**
- a criteria that was judged '**essential**' was given a value of **4**

The fact that the scoring system contained a zero value (scores being ranked 0-3), whereas the weights were on a scale of 1-4, did also raise questions in the mind of the Panel. Some members initially thought that for the sake of consistency both should have used a scale of 1-4.

Our view is that the scores and the weights can, and should, be scaled differently.

The **scoring** scale reflected the fact that in respect of one or more options, some criteria were either present or absent. If they were present, the question to be scored simply registered that fact. In this case they had to be given not just a positive value, but a score of three. If they were absent they could not be given a positive score. The score must be a zero.

But **weightings** are different. Weightings register relative importance – they make no judgements about presence or absence. For example, to classify something as 'not essential' (and to give it a value of 1) is only to say it has low or little importance. Not that it has no value (a zero score) that can be ascribed to it.

The weights themselves were arrived at through a long process of discussion within the Tenants' Panel and Employee Focus Group. In the case of the Tenants' Panel, members voted and re-voted on what weight to attach to each criterion, over a number of sessions. The category with the highest number of votes at the end of this process became the agreed weight for that criterion.

For many criteria, there was a very strong agreement on the weighting. For example, on the criteria 'can the option provide security of tenure equivalent to that under the current arrangements' 26 Panel members rate this as 'essential', 2 as 'important', 1 as 'desirable', and none as 'not essential'.

On others, there was less of a consensus. For example, on the criteria 'under the option can tenants be involved in the decision making on rents and service charges?', 16 weighted this as 'essential', 4 as 'important', 9 as 'desirable', and none as 'not essential'.

There was some discussion as to whether this spread of opinion, where it occurred, should be reflected in the final weightings (i.e. some form of differentiated or pro rata weighting to reflect the votes cast for each weighting category).

But the Panel as a whole agreed that a democratic vote within the Panel, to determine the agreed weightings, was the most practical way to arrive at a weighting framework, and that differentiated weighting (even if such a system could be derived) detracted from the principle of establishing a single and common evaluation framework.

In practice, there was a large measure of consensus within the Tenants' Panel about the weightings, as the following facts demonstrate:

- On all 46 criteria, the final weighting was agreed as 'important' (7 criteria) or 'essential' (39 criteria) – none were thought to be 'not essential' or 'desirable.'
- Out of the 46 criteria there were only 13 (or 28%) where there were more total votes cast for the other weightings than for the one with the most votes. It meant that on 72% of the criteria the weighting chosen had a majority of votes.
- In no case did the total number of votes cast for the 'not essential' and 'desirable' weightings combined exceed those case for the 'important' and 'essential' weightings combined – or even came close to doing so.

As with the scoring system, we believe that the derivation and application of the weighting system was done in a wholly rational and thorough manner, and that it reflected the decisions of the Tenants' Panel following extensive discussions within itself, and between the Panel and the Employee Focus Group.

3.2.4 The Role of Financial Criteria in the Evaluation Process

One recurrent criticism of housing options appraisals generally is that they primarily focus on financial criteria, and that as a consequence they very often point to stock transfer as the only rational solution.

This is because under the financial rules that apply to local authority finance , housing association transfer business plans are able to be financed by large scale private borrowing, whereas Council retention business plans are not.

Where financial criteria form part of a very small number of criteria, and where the weighting attached to them is high (as it is in the overall outcome of the appraisal will indeed largely be driven by financial assessments.

The evaluation criteria used in the Northampton appraisal, as noted, are in fact much broader and more comprehensive. The role financial criteria play within them are, in our view, reasonable and proportionate, and moreover, give due weight to the retention case. There are three points to make here:

- First, the 46 individual categories are distributed over 8 evaluation categories. Financial criteria alone make up 12 of these. 'accountability, participation, and power' category which also contains 12 criteria. In fact financial criteria make up only around 24% of the total criteria.
- The weights attached to individual financial criteria are actually lower overall than those to every other category except 'accountability, participation, and power'. Whilst within the 'financial implications' category 9 individual criteria are rated as 'essential', with a weighting score of 4, 3 are rated just as 'important'. This contrasts with every other category (except 'accountability participation, and power') where every individual criterion (22 in all) were rated as 'essential'. So the way the weighting system worked also did not inflate the relative importance of financial criteria within the overall evaluation process.
- Finally, and far from biasing the overall outcome in favour of a stock transfer option, and against the two retention options, the totals for the weighted scores for the retention options placed them first and second in this category. Option 1 (which came last overall) actually came first here with a score of 3,230 with Option 2 close behind with 3221. The three transfer options only averaged 2,759 in this category.

In conclusion: this has been, in our experience, one of the few Options Appraisals where financial criteria have not been allowed (or designed) to determine the outcome of the appraisal. It has recognised the importance of such financial issues as the debt cap and debt write-off, but it has placed them in a wider context. This approach, in turn, came out of intensive debate and discussion within, and between, the Tenants' Panel and the Employee Focus Group.

4. Are the Tenants' Panel's views representative?

An important question the Tenants' Panel has often asked itself is; how representative of tenant opinion as whole are we?

This is a question often asked of tenant involvement, and is not specific to the options appraisal process in Northampton. It usually comes from the fact that whatever forms of tenant engagement a social landlord has the number of tenants active in that system tends to be very small. This is particularly true in terms of the number of tenants active in landlord-wide panels and organisations. They often comprise only a small fraction of the tenant population as whole.

So landlords often ask how reliable a guide to tenant opinion as a whole those expressed by that small number of tenant representatives actually are.

In our view, such a question is based on a mis-understanding of what 'representativeness' means (or could mean) in respect of such things as tenant panels.

Statistical Representativeness

The problem with understanding representativeness generally is that the concept has itself come to be viewed as synonymous with one *type* of representativeness i.e. **statistical** representativeness.

Statistical representativeness, as found in opinion polls and general survey research, involves drawing a sample from a whole population, and on that basis, of the views expressed in that sample extrapolating to the population as a whole.

In the case of opinion polls on voting intentions, for example, the sample will be tiny when expressed as a percentage of the voting population as whole (say 1,000 people drawn from a voting population of 35-40m people). The extrapolation made here is for predictive purposes e.g. to predict the share of the vote individual parties will gain as a forthcoming election.

And this type of sample based approach is not confined to opinion polls. It is precisely the approach Savills used in the Northampton Stock average of 25% of homes, and from that sample extrapolated to the condition of the totality of council homes in Northampton.

What the results of an opinion poll or a stock condition survey say is, in effect: if we had talked to every person (or surveyed every property) the results we got would only have differed from the sample results by plus or minus 1%, or plus or minus 3%, depending on the 'confidence level'.

The key factor in this kind of work is the **sample frame** i.e. the way in which the sample is drawn in the first place. The more detailed and accurate this is, the more statistically 'representative', i.e. reliable, the extrapolated results for the population as a whole will be.

In the case of a stock condition survey, for example, a great deal of work goes in to constructing a sampling frame which reflects the stock as whole in terms of property archetype, age, geographical location, construction type, and so on.

In the case of opinion polls, the sampling frame takes in to account a range of socio-demographic and geographical factors such as social class, age, gender, place of residence, etc.

Tenant Surveys on the other hand, such as the 2013 Northampton Tenant Survey, are not sample-based. They record the opinions only of the tenants that return them. The extent to

which they may be said to be 'representative' of tenant opinion as a whole is not derived from the sophistication of a sample frame. It is generally thought to lie in the **numbers** who return the questionnaire (3,727 in Northampton - which is a response rate around 27%).

The Status of the Tenants' Panel

Any group of people who are self-assembled i.e. composed of people who **volunteer** to be a member of that group in response to a landlord-wide invitation, will hardly ever be judged to be **statistically** representative. This is because they were not drawn in as part of a carefully drawn sample frame, nor were they made up of the thousands of respondents to a survey.

The Northampton Tenants' Panel, as discussed in the Panels' own Report, was assembled via an invitation from the Some 56 people over the last 12 months or so have played a role in that Panel, of whom some 35 are still regular members. Of that 56, 35 are men and 21 women. This means that women are statistically very under-represented. There are 5 Panel members from groups are slightly under-represented. Only a small minority of Panel members are in employment, and no attempt has been made to ensure that all geographical areas in Northampton have a member of the Panel who is resident in that area.

So, if the question is 'are the members of the Northampton Tenants' Panel **statistically** representative of the tenants as whole, then on the tests set out above?' the answer has to be 'no, they are not'.

But, of course, the Panel was never designed to have this character. What the process of assembling the Panel set out to be was **inclusive**. It gave every Northampton tenant the right and opportunity to join the Panel, and it has throughout supported any tenant who wished to join and remain a member a high level of administrative and practical support to do so.

A more relevant question would be: if the 12200 NBC tenants had been through the same process of options evaluation that the Tenants' Panel has been through for the last 15 months, would it have reached broadly the same conclusions?

Any answer here would be purely speculative, but we believe that there are a number of evidence sources which suggest that the views and attitudes of Tenants' Panel members have a strong resonance with tenants as whole. Specifically:

- The questions, comments, and ideas raised by tenants with us in our 'out-reach' work have been echoed in the many Tenants' Panel meetings since August 2012.
- The issue and ideas raised within the Tenant by tenants who have never been members of the Panel, also reflected much of the discussion that has gone on within the Panel about the quality and scope of the housing service. The fact that 20 new members came in to the Panel via the first conference, and have remained very

active within it, suggests that the Panel is reflective of the spectrum of tenant opinion, and that tenants feel comfortable with its overall stance and operation.

- Finally, the results of the Tenant Survey (responded to by 3,727 council tenants) also matched very closely to what Tenants' Panel members have often said about the strengths and weaknesses of the current service, and also the key future changes that are needed within it.

Our view is that whilst the Panel is not statistically representative of Northampton tenants as whole, there is no evidence to suggest its views, and the spectrum of opinion it contains, are at odds with those of tenants as whole – and plenty of evidence that it is in-tune with that broader opinion.

In this sense we believe that it is **functionally representative** of tenant opinion, in so far as this is known.

This is not the same as claiming that if there was some kind of test of opinion on a chosen option in the near future that tenants as whole would come up with the same view as the Panel. As noted, the Panel has gone through an intensive programme of work which tenants as a whole have not.

But it is to say that the raw material, in terms of tenant opinions and ideas that have gone into the work of the Panel, would have been broadly the same, had different tenants volunteered to be Panel members.

Finally, what the Panel really represents is not so much a 'representative' group (however defined) but **an informed tenant perspective** on the options:

- We have summarised it in the singular because the Panel claims to be no more than **a** group of tenants with a set of views – they have never claimed to speak for all tenants.
- It is **'informed'** in that they have been through an intensive process of training, discussion, and development, which puts them well beyond the level of understanding many landlord-wide groups elsewhere have.
- It is a tenant **perspective** i.e. it is a contribution to the options debate from people who are tenants of the service, and whose informed views need to form an important part of that debate.

In putting forward its recommendation for Option 2 (the ALMO) the Tenants' Panel is not saying that this is the confirmed views of tenants as a whole. It simply says that having gone through the process since August 2012 this is what it, the Panel, has concluded.

It is, therefore, asking its report to be judged on its merits. It is not attempting to justify it by arguing that it is an expression of tenant views as whole.

We think this is a correct and sensible approach. Whatever option the need a further programme of explanation and development – from which a collective tenant view will emerge.

5. Overall Conclusions

We have drawn four main conclusions about the way Northampton conducted this Housing Options Appraisal. They are around:

- balance
- comprehensiveness
- competence, and
- the role **allotted to the ITA**

5.1 Balance

As noted in this report, Options Appraisals are sometimes criticised for a lack of balance. The most common criticism is that they overly focus on financial issues, and that as a consequence the tone of the discussion within the council, and between a council and its tenants, is dominated by the detail of the financial appraisal.

This means, so the argument runs, that the whole appraisal process is dominated and driven by what is presented as a financial imperative, with little or no scope for other considerations or criteria.

We know from our initial out-reach work that there were fears, and these were most commonly expressed at Resident Association meetings, that Northampton City Council had taken a view on the option it preferred and that the process would simply be used to rubber stamp that view. Mostly, it has to be said, those voices felt that a transfer option would emerge from this process as the recommended option, and that information published by the council would have an inherent pro-change, and pro-transfer, bias.

In our view, the material published by the council is **demonstrably balanced** in its approach in respect of:

- Equal emphasis given to the options (for example in the 'Pocket Guide' where all 6, as they then were, are summarised purely factually) in the information given to all tenants.
- The broad range of information for all tenants contained in all four newsletters, and presentations at the Tenant Information Sessions. The information was factual information only (and covered all the main issues such as the results of the Stock Condition Survey, the Tenant Survey, and so on).
- The work programme for the Tenants' Panel. The Council's presentations to the Panel, and the debate and discussion around it, were factual in content and allowed the Panel to draw its **own** conclusions.

In terms of how the financial issues were generally presented to all tenants, we feel that this was even handed in its approach (whereas many options appraisals focus on capital investment 'gaps' in the event of retention). In fact because the results of the Savills' financial analysis were only available to the Panel in early summer 2013 some members of

the Tenants' Panel were concerned that there had been, up to that point, too little emphasis on financial issues.

5.2 Comprehensiveness

The second group of issues is around the extent to which the process drew properly on all the evidence sources needed to help shape a rational view on the options.

In our view:

- The process gave due weight to the current state of the HRA and future projections about it. It also noted that the HRA has provision in it for a capital investment programme that will achieve a standard higher than the Decent Homes Standard.
- It properly evaluated the impact both of debt write-off in the case of the transfer options, and the **debt ceiling** in the case of the retention options – and this in turn prompted the detailed re-prioritisation of capital items that made up the draft Northampton Standard.
- It had the benefit of a high quality stock condition survey, based on a 25% sample (which is generally considered to be a 'belt and braces' level of confidence).
- It drew on the detailed results from the Tenant Survey of around 27% of council tenants, and which gave a clear view both on satisfaction levels with many elements of the current service and of priorities for the future.
- It drew upon the evidence about broader tenant views gained in the ITA out-reach programme and through the Tenant Conferences.
- It properly supported, and then drew upon, the work done by the Tenants' Panel and the Employee Focus Group in option development and evaluation.
- It gave due cognisance to **relevant** current **guidance**, particularly the draft guidance on Stock Transfer finally published in July 2013.

In our view, then, this appraisal was **properly evidence-based and evidence-driven**.

5.3 Competence

It is possible to have an appraisal process that correctly assembles a comprehensive evidence base, but does not have a competent framework with which to evaluate it.

In our view the evaluation framework developed in Northampton was the best we have seen in our 50 ITA jobs across the UK. We believe (as with many other aspects of this review) that it was exemplary.

That evaluation framework had two elements; an agreed **system** for delineating the options and then developing comprehensive criteria for weighting and scoring them; and a **decision-making structure** which used that evidence to make its recommendation to Cabinet (via the HOP).

The **evaluation system** was sophisticated and comprehensive in that:

- The process of reducing the ten theoretical options from ten to six, and then to the final five, was clear and evidence based.
- The evaluation criteria used to assess the options were derived from over 170 original ideas, which were then refined down to the 46 criteria eventually used, through a series of meetings and discussions within and between the Tenants' Panel and the Employee Focus Group. The eight categories eventually arrived at covered the widest range of criteria we have seen in any options appraisal.
- The scoring and weighting framework was also arrived at through a similar process of discussion within the Tenants' Panel and the Employee Focus Group. The system adopted was, in our view, rational and clear.

There has been debate within the Tenants' Panel about the complexity of the evaluation framework eventually adopted. However, each individual aspect of it was subject to discussion and agreement through discussion at Tenants' Panel and Employee Focus Group meetings, which often involved voting amongst Panel members to reach a majority view. The system, therefore, **evolved** throughout the course of the review as a result of this intensive consultation and discussion, it was not simply handed down, fully formed, from the council (as can be the case).

It is true that some Tenants' Panel Members sometimes found it hard to accept that an objective and evidence based evaluation might produce a result that was at odds with their subjective feelings and wishes.

understood and accepted the need to work within the objective framework they themselves had created, and to follow the process through to a logical conclusion.

The **decision-making** framework was, also in our view, effective and appropriate. The fulcrum of the process was the Housing Options Panel, with a membership of five tenants elected from the Tenant Panel, five employees elected from amongst employees, and five councillors drawn from three political parties ,chaired by the

It is now established practice for appraisal panels, such as the HOP, to bring together councillors, tenants, and staff to make recommendations on options. appraisal panels function as the sole arena for such discussion. It is not usual, for example, to have Tenants' Panel with such an extensive support system and broad remit, nor an Employee Focus Group that is tasked with producing its own detailed assessment of the options. Nor is it usual to have the opportunities that were created in Northampton for tenant representatives and employees to work collectively on the same issues.

In some other options appraisals, therefore, the equivalent of the Northampton HOP could not easily take a strategic view because it had to deal directly with the highly detailed issues, arguments, and different perspectives such appraisals have to cover.

The Northampton HOP, however, essentially operated in two ways:

- It received reports and feedback from the work done within the Tenants' Panel and the Employee Focus Group.
- It considered other issues directly relevant to the review, for example, the results of the Stock and transfer business plans.

By having a structure in which a great deal of detailed analysis was done within the Tenants' Panel and the Employee Focus Group, the HOP was able to keep that strategic focus and to take a rational overview of the options.

Finally, no assessment of the overall competence of this process would be complete without mention of the Tenants' Panel.

It is, in our experience, the best Panel of its kind we have ever seen or worked with.

There are a number of things to say here:

- It is the largest Panel of its kind we have seen (and we have worked as ITAs on similar projects in council with 80,000 plus homes).
- Not only does it have a large membership (35 in total), but the numbers attending Panel Meetings, and there have been more than 60 three hour meetings, are constantly at 85%-90% of the total membership. The commitment shown by Panel Members to this process has been, in our view, astonishing.
- The pattern of work it has adopted (ITA Development Session followed by a council-led session) has meant that when it has been called on in council-led sessions to make decisions it has already had the benefit of discussing these issues with the ITA, and often to reach an informed view on them.
- The Tenants' Panel Report to the HOP is an outstanding piece of work. As ITA's we contributed to it by producing a base document on which the Panel's own Editorial Panel then worked.
- Finally, the Panel has a very diverse membership in terms of ideas and perspectives on the future for council housing in Northampton. Some members are clear that they came in to the process essentially to argue for a specific perspective on that issue. Others would say that they came in to the Panel with no such views. The important thing is that irrespective of any pre-conceptions or wishes members may have had, they have worked in a collaborative and democratic way to arrive at their recommendation.

5.4 The role allotted to the ITA

The role that we, as ITA, were required to play in this appraisal is summarised in Section 1. It is not much different from the brief we have had in other similar jobs. However, some councils take the word 'Independent' in the phrase 'Independent Tenant Adviser' less seriously than others. Some ITA's have complained in the past that they have been unduly pressured by councils to support a particular position.

In respect of the role we have played in Northampton, and the relationship we have had with N , we can confirm that:

- We have had complete freedom to develop the outreach programme as we saw fit, and have been properly supported by council staff to deliver it.
- We have had the opportunity to speak privately with the Tenant Panel whenever they, and we, wished it.
- The ITA Development Sessions with the Panel have been planned and delivered by us with no restrictions placed upon us.
- We have had access to all the information relevant to the appraisal we felt we needed.
- The communications we have had with tenants as a whole, through our newsletters, drop-ins, meetings, and our web site, have been conducted by us according to our view on issues, with no attempt to influence that from any source.
- As mentioned previously, suggestions that we have made to the their own communication material have been adopted in all cases.

5.5 Last Word

It is clearly a matter for Northampton how it deals with the recommendation that will come from the HOP (and which in turn will have been influenced by the Tenant Panel and the Employee Focus Group).

As the Independent Tenant Adviser we can say that in reaching that decision, the can, in our view, be confident that the appraisal process itself was balanced, very comprehensive, and highly competent. From a tenant perspective, we also believe that the process was inclusive, fully informative, and that any tenant who wished to know more about the issues, or to participate directly in the review, had a proper opportunity to do so.




Northampton Tenant's Panel

Tenancy Rights and Tenancy Agreements

Development Session

Dr Steve Sharples
(PS Consultants)
Independent Tenant Adviser
8 November 2012




Why are tenancy rights an issue?

In any option other than retention the tenancy rights of council tenants would change.

You need to know:

- What those rights are now
- How they would change if retention were not the option chosen (i.e. some form of transfer)



Tenancy Rights

- A tenancy - basis of the right of an occupier to occupy
 - 'a grant of an estate in land' i.e. a 'leasehold interest'
- Subject to common law (so if you have a dispute you have rights under common law that you may be able to call on)
- Also subject to statute and the terms of the tenancy agreement



Tenancy Rights/2

Tenancy rights are present in 3 spheres :

Common Law (e.g. privacy , noise , trespass , health and safety,etc)

(now including Human Rights legislation)

Statute (Housing Acts, Landlord and Tenant Acts, Homelessness Acts, etc)

The Tenancy Agreement (i.e. the specific terms granted by the landlord in the agreement)



Links

These are linked – for example :

- Tenancy Agreement terms must not violate people's common law rights – terms can't be too restrictive
- Statute (e.g. Housing Acts) can require Tenancy Agreements to include certain rights



Tenancy Rights pre-1980

First protection introduced for tenants in First World War – Govt imposed rent controls and security of tenure as a temporary measure (Clydeside Rent Strikes)

- But – aimed primarily at private sector tenants (by far the largest single group post-World War 2)
 - Applied to all dwellings falling below a 'net rateable value' level -90% of all dwellings by 1953
- Conservatives began slow process of *de-regulation* from the mid-1950's on



Pre 1980

- Council and HA Tenants had little statutory protection (Rent Acts post- Rachman did protect private sector tenants to a degree)
- Assumption was that public sector landlords could be trusted to behave reasonably ("Model Landlords"
- Councils and HAs could end periodic tenancies by issuing a simple landlord's notice to quit
- No reasons had to be given and tenants had little or no defence against the notice



1980 on

Four Key Acts (statutory rights /responsibilities)

1980 Housing Act

Granted statutory secure tenancies to local authority tenants and also applied to many Housing Association tenants. Key tenant rights now granted by law (e.g. Right to Buy) for first time – introduces principle of 'Security of Tenure'

1985 Housing Act (and Landlord & Tenant Act 1985)

grants further rights to tenants and develops existing ones (e.g. Right to Buy) – also contained provision for stock transfer from council to Housing Associations (Section 32). 'Security of Tenure' now derives from Part IV of this Act



continued

1988 Housing Act
The watershed act!

Retains secure tenancies for council tenants but obliges Housing Associations to grant *assured tenancies* as in the private sector

Therefore, Housing Associations must use the new *grounds for possession* set out in the Act— and obliged (by policy) to charge 'affordable rents'



continued


1996 Housing Act

Gives councils powers to develop Local Housing Companies (and for tenancies to be granted by them)

Introduces the term 'Registered Social Landlord' (abolished in 2008 Housing and Regeneration Act – now Councils and Housing Associations are called 'Registered Providers')

Grants the 'Right to Acquire' to assured tenants of a stock transfer landlord and of properties funded by grant built since April 1997

Permits the granting of Introductory Tenancies for new council tenants and Assured Shorthold Tenancies for RSLs



Fixed Term Tenancies - 2012


Following introduction of Localism Act 2011 – a new form of tenancy was introduced

Allowed the granting by 'Registered Providers' of tenancies of a minimum of 5 years (and exceptionally 2 years) - but with no automatic rolling over at the end of the fixed term

Taken up initially by Housing Associations to get funding from the Affordable Housing pot – but is available to Councils also




Secure and Assured Tenancies



Secure Tenancies

Public bodies that grant secure tenancies include;

- Local Authorities
- Ministry of Defence
- Crown Commission



Secure Tenants Rights

Right to Buy (and Preserved Right to Buy)

Right to have a written statement of tenancy

Right to consultation about changes in housing management arrangements and changes to tenancy agreement (but no right to refuse them - unlike RP tenants)

Right to information



continued


Right to succeed and assign (e.g. in mutual exchanges)

Right to mutually exchange

Right to sub let and take in lodgers

Right to Repair

Right to Manage




Assured non-shorthold tenancies

Whereas the rights of secure tenants are set out in Statute (the various Housing Acts) the rights of assured tenants are set out in their lease.

Tenant rights in Housing Associations are *contractual*

In practice – Housing Associations grant much the same rights as secure tenants, and in the event of stock transfer those rights can be guaranteed in a transfer agreement

Had Labour adopted the Law Commission recommendations in 2006 for a single social housing tenancy – those would have been contractual also



A Range of Social Housing Tenancies

Main forms are ;

- Council Secure Tenancies
- Assured non-shorthold Tenancies
- Introductory Tenancies
- Assured Shorthold Tenancies
- Family Intervention Tenancies
- Demoted Tenancies
- Fixed term tenancies (post 2012)

} **Security of Tenure**




Security of Tenure

Security of Tenure is the **key tenancy right**

Security of tenure means the right of a periodic tenant to occupy the property which the landlord cannot end without a court order (where the **grounds for possession** must be one or more of those set out in law)

Between 1980 & 1988 effectively the same for council and housing association tenants. Post 1988 significant differences in grounds for possession – but not the principle of the right to occupy and how it can be ended.

So 'Security of Tenure' applies to **both council and HA tenants**



Secure tenancies differ from assured non-shorthold tenancies principally in the **grounds for possession**

i.e. where a landlord wishes to re-claim the property



Post 1988 – Grounds for Possession

Secure Tenancies have 16 grounds for possession
all of them discretionary

Assured tenancies have 17 grounds for possession
8 are mandatory and 9 discretionary



Secure Tenancy – Grounds for Possession

All Discretionary Grounds

test of 'reasonableness' applies

- Ground 1**
Rent Arrears – rent lawfully due from the tenant has not been paid
Other breach of tenancy agreement (e.g. not paying other due sums – such as water rates)
- Ground 2**
Nuisance and Annoyance – guilty of conduct...causing a nuisance to a person residing, visiting or otherwise engaged in lawful activity in the locality (first limb)
Criminal Activity –using the home for illegal or immoral purposes and/or where an arrestable offence has been committed in, or in the locality of, the home ('second limb')



continued

- Ground 2A**
domestic violence –where one partner has left because of violence or threats of violence against themselves or a member of their family residing with them
- Ground 3**
deterioration in condition – the condition of the dwelling house or any common part has deteriorated owing to acts of waste, or neglect, or default by the tenant, member of the household, or sub-tenant/bodger
- Ground 4**
deterioration of furniture (where provided by the landlord) – the condition of furniture has deteriorated through ill treatment
- Ground 5**
tenancy by deception –where the tenancy was granted following a false statement made by the tenant or by someone else acting at the tenant's request



continued

- Ground 6**
illegal premium paid –the tenant made or received a payment to secure the assignment by exchange of the tenancy
- Ground 7**
non-housing accommodation (e.g. social services of educational facility)
 –the tenant has been guilty of behaviour that is inappropriate to the nature of the facility
- Ground 8**
temporary accommodation – where the tenancy was granted on a temporary basis to allow repair/improvement works to the tenant's home and the tenant refused to quit that accommodation once that work is complete.



continued

'suitable alternative accommodation' tests only apply

- Ground 9**
overcrowding – where the dwelling house is overcrowded (as defined in Part 10 of the 1985 Housing Act)
- Ground 10**
landlord's works – where the landlord intends to demolish the property or carry out works to the property of land that can't be done without obtaining possession
- Ground 10a** – landlord seeking to sell with vacant possession – where the property is in a redevelopment area



continued

- Ground 11**
charitable tenancies – the landlord is a charity and it would conflict with the charitable objectives of the charity for the tenant to remain in occupation.

Tests of 'reasonableness' *and* 'suitable alternative accommodation' apply.
- Ground 12**
disposal accommodation – the landlord requires the dwelling for occupation by someone they employ or is employed by an organisation with whom they have a contract.
- Ground 13**
accommodation for the disabled – where the dwelling house has special features that makes it suitable for disabled people and a) there is no longer such a person living in that home or b) the landlord requires it for such a person.



continued

- Ground 14**
condition of purpose of specialist housing association or trust – where the landlord lets properties to people in special circumstances (e.g. as a 'half way house') and either a) no such person now lives there or b) the landlord needs the property for such a person.
- Ground 15**
special needs accommodation – the home is one of a group of those provided by the landlord or people with special needs and either a) no such person now lives there or b) the landlord now needs that property for such a person.
- Ground 16**
under occupation – (does not apply to original tenant) if the tenant is a successor, other than the spouse of the deceased, the accommodation is more than is reasonable required by that tenant and possession proceedings were begun more than 6 months but less than 12 months of the previous tenant's death.



Assured Tenancies

Assured Tenancies can be 'weekly' or 'fixed term'

Periodic means they are granted weekly or monthly and are automatically renewed unless the tenant gives notice to quit or the landlord is granted a possession order – and RSLs may only grant periodic tenancies.

Assured non-periodic tenancies are periodic tenancies (and sharing Assured non-periodic ten – unless it is fixed term tenancy)

Private landlords may grant periodic tenancies but in practice almost never do – fixed term tenancies can be ended by a simple notice to quit (although the landlord may still need a court to enforce the notice).

Assured non-periodic tenancies are fixed term



Assured Tenancies – Grounds for Possession

Mandatory and 'Prior Notice' Grounds
 (prior notice means that the landlord must have informed the tenant in writing at the commencement of the tenancy – although the judge has discretion to waive the requirement if it is equitable to do so)


- Ground 1**
owner occupation – (two months notice of proceedings apply) – where the landlord formerly lived in the property and wished to do so again.
- Ground 2**
repossession by lender – (two months notice of proceedings apply) – where the property is subject to a mortgage or charge and the lender is entitled to exercise the power of sale.

continued



- **Ground 3**
Out of season holiday let – (two weeks notice of proceedings apply – where the tenancy is for a fixed term of not more than 8 months and was occupied for a holiday during the 12 months prior to the start of the tenancy)
- **Ground 4**
Vacation lets of student accommodation – (two weeks notice of proceedings apply) – the tenancy is for a fixed term of not more than 12 months and during the 12 months before the start of the tenancy was used as a student letting
- **Ground 5**
Minister of Religion – (two months notice of proceedings apply) – where the property is held for the purpose of being available for occupation by a Minister of Religion and is now required for that purpose

continued




- **Ground 6**
Redevelopment – (two months notice of proceedings apply) – where the landlord intends to demolish, reconstruct, or carry out substantial works to the whole of the property and cannot do this with the tenant in residence – but does not apply where the landlord purchased the property during the tenancy
- **Ground 7**
Death of a periodic assured tenant – (two month notice of proceedings apply) – where the tenancy is a periodic tenancy which has been passed on in the will of the former tenant – proceedings must start no later than 12 months after the death of the tenant or the landlord first becoming aware of the death
Does not apply where a spouse (or legal partner) succeeds to the original tenancy

continued



- **Ground 8**
Serious rent arrears – (two weeks notice is required) – at the time of the notice and at the time of the hearing there are : 8 weeks rent owing (if paid weekly or fortnightly); two months rent owing (if paid monthly); one quarter owing if paid quarterly ; and three months rent owing if paid annually
- **Discretionary Grounds ('reasonableness' tests apply)**
- **Ground 9**
Suitable alternative accommodation – (two months notice required) – suitable alternative accommodation is available for the tenant (and the landlord can show grounds why the property is not appropriate to that tenant e.g. under occupation ; property has special features; or property needed for demolition/ major refurbishment)
- **Ground 10**
Rent arrears – (two weeks notice applies) – some rent is due at the time the notice is served and at the start of court proceedings

continued



- **Ground 11**
Persistent delay in rent payments – (two weeks notice required) – where the tenant has persistently delayed payment of rent – usual test is : one instalment of rent has been in arrears for a significant period or instalments have been persistently late, or both
- **Ground 12**
Breach of any obligation – where the tenant breaches any obligation that is binding on them in their capacity as tenants (e.g. in covenants)
- **Ground 13**
Waste or neglect – the condition of the dwelling house has deteriorated because of waste or neglect or default of the tenant (applies to common areas too)



continued

- Ground 14**
nuisance, annoyance, illegal or immoral use of property – (two weeks notice required) – where the tenant or anyone living in the property or visiting it has been guilty of any of these
- Ground 14 A**
domestic violence – (two weeks notice required) – applies only to HAs and charitable trusts – where a married couple or legal partners have occupied the property and one partner has left because of violence or threat of violence
- Ground 15**
deterioration of furniture – (two weeks notice required) – as Ground 13
- Ground 16**
premises fit to employees – *evicting house fit to tenant as a consequence of employment and person ceases to be employed*




continued

- Ground 17**
recovery of possession where grant of tenancy was induced by false information – (two weeks notice required) – where the tenant or someone acting on their behalf knowingly gave false information to acquire the tenancy



Are HA tenancies less beneficial to tenants?

- Although there are mandatory grounds for possession – Judges often get round these by using ‘adjournment on terms’
- HA tenancy agreements can only be changed by consent from tenants (unlike council tenancies)
- in transfer – special arrangements apply 



Key Issues in Transfer

- Acquiring HAs routinely agrees to **rent to use** :
Grounds 3, 3.3, 4, 5, 6, 8, (and 11, 7)
- for all existing (and future?) tenants in the event of transfer
- Plus ‘Preserved Rights’ apply
- Other rights can be written in to a Transfer Agreement



Northampton Tenant's Panel

ITA Development Session

Governance Issues in Retention & Transfer

Dr Steve Sharples
PS Consultants
Independent Tenant Advisers
February 19th 2013



Housing Options Panel Decisions

Options that the HOP is looking at:

Retention


- Retention with existing arrangements
- Retention with major service re-let

- ALMO – 10 year Management Agreement

Transfer

- Transfer to a new Housing Association established by the Council (and then independent of it)
- Transfer to become part of a group structure with an existing association
- Transfer to a new mutual Housing Association established by the Council (and then independent of it)

HOP has already agreed to choose only one of these. No partial or mixed solutions




Governance

Governance means how an organisation is run and the role members play in that running

For Councils – councillors are its elected members (plus an elected Mayor where established) and it is governed via a system of Leader and Committees, or a Cabinet System

For Housing Associations – HAs are governed by their Board (Committees). Who its members are will depend on its rules – but members of the organisation have a role in governance too.

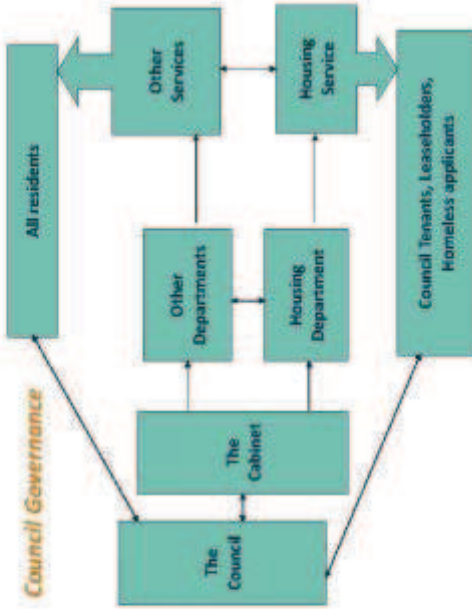


Retention

Retention can take two forms

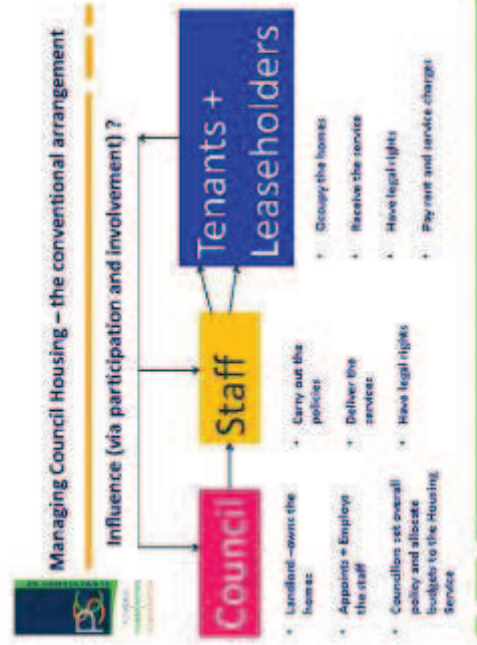
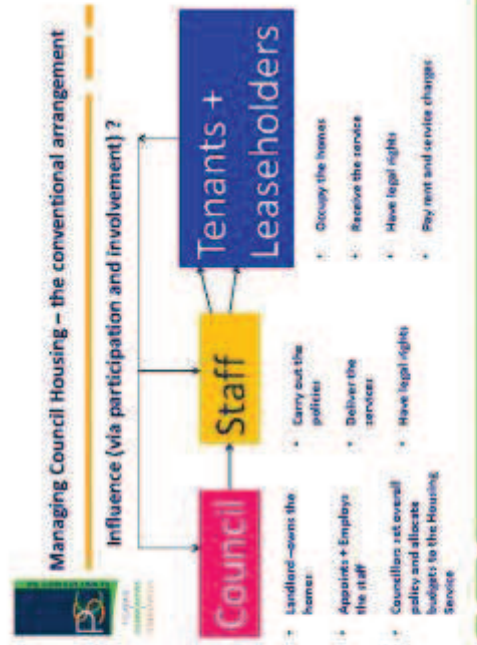
1. Council remains landlord and continues to manage homes directly
2. Council remains the landlord but delegates the housing management to a separate organisation – an Arms Length Management Organisation (ALMO)

Council is the sole owner of the ALMO



What is an ALMO?

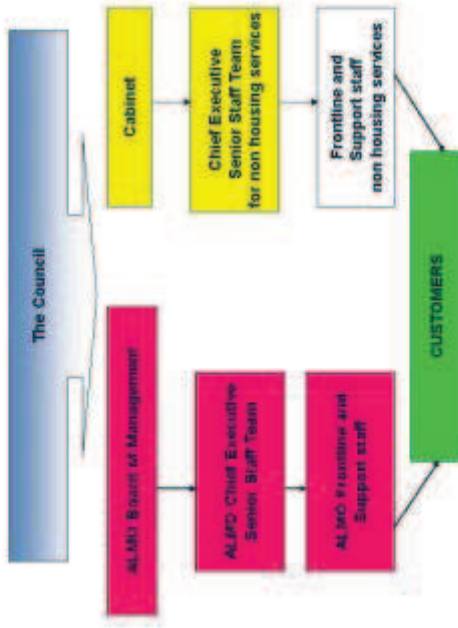
'Arms Length Management Organisation'



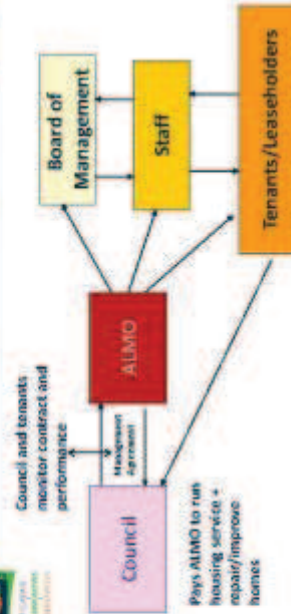


What is 'arms length' management?

- Separates the **landlord role** from the **management role**
- Council continues to be the owner of the homes (the 'landlord')
- Council sets up a new organisation – an ALMO- to manage council homes on its behalf
- Council **owns** the ALMO organisation – but gives it freedom to manage council homes via a Management Agreement
- The ALMO has its own Board of Management to oversee its work – with tenants, councillors, and independents




Arms Length Management



ALMO – Features and Issues



- | Features | Issues |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ➢ Keep secure tenancy + all tenancy rights –therefore no tenant ballot required ➢ Freedom and flexibility to deliver better services ➢ Opens up possibilities for area-based tenant and community involvement ➢ Membership of organisation for tenants possible (not ownership) ➢ Places on Board for tenants ➢ Existing staff transfer to ALMO with rights protected | <ul style="list-style-type: none"> ➢ Initial set up costs ➢ Council has to pay an annual management fee – but no overall increase in costs ➢ May be difficult to explain to tenants ➢ Doesn't generate extra resources for council |



Council - Retained Functions

- > Homelessness obligations and assessment
- > Lettings policy
- > Housing advice (but not that related to an individual's tenancy with the authority)
- > Strategic role (including enabling, HA liaison, housing needs assessments, cross-tenure stock condition surveys, housing strategy and sub-strategies)
- > Overall policy on dealing with anti-social behaviour in the County




Delegated Functions

An ALMO in Northampton would have genuine management freedom from the Council to make decisions about the management and maintenance of Council homes.



Examples of Delegated Functions

- > Rent collection, dealing with arrears, debt counselling
- > Tenant information & consultation
- > Tenant participation, including involvement in monitoring and review of service standards
- > Enforcement of tenancy conditions
- > Similar functions for leaseholders



Examples of Delegated Functions

- > Stock investment decisions
- > Repairs and Maintenance ordering + delivery
- > Managing lettings, voids and under-occupation
- > Estate management, caretaking and support services under Supporting People
- > Environmental protection and improvement



Possible areas of joint work between ALMO and Council

- Private sector renewal
- Economic Development
- Social Inclusion
- Community Safety
- Community Health
- Environment
- Community Liaison
- Education and Training
- HRA Operation and Monitoring



How does the Council delegate its management function to its ALMO?

- Delegation happens through a **Management Agreement** negotiated between the Council and the (Shadow) Board of the ALMO
- Often signed for 5 years – with the possibility of unlimited extensions – but can be for any agreed term (+ 10 years is the option being considered in Northampton)
- The legal basis for this is provided by Section 27 of the 1985 Housing Act



Section 27 Delegation

Section 27 of 1985 Housing Act (as amended by 1986,1993, & 1996)
Acts says :

A local authority may , with the approval of the Secretary of State , agree that another person shall exercise as agent of the authority in relation to –

- (a) such of the authority's houses as are specified in the agreement and
- (b) any other land so specified which is held for a related purpose, such of the authority's management functions as are so specified

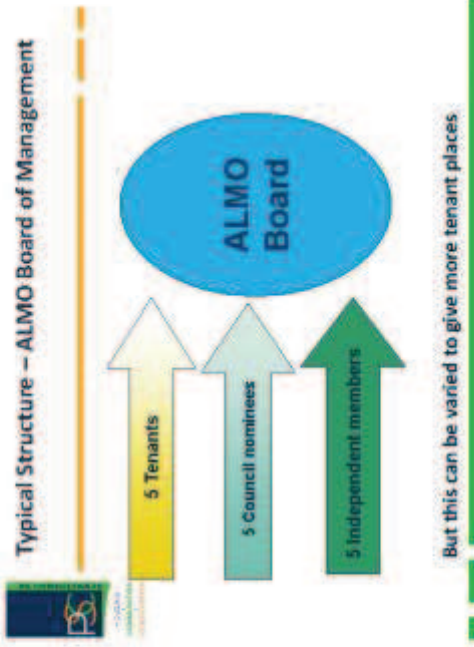


Why ALMOs are Companies Limited by Guarantee

Industrial and Provident Societies (community benefit societies) have a 'democratic' character with the ownership of the organisation vested equally in the membership (which can include tenants, the council, and other bodies)

But the council **alone** owns an ALMO

Only the CLG model allows that to happen because only it allows different categories of members with *different voting rights*



- ### Board Members
- are Directors of the ALMO - a Company Limited by Guarantee
 - manage the business of the ALMO
 - must attend all meetings that they are reasonably able to
 - if an insolvency situation arises, they must take every step which ought to be taken to minimise loss to creditors
 - must consider the interests of employees
 - must always act in accordance with the rules of the organisation i.e. its 'Articles of Association'
 - must 'regulate' their interests

- ### In general - Board Members are responsible for:
- the overall direction, strategies, objectives and plans.
 - financial control over the business plan
 - establishing and maintaining a clear framework of delegation to staff
 - taking key decisions
 - monitoring performance
 - ensuring that all business is conducted properly in accordance with the regulatory standards
 - appointing the Chief Executive

- ### Minimum Duties of the Board
- Define and ensure compliance with the values and objectives of the organisation
 - Agree the annual delivery plan with the Local Authority
 - Establish policies and plans to achieve the delivery plan and meet the agreed objectives
 - Approve each year's budget and accounts, prior to publication
 - Establish and oversee a framework of delegation systems and control
- continued/



Agree policies and make decisions on all matters that might create significant financial or other risk to the organisation, or which raise material issues of principle

Monitor the organisation's performance in relation to these plans, budgets, controls and decisions

Appoint (and, if necessary, dismiss) the Chief Executive

Satisfy itself that the organisation's affairs are conducted lawfully and in accordance with generally accepted standards of performance and propriety

Responsibilities of Board Members

- Support the vision and values of the ALMO
- Exercise care and skill in carrying out their functions
- Identify personal training and development needs and seek opportunities for development, including by attending appropriate training events
- Prepare for Board meetings by reading papers provided
- Ensure that personal interests do not come in to conflict



What About Individual BoardMembers?

All Board members should take collective responsibility for decisions made by the Board. Each member should act only in the interests of the organisation and not on behalf of any constituency or interest group.

To discharge their responsibilities for the direction of the organisation, Board members should have or acquire a diverse range of skills, competencies and experience. These should cover the following broad areas:

- > working as an effective team to take strategic decisions for social outcomes;
- > direct knowledge of the needs and aspirations of the communities and people served;
- > general business, financial and management skills;
- > other relevant skills, such as legal, property, development, and public affairs;

Tenant Board Members

- Tenants are not on the Board in lieu of tenant consultation.
- Tenant members are not delegates or representatives
- Board membership should not be seen as being the 'summit' of tenant participation – a strong TP structure should still have a role to play
- Tenants have equal responsibility for decision making



Transfer

HOP have identified three options

1. Transfer to a new stand-alone housing association (known as an 'LSVT Association') *(i.e. created from scratch)*
2. Transfer to an existing housing association group and becoming a part of that group
3. Transfer to a special type of housing association – called a *mutual housing association* *also created from scratch*



Housing Association Governance Three Main Types of Housing Association

- **Co-operatives?** – established to provide social housing and have developed over time
- Most HAs in England are of this type
- **LSVT** – created by the transfer of council homes to a new structure established initially by a Council (following a tenant ballot, subsequently independent of it) Now over 300 of these in UK
- **Mutual Associations** – membership based and with a governance structure that reflects this
 1. Community Mutual / Community Gateway
 2. Rochdale Community Mutual
 (both types usually established by stock transfer)
- **Co-ops** – not being considered here



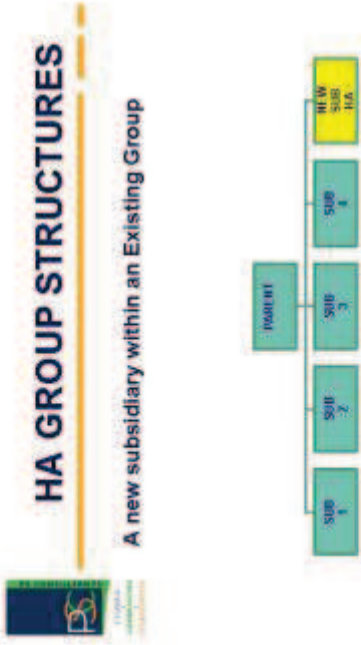
TRANSFER TO A NEW STAND-ALONE HOUSING ASSOCIATION

Council sets up the HA – but then the HA must be autonomous



Constituency Model for Boards i.e. one third tenants, one third council nominees, one third independent members





Rules and Governance

All organisations have 'rules' of one kind or another

They may be called 'rules', or 'constitutions', or 'articles' – but they all have some things in common

They will set out for the organisation ; its objectives; its powers ; its membership : how it is governed : and how may be dissolved

So – the rules of an organisation set out its governance structures i.e. how it is run ("governed")

Key Governance Issues in Housing Associations

- Who may be members of the organisation
- How is membership of the organisation is achieved
- What powers members have
- Who may be a Board member
- How membership of the Board is achieved
- What powers the Board has

These will be set out in the 'Rules' if it is an Industrial & Provident Society or the 'Articles of Association' if it is a Company limited by Guarantee (or the Trust Deed if it is an unincorporated Trust)

Conventional (using NHF Model Rules for an RSP Society)

- **Membership of the Organisation**
Tenants and Corporate bodies may be members – employees may not
- **How is membership of the organisation achieved?**
Applicants apply to the Board – Board decides; (based on published policies)
- **But members can be removed if they are subject to a possession order, or breach a suspended possession order, or are subject to other court orders, or are in 'material or serious breach of their tenancy agreement or lease'**
- **Powers of members**
At an AGM - to receive the annual report, to elect or re-elect Board Members (one member, one vote)
- **Who may be a Board member?**
Boards consist of between 5 - 12 members, tenants and employees can be Board members (but no more than 1/3 may be employees), other Board members must also be members of the organisation

- **How is membership of the Board achieved?**
Board members elected at an AGM (usually for 3 years) and retire in rotation, initial 9 year maximum term (but after which not eligible for re-election until at least the next AGM)
- **The Powers of the Board**
Exercises all the powers of the organisation except those reserved for general meetings – 'the business of the association shall be directed by the Board'.

- **Housing Associations Established by LSVT (Large Scale Voluntary Transfer)**
- **Model introduced post-1996 Housing Act to boost stock transfer – succeeded particularly in large Labour City and Metropolitan authorities**
- **Gave tenants and local authorities guaranteed places on the Association Board – Government's preferred model was the 1/3, 1/3, 1/3 split amongst the three constituencies – same as the ALMO model**
- **Claimed to give tenants a greater say in the governance of their landlord (and keep a significant role for the former council landlord)**

This would be the 'stand-alone' option in Northampton

Housing Associations Established by LSVT (Large Scale Voluntary Transfer)

- **Membership of the Organisation**
Members divided into three types : tenants ; independents; local authority members – employees cannot be members of the organisation"
- **One member, one vote – but each class of member has one third of any vote (votes are weighted to ensure this)**
- **How is membership of the organisation achieved?**
Applicants apply to the Board – Board decides; (based on published policies)
- **But members can be removed where in 'material or serious breach of their tenancy agreement or lease'**
- **Powers of members**
At an AGM - to receive the annual report, to elect or re-elect Board Members (one member, one vote) – but content of the report will usually be wider than in a conventional association (e.g on criteria for electing tenant board members)



- **Who may be a Board member?**
Board have 5 tenant members; 5 independent members; and up to 5 local authority members – independent Board Members must be members of the association, employees may be Board Members (part of 'local authority nominees')
- **How is membership of the Board achieved?**
Board members elected at an AGM (usually for 3 years) and retire in rotation, tenants elect Tenant Board Members, AGM elects independent, council nominates its Board Members
- **The Powers of the Board**
Exercises all the powers of the organisation except those reserved for general meetings – 'the business of the Society' shall be directed by the Board).



Community Mutual and Community Gateway Organisations

- Organising principles are variations on the principle of *mutuality* i.e. an organisation owned by members who are also beneficiaries
- Principle of mutuality embedded in the Co-operative movement – origin in the Rochdale Pioneers of 1844 – now a world-wide movement
- 1850-1900 mutual organisations in the UK dominated the food retail, mortgage lending, and personal insurance business (still present in organisations such as John Lewis Partnership - The Co-op)
- In 2011 mutual there were over 18,000 mutuals in the UK with a combined turnover of over £113bn
- Mutual principle in housing expressed in Tenant Ownership and Management Co-ops since early C20th
- Came into English Housing Associations via 2003 Community Gateway Model (5 Housing Associations are now Community Gateways) and 3 Welsh Community Associations from 2007



Community Gateway

- **Membership of the Organisation**
Members divided into two types: tenant; local authority members – employees cannot be members of the organisation
One member, one vote – but each class of member has one third of any vote (votes are weighted to ensure this)
- **How is membership of the organisation achieved?**
Applicants apply to the Board – Board decides (based on published policies)
But members can be removed where in 'material or serious breach of their tenancy agreement or lease'
- **Powers of members**
At an AGM - to receive the annual report, to elect or re-elect Board Members (one member, one vote) – full content of the report will usually be wider than in a conventional association (e.g. an criteria for electing tenant board member – the election of the landlord wide tenant representative group & to monitor the operation of the Community Empowerment Strategy)



But – members can be an landlord-wide group (usually called the Community Gateway Group) which sits at the interface between the Board and Tenants

- **Membership of the Board**
Board have up to 15 members – generally 7 of them will be Tenants, at least one third will be independent members, and remainder Council Board Members – employees can be Board Members
- **How is membership of the Board achieved?**
Board members elected at an AGM (usually for 3 years) and retire in rotation, tenants elect tenant Board Members, AGM elects independent, council nominates its Board Members
- **The Powers of the Board**
Exercises all the powers of the organisation except those reserved for general meetings – 'the business of the Society' shall be directed by the Board)



Community Mutual

- **Membership of the Organisation**
Membership open to all over 18 who are : tenants , independent Board members, and corporate bodies, and can be extended further (e.g. employees)? If membership policy says it can
- **No 'weighting' of votes (in the Welsh CMGs)**
- **How is membership of the organisation achieved?**
Applicants apply to the organisation - but members can be removed where a members meeting decides they have 'acted in a way detrimental to the interests of the Community Mutual'
- **Powers of members**
At an AGM - to receive the annual report, to confirm election of the independent Board Member - but content of the report will usually be wider than in a conventional association (e.g. reports of identification of neighbourhoods to which powers and responsibilities can be delegated)



Membership of the Board

- Board have up to 15 members – 5 tenants, 5 independents, 5 local authority members
- **How is membership of the Board achieved?**
Board members elected at an AGM (usually for 3 years) and retire in rotation, tenants elect tenant Board Members, AGM confirm selection of independents, council nominates its Board Members
- **The Powers of the Board**
Exercises all the powers of the organisation except those reserved for general meetings



Distinctiveness of Community Mutuals and Community Gateway

Distinctiveness of these models does not really lie in the governance structures

What makes them significantly different from conventional and LSVT models is that enshrined in their rules is a **commitment to Community Empowerment and a detailed set of requirements in relation to this.**


Key elements of this :

- The identification of areas and neighbourhoods
- The commitment to delegate powers, responsibilities, and assets to properly constituted groups and organisations in those areas




The Rochdale Community Mutual Model

- Rochdale tenants voted for stock transfer in March 2011
- Transfer organisation – Rochdale Boroughwide Housing already existed as an ALMO and became a housing association with LSVT rules
- Converts to a full mutual organisation in June 2013
- Is using the period up to June 2013 to build up the membership numbers and do the training and development work with the governance structure



- Conventional Associations, LSVT Associations, and Community Mutuals have Members and a Board
- Community Gateway has Members, a Community Gateway Organisation (a landlord-wide Tenant Committee of around 20 tenants), and a Board
- The Rochdale Community Mutual has Members, A Board of Directors, and a Representative Body (with multiple constituency membership)
- The Representative Body is the distinctive characteristic of this model – it has powers normally reserved for a Board,




- Membership of the Organisation**
Membership made up of two constituencies : tenants and employees. All tenants and employees entitled to be members
- There are Associate members who can attend and speak at members meetings – but can't vote (e.g. leaseholders, lodgers, 18+ 17 year olds)
- How is membership of the organisation achieved?**
Applicants apply to the organisation - but members can be removed where a members meeting decides their conduct is 'detrimental to the interests of the society'
- Powers of members**
At an AGM - to receive the annual report, and to receive from the Representative Body its report




The Board in RBH

- Has both Executive and Non-Executive Directors
- Only Executive Directors are the Chief Executive and the Director of Finance
- Has 5 Non-Executive Directors appointed by the Representative Body and a Chair also appointed by the Representative Body
- Rochdale Council nominates an extra 2 Non Executive Directors (this power ceases in March 2017) – but Representative Body approves
- The Non-Executive Directors appoint the Chief Executive – subject to confirmation by the Representative Body
- Up to 1/3 of the Non Executive Directors may be tenants



Representative Body

- Made up of : 15 tenants (elected by tenants) : 3 tenants from each of the three Tenant Management Organisations : 8 employee representatives (elected by employees) ; two council representatives (four from March 2017) ; up to three members nominated from external organisations)
- Appoints and removes Chair, and other non-executive directors, and Chief Executive
- Works with Board to develop and operate the Business Plan
- Works with Board to approve the Corporate Strategy and Policy Framework

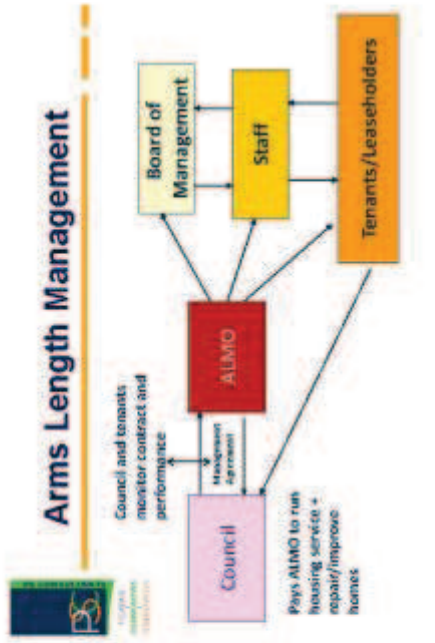
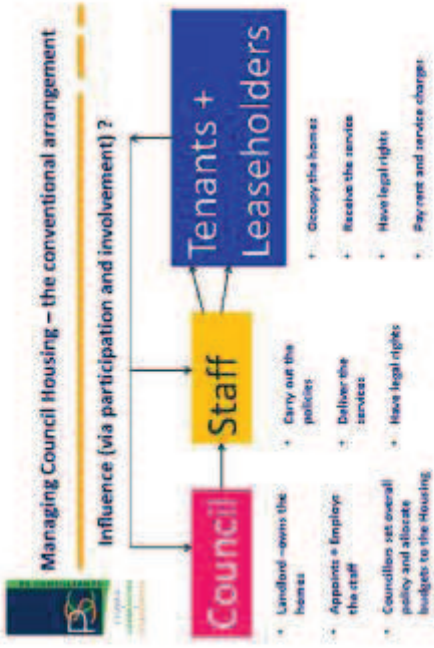


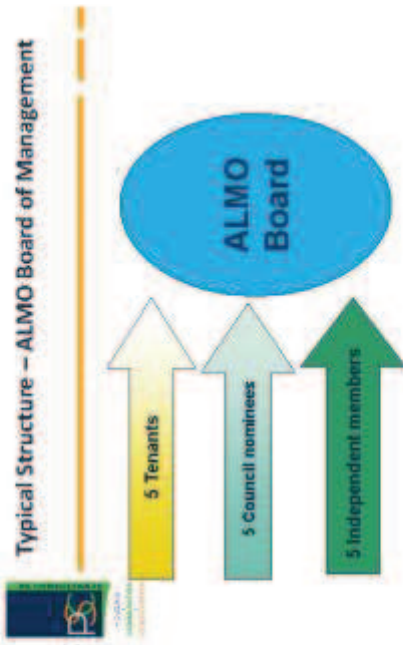
Rochdale Model – the most radical in terms of tenant involvement in governance

But – *none* of the requirements found in Community Gateways or the other Community Mutuals in respect of the Community Empowerment Strategy

Implications for Northampton?

If transfer is a viable option – could an association be established which combines a Rochdale-type governance model with a Gateway / Mutual requirement for devolution of responsibilities / assets to the local level ?





But this can be varied to give more tenant places




HA GROUP STRUCTURES

A new subsidiary within an Existing Group



ITA Newsletter 1
November 2012







PS CONSULTANTS
Your Independent
Tenant Adviser

YOUR HOME YOUR FUTURE

Considering the options for Council Housing in Northampton



Steve Sharples



Christine Bailey



Jim Mitchell

Introducing PS Consultants - the Northampton Independent Tenant Adviser (ITA)

This is the first of a number of newsletters we will produce as the Independent Tenant Adviser (ITA) in Northampton.

PS Consultants were recently chosen by a panel of Northampton Borough Council tenants to act as the ITA. Our job is to give independent and impartial advice and information to tenants on the Housing Options Review that the Council is currently doing into the future of council housing in Northampton.

We have worked as the ITA in over 50 projects across the UK. Although our office is in Greater Manchester, our staff team will be available in Northampton to meet tenants throughout the Housing Options Review, which will continue until June 2013.

Please Note – Our job as the ITA is to give advice and information specifically on the Housing Options Review that the Council is carrying out. We can't give advice on issues you might have with the council housing service, for example, getting a council home, or repair problems. For those matters, you will still need to contact Northampton Borough Council Customer Services directly on 0300 330 7000.

In this issue:

- What is a Housing Options Review?
- What is the Decent Homes Standard?
- What are the options?
- Getting tenants involved
- The ITA programme – how you can meet us.

The PS Consultants Staff Team

Our main staff team members in Northampton are:

Dr Steve Sharples
Steve will lead the PS Consultants team. He has led our ITA work on more than 40 projects over the last 20 years. Steve has worked extensively on housing management, housing finance, and tenant involvement issues, both in the UK and abroad.

Christine Bailey
Christine has a wide range of experience in planning, social housing, and regeneration in the UK. She has worked as part of our team in many ITA projects including those in: Liverpool; Oldham; Caerphilly; Rochdale; Shropshire; Hull, and South Cambridgeshire.

Jim Mitchell
Jim is a highly experienced specialist in tenant involvement. Working originally in the west of Scotland, he has also worked on many ITA projects including those in: Glasgow; Norwich; Newport; Rochdale; Caerphilly; and Shropshire.

How to Contact your ITA

You can talk to us directly by:

Telephoning the ITA Information Line on either:
0800 054 2087 (free from a landline)
0303 003 8200 (local rate calls from mobiles)

If we are not available when you ring please leave your name and telephone number on the answerphone and we will get back to you as soon as possible within 24 hours.

By Post to
 PS Consultants
 12 Berry Square
 Whitehall Lane
 Bolton
 BL6 5DU

No stamp is required if you write
'Freepost Plus RRZC-CJYA-HCXX' above the address.

By email to enquiries@psconsultants.org.uk

YOUR HOME YOUR FUTURE

What is a Housing Options Review?

From time to time all councils with council housing have to look at how they can best ensure the future of those homes. This means looking at what will need to be done both, now and in the future, to repair, maintain, and improve council homes to a good standard, and to offer a good housing management service. When councils do this kind of review they are looking at the different ways (or 'options') they have to meet those challenges. The Council will carry out a detailed review of the options for council housing in Northampton between now and June 2013.

The Decent Homes Standard

An important influence on this type of review is the Government's 'Decent Homes' Standard for all social housing landlords. This minimum quality standard is set by the Government for every home owned by a council or housing association to meet. So councils have to look at all the ways in which they can ensure that their homes can be kept at this standard, as a minimum, in the long term. The Council has received significant funding from the Government to help it to achieve and to maintain homes at this standard, but the Council understands investing only in the homes is not enough. The Council knows that its tenants might want to have their homes improved to a standard that is higher than the Government's minimum standard and that investment in estates and neighbourhoods is also required to improve overall quality of life for tenants. The Council will look at these issues for each of the options below.

What are the Options?

Under current Government housing policies, Northampton Borough Council probably has three broad options. These are:

- **Retention** – the Council would continue to own and manage all its homes and its tenants would continue to be Northampton Borough Council tenants. Under this option, the Council would have to be able to show to the Government, and to the Social Housing Regulator (which is called the Homes and Communities Agency or HCA for short), that it could keep all its homes to at least the Decent Homes Standard for the next 30 years, and meet all the other obligations put on it by the regulator, over the same period.
- **Transfer of Management** – the Council would continue to own the homes but it would transfer the management of those homes to an organisation that the Council itself would set up. That new organisation would be wholly owned by the Council,

but to operate at arms length from it. There would be much greater opportunities for tenant involvement in the running of the new organisation than under the current system of council ownership and management. The same requirements about the quality of homes, and the other aspects of regulation that apply to retention also apply here.

- **Transfer of Ownership and Management** – the ownership and management of council homes would transfer to a new organisation. This would be to a housing association, but that association could take a number of different forms. The Council could, for example, set up a specially created, new housing association to whom it then transfers the ownership and management of its homes (if tenants agree to this option in a ballot). Some transfers have been to a mutual housing association where tenants, both as members of the organisation and of its Board, have a major say in how the organisation runs and the standards it works to.

The Council's Housing Options Review will have to consider all of these issues.

Meeting your ITA

Between now and June 2013, when the Council's Review will be completed, Steve, Christine or Jim from the ITA team will be at a series of meetings and drop-ins for council tenants and leaseholders to talk about the issues that the Council's Housing Options Review is covering.

- If you live in or near to a **council sheltered flat or bungalow** Steve, Christine or Jim will visit every Community Room to talk to tenants and answer your questions. The meetings arranged so far are in this newsletter. The Sheltered Housing Co-ordinators will also tell sheltered tenants when the ITA will be in your area.
- If you live in areas which have only a few **council homes** Jim will be visiting each household in those areas individually to give you the opportunity to talk to your ITA.
- We will be arranging more **informal drop-in meetings** in a wide range of local venues across Northampton. Some meetings will be in the evening or at weekends whilst the review is being carried out. We will visit council tenants in every part of the Borough. If you want to suggest a suitable meeting place near to where you live please tell us.
- Attending **local Residents Association** meetings. Tell us when and where your Association meets and the ITA will attend.

ITA Meetings and Drop-ins: Dates, Times & Venues

Monday 19 Nov.	MONTAGUE CRESCENT COMMUNITY ROOM Lodge Farm NN5 9RC 10am to 11am	EASTFIELD CLOSE COMMUNITY ROOM 7a Eastfield Close Duston NN5 5TJ 11.30am to 12.30pm	STITCHMAN HOUSE DROP-IN 55 Stitchman House Byfield Rd St James NN5 5HG 1pm to 2pm	SPENCER HAVEN DROP-IN 4 Spencer Haven Spencer NN5 7DS 2.30pm to 3.30pm	
Tuesday 20 Nov.	KINGSTHORPE GROVE COMMUNITY ROOM 55 Kingsthorpe Grove Kingsthorpe NN2 6PB 10 am to 11am	BUNTING ROAD COMMUNITY ROOM 10 Bunting Road Kingsthorpe Hollow NN2 6EE 11.30am to 12.30pm	NENE DRIVE COMMUNITY ROOM Nene Drive Kings Heath NN5 3FQ 1pm to 2pm	CARDIGAN CLOSE COMMUNITY ROOM Cardigan Close Dallington NN5 7DH 2.30 to 3.30pm	
Wednesday 21 Nov.	HUNTERS CLOSE COMMUNITY ROOM 70 Hunters Close Kingsthorpe NN2 8TH 10am to 11am	HINTON ROAD COMMUNITY ROOM Signed post from Chalcombe Ave end of Hinton Rd Kingsthorpe NN2 8JL 11.30am to 12.30pm	THE LISBURN COMMUNITY ROOM Corner of Whitton Road/ Holdenby Road Kingsthorpe NN2 9SB 2pm to 3pm		
Thursday 22 Nov.	MARKET ST. COMMUNITY ROOM Brunswick Place, Off Easter Place NN2 4BC 10am to 11am	ELIZABETH WALK COMMUNITY ROOM 38 Elizabeth Walk, Off St Edmunds Road NN2 5SS 12.30pm to 1.30pm	LEICESTER STREET COMMUNITY ROOM Leicester St, Off Barnack Road (opp. Main post office) NN2 3RS 2pm to 3pm		
Monday 26 Nov.	JAMES LEWIS COURT COMMUNITY ROOM James Lewis Court, Cherry Orchard NN2 2TH 11.30am to 12.30pm	ST BARNABAS COMMUNITY ROOM 11 St Barnabas House Lower Handing St Springborough NN4 2JA 2 to 3pm			
Tuesday 27 Nov.	PARSONS MEADE COMMUNITY ROOM next to 41 Parsons Meade WEST HUNSBURY NN4 9PS 10am to 11am	BLACKBERRY LANE COMMUNITY ROOM Next to 19 Blackberry Lane Brix Hill NN4 8QU 11.30 to 12.30	GEORGE NUTT COURT COMMUNITY ROOM Next to 35 George Nutt Court Far Cotton NN4 8P 2pm to 3pm	Friers & Dalrye Residents Association meeting Far Cotton Boys Club Towcester Road, Far Cotton 7.00pm	
Wednesday 28 Nov.	ELDONRE HOUSE VERY SHELTERED SCHEME 3 Butt Lane Close Off Orange Road NN4 2BC 10am to 12am	PENNYCRESS PLACE DROP-IN 25 Pennycress Place Eaton Brook NN3 5DE 2pm to 3pm			
Thursday 29 Nov.	LODGE AVENUE COMMUNITY ROOM 24 Lodge Ave Collingtree NN4 0NQ 10am to 11am	HARDY DRIVE COMMUNITY ROOM 26 Hardy Drive Hardingstone NN4 5UX 11.30am to 12.30pm	BOULVERIE ROAD COMMUNITY ROOM 75a Boulverie Road Hardingstone NN4 6EG 2pm to 3pm	Kings Heath Residents Association meeting Nene Drive Community Room, Nene Drive 8.00pm	Eastfield Residents Association meeting Jubilee Hall, St Albans Church Broadmead Avenue 7.30pm
Tuesday 4 Dec.	ARTURBURY ROAD COMMUNITY ROOM Artbury Road, Blackthorn NN3 8QJ 10am to 11am	GOLDCREST COURT COMMUNITY ROOM Off Prebick Court, Goldings NN3 8RJ 11.30am to 12.30pm	Far Cotton Residents Association Meeting Far Cotton Rec Centre Towcester Road 7.00pm		
Thursday 6 Dec.	Lakeview Residents Association Eden Close Community Room 7.00pm for 7.30pm start				
Thursday 13 Dec.	Standens Barn Residents Association Standens Barn Community Centre 7.00pm				

Want more information?

For more information about the Council's Housing Options Review, including the ITA Fact Sheets and regular updates, go to the ITA web site at www.northampton.psconsultants.org.uk

Have your say online.

On the ITA website there is a button that you can click – called Forum – to enter the Northampton Tenant Forum. In this part of the ITA web site you can see comments from other tenants, join in the discussion to share your views with other tenants or to put your questions directly on 'Ask The Team' to the ITA.

Access to the Forum will be by a simple registration process. Don't worry, you will not have to give any personal details and your registration information will be kept secure by the ITA.

Come to the Tenant Conferences!



The Council will be organising two **Tenant Conferences** to talk about the housing options review.

The **first conference** will be on **Monday, 3 December 2012**. It will be run twice from 10.30am to 1.30pm and be repeated at 6pm to 9pm at the Captain's Lounge and Rodber Suite, Saints Rugby Ground.

Find out more or book your place on 0300 330 7004 or email optionsreview@northampton.gov.uk

The **second conference** will be held in **May 2013** – the details of that event will be sent to all tenants in spring 2013.

As the ITA we will be present at both Conferences to meet you and offer advice and information.

If you would like this Newsletter on  'Audio CD' or produced as a  'Text to Speech' document

please contact the ITA

Freephone 0800 054 2087 or from a Mobile 0303 003 8200

Introducing the Northampton Tenants' Panel

Earlier this year the Council wrote to all its tenants to give them the opportunity to join a newly formed 'Tenants' Panel'. Over 40 people responded initially to that invitation, and approximately 25 of those have gone on to become members of the Panel.

The Tenants' Panel has an important role in this housing options review. It will:

- examine all the evidence about the options for the future of council housing in Northampton and,
- produce its own report and recommendations to Northampton Borough Council in early summer 2013, trained and supported by PS Consultants, the ITA.

Panel members come from many different areas of Northampton, and will give a wide tenant perspective on the issues. This is an open panel, in that new members can join the Panel at any time. Tenant Panel meetings will be publicised in future newsletters by the Council and the ITA.

How the Council will make the decision on the options

The Council has set up what is called a 'Housing Options Panel' (HOP) to consider the findings of the review on the Council's behalf. The Tenants' Panel will make its report to the HOP.

There are 5 tenants nominated by the Tenants' Panel, 5 councillors (including the three party leaders), and 5 council employee representatives from the housing service on the HOP.

The HOP has been set up in this way to ensure that both tenants and the staff who deliver the housing service and councillors work together to discuss and identify the way forward.

The HOP will take advice from a wide range of internal and external specialists covering topics such as stock condition, financial issues, governance, and service standards.

The Tenants' Panel has now chosen its 5 tenant representatives to be on the HOP. These are: Norman Adams, Kat Bennett, Phil Humphris, Tony Mallard, and Steve Whitehead.

The timetable for the review means that the Council will complete its work by June 2013 for the full Council to consider at its July 2013 meeting.



Independent Advice – Just Ask!

Please remember that we can give you advice and information on all aspects of this housing options review process.

All the ways you can contact us are on **Page 1** of this newsletter and below.

Contact the ITA by:



• Telephone

0800 054 2087

(free from a landline)

0303 003 8200

(local rate calls from mobiles)



• In writing by **Freepost to:**

Freepost Plus RRZC-CJYA-HCXX,
12 Berry Square, Whitehall Lane,
Bolton BL6 5DU



• Email: enquiries@psconsultants.org.uk

• For more information about the Council's Housing Options Review, including the ITA Fact Sheets and regular updates, go to the ITA web site at www.northampton.pscconsultants.org.uk

• Click on the Forum button on the ITA website to talk on line to other Northampton Borough Council tenants or to your ITA.

However you contact us, we will do our best to give you the advice and information you need.



PS Consultants
Your Independent
Tenant Adviser

YOUR HOME YOUR FUTURE



ITA Newsletter 2
April 2013



YOUR HOME YOUR FUTURE

Considering the options for Council Housing in Northampton



PS Consultants
Your Independent
Tenant Adviser

Introduction

PS Consultants was appointed in August 2012 by a panel of council tenants to be the Independent Tenant Adviser or ITA during the Housing Options Review (HOR) that Northampton Borough Council is carrying out.

The aims of the Housing Options Review

The overall aim or goal for the Review is to identify the most tenant focused housing option for the future, based upon factors to include:

- 1. Safeguarding tenants' interests** by protecting tenants' key rights and entitlements as set out in the secure tenancy agreement from the Council and ensuring the housing management service continues to comply with all of the obligations which the Government's housing regulator – the Homes and Communities Agency or HCA places on all councils and housing associations as registered providers of social housing.
- 2. Minimising tenants' costs** so that rents and any future annual increases are set in line with Government guidelines and that you get value for money from the housing management services you receive.
- 3. Meeting improved standards for home and environment** which tenants in Northampton have told the Council they would like to have. As a minimum this will be the Government's basic **Decent Homes Standard**. However the Council is working with tenants to identify and cost a better local standard – **the Northampton Standard** – to deliver the improvements that council tenants say they want for

their home, neighbourhood, and overall quality of life.

4. Sustainability - this means looking at what it will cost to provide better quality homes, neighbourhoods and service delivery standards and what is affordable from the income that is received in rent for council homes and any service charge that tenants pay.

5. Assessing the potential to make a positive contribution to the local economy by safeguarding existing jobs, by creating new employment opportunities, by building new homes for rent and by contributing towards the Council's wider housing and regeneration policy.

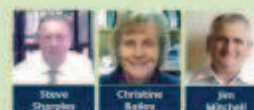
6. Considering how the housing options may affect staff in the Council's housing service.

7. Accountability – to ensure that the housing service will be more open, transparent, and accountable both to tenants and to the Council, and to explore the opportunities for tenants and housing staff to scrutinise and to shape service delivery.

The Council will make the decision on the housing options

The Council has set up the Housing Options Panel (HOP) to consider all the findings of the Review on the Council's behalf. The members of HOP are: 5 tenants nominated by the NTP; 5 councillors (including the three party leaders), and 5 council employee representatives from the housing service. The Northampton Tenant Panel (NTP) will make its report to the HOP in Summer 2013.

The PS Consultants Staff Team



The ITA's role is to give advice and information specifically on the Housing Options Review that the Council is carrying out. We can't give advice on issues you might have with the council housing service, for example, getting a council home, or repair problems. For those matters, you will still need to contact Northampton Borough Council Customer Services directly on 0300 330 7000

In this issue find out more about the:

- 6 Housing Options:
- How the Review will affect you
- The Council's second and third tenant conferences
- ITA drop-ins and meetings.

How to Contact your ITA

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Bolton, BL6 5DU
No stamp required

By text to: 07794 899473.
We will call or text you back

By email to enquiries@psconsultants.org.uk

ITA web site at
www.northampton.
psconsultants.org.uk

Click on the Forum button on the ITA website to talk on line to other Northampton Borough Council tenants or to your ITA.

YOUR HOME YOUR FUTURE



The 6 Housing Options in the Review

Retention or Transfer

The 6 housing options were set out by the Council in December 2012 in 'Your Pocket Guide to the Housing Options Review'. They fall into two groups, each of 3 alternative options, around who owns the social housing in the Borough.

3 options where the Council retains ownership of the homes

- a. Direct service as currently operated
- b. Direct service but with a review
- c. Transfer the responsibility for delivering housing management services to tenants to an Arms Length Management Organisation (ALMO)

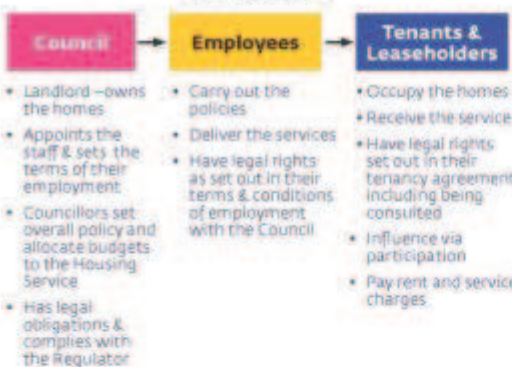
3 options which would require transfer of ownership

- d. Transfer to a specially created new housing association set-up by the Council
- e. Transfer to a new housing association but it would be run as a mutual co-operative body with tenants having a big say
- f. Homes are transferred to an existing housing association but operated through a local branch to maintain a Northampton focus

The 3 retention options

The Review will consider two alternatives with the Council continuing to **own and directly** manage its homes:

Managing Council Housing - The Conventional Arrangement



Housing Option a

The Council continues to own the homes but with **no significant change** as a result of the Review to the way in which housing services are delivered.

Housing Option b

The Council continues to own the homes. **Change is achieved** through implementing the outcome of the Review. The Review will define a new Northampton Standard to offer **improved quality and performance standards based on affordability**; what it would cost; and how the Council's housing management service would achieve it. This option would include involving tenants setting and monitoring performance standards.

Housing Option c

The Council would continue to own the homes and to be the landlord. The Council would delegate and transfer the responsibility for the **management** of those homes to a **new not for profit organisation** that the Council itself would set up and own. This **Arms Length Management Organisation (ALMO)** would generally operate outside of the Council's decision making structure, at arms length from it and as the Council's **management agent**. There would be much greater opportunities for tenant involvement on the ALMO Board of Management to oversee, set and monitor housing management service delivery standards and performance than is possible under the current system of council ownership and direct management. ie under options a and b above. Such a change **has no requirement** for a ballot of tenants to be undertaken.

Managing Council Housing – under an ALMO



The 3 Transfer Options

These would all involve transfer of ownership and management away from the Council to a new transfer landlord which would be set up as one of 3 types of housing association to be agreed by the Review.



Housing Option d

A new, specially created housing association would be set up by the Council to receive the transfer of its homes, and to own and manage them independently from the Council. The new Association would be managed by a Board which would normally be set up to include equal representation from tenants, council nominees (which may be Councillors or other appointees chosen by the Council) and independent people who would be appointed for the skills and experience they could bring to the Board following an open advertisement and recruitment process. There are now over 200 of these types of housing associations elsewhere in England which have been set up as a result of housing transfer.

Housing Option e

Some transfers have been to a new type of housing association, called a **mutual housing organisation**. Tenants can both become members of the organisation and of its Board, have a major say in how the organisation runs and the standards it works to. There are a number of different examples of mutual housing organisations, including one where both tenants and employees have been given the opportunity to co-own the organisation.

Housing Option f

The Review could propose that Northampton Borough Council homes for rent are transferred to an existing housing association with housing services managed through a **local branch as a newly created Northampton based organisation** set up within a group structure with other housing associations as members of the group.

Key Facts about Housing Transfer:

- Transfer does not mean that you would have to move out of your home. It simply means that if one of the 3 transfer options d,e or f is recommended by the Review you would have a different landlord in the future.
- Transfer could only happen after **another stage of full consultation** between the Council and its tenants and after a **tenant ballot** is held where the majority of tenants who vote in the ballot are in favour of the proposed transfer option.
- If transfer of ownership is recommended as the preferred option in the Review, you would continue to have **security of tenure**. The key rights and entitlements in your current council secure tenancy agreement would be continued and be protected in a new assured tenancy agreement after transfer.
- Rents will not increase as a consequence of **transfer**. Whichever option is chosen the rent policy, as it is now, would be strongly influenced by Government guidelines. Rents would be the same or very similar.
- The entitlement of a tenant to claim housing benefit would remain the same if the Review proposes one of the 3 transfer options.

For more information about the Council's Options review, including the ITA Fact Sheets and Newsletters, go to the ITA web site at www.northampton.pscconsultants.org.uk

On the ITA website there is a button that you can click - called Forum - to enter the Northampton Tenant Forum. In this part of the ITA web site you can see comments from other tenants, join in those discussions to share your views or raise questions directly on 'Ask the Team' with the ITA. Access to the Forum will be by a simple registration process. Don't worry, you will not have to give any personal details and your registration information will be kept secure by the ITA.

Tenant Conference 16th and 17th May

Nearly 200 people attended the Tenant Conference run by the Housing Options Review team last December. Everyone who attended said how interesting and useful it was.

The Council is hoping to build on this success and will be hosting another Tenant Conference on the evening of **Thursday 16th May** and then repeated the following morning, **Friday 17th May**. This Conference will look at what you, as tenants, think are the most important parts of the housing service. This will build upon the work already done at the first conference and subsequent work carried out by the Tenants' Panel. The process will enable you to bring your ideas to the fore and to tell the Council what matters most to you. Your priorities and concerns will then be used to help the Council improve the services it provides to you.

Don't miss out on this opportunity to help shape your housing service. Register for the conference!

Details about the conference and the registration process will be sent out to every tenant so make sure you don't miss out.

As the ITA we will be present at both events to meet you and offer advice and information.

The Housing Options Review team will arrange a third Tenant Conference on the Review in summer 2013.

If you would like this Newsletter on 'Audio CD' or produced as a 'Text to Speech' document

please contact the ITA. Freephone 0800 054 2087 or from a Mobile 0303 003 8200

ITA Meetings and Drop-ins: Dates, Times & Venues - Come and talk to us!

Monday 22 April	EDEN CLOSE COMMUNITY ROOM (behind 213 Churchill Ave) Eden Close, Lakeview NN3 8RT 10am - 11am	113 - MONTAGUE CRESCENT COMMUNITY ROOM First turning left off Hawksmoor Way, Lodge Farm NN6 2RC 1pm - 2pm	108 - EASTFIELD CLOSE COMMUNITY ROOM 79 Eastfield Close, Custon NN5 6TJ 2.30pm - 3.30pm	Cobbold Room, DUSTON COMMUNITY CENTRE, Bendle Road, NN5 6DT 4pm - 6pm	
Tuesday 23 April	114 - PARSONS MEADE COMMUNITY ROOM next to 41 Parsons Meade WEST HUNSBURY NN4 9FS 10am - 11am	110 - BLACKBERRY LANE COMMUNITY ROOM Next to 19 Blackberry Lane, Briar Hill NN4 8QU 12 noon - 1pm	109 - GEORGE NUTT COURT COMMUNITY ROOM Next to 33 George Nutt Court, Far Cotton NN4 8JP 1.30pm - 2.30pm	SPRING FAMILY CENTRE, 9 Tower Street, Spring boroughs, NN5 5PE 3pm - 4pm	ARINGTON COMMUNITY CENTRE, Wheatfield Road South, NN3 2ND 6 - 8pm
Wednesday 24 April	393 - HUNTERS CLOSE COMMUNITY ROOM 70 Hunters Close, Kingsthorpe NN2 8TH 10am - 11am	308 - HINTON ROAD COMMUNITY ROOM signposted from Chalcombe Ave end of Hinton Rd, Kingsthorpe NN2 8JL 11.30am - 12.30pm	327 - THE LIBARDI COMMUNITY ROOM Corner of Whilton Road/Holdenby Road, Kingsthorpe, NN2 7SB 2pm - 3pm	SPENCER DALLINGTON COMMUNITY CENTRE, Tintem Avenue, Spencer NN2 7BZ 4pm - 6pm	
Thursday 25 April	814 - LODGE AVENUE COMMUNITY ROOM 24 Lodge Ave, Collingtree, NN4 0NQ 10am - 11am	119 - HARDY DRIVE COMMUNITY ROOM 26 Hardy Drive, Hardingstone, NN4 6UX 12 noon - 1pm	103 - BOUVERIE ROAD COMMUNITY ROOM 79a Bouverie Road, Hardingstone, NN4 8EC 2pm - 3pm	BRIAR HILL COMMUNITY CENTRE, The Springs, Briar Hill, NN4 85X 3.30 - 5pm	EASTFIELD RESIDENTS ASSOCIATION MEETING, The Jubilee Hall, St Albans Church, Mayfield Road, NN3 2RA 7pm for a 7.30pm start
Monday 29 April	401 - ARLBURY ROAD COMMUNITY ROOM Arbury Road, Blackthorn NN3 8QJ 10am - 11am	417 - GOLDCREST COURT COMMUNITY ROOM Off Prentice Court, Goldings NN3 8XJ 11.30am - 12.30pm	411 - PENNYCRESS PLACE DROP-IN 26 Pennycress Place, Ecton Brook, NN3 5DZ 1.30pm - 2.30pm	ECTON BROOK CHILDREN'S CENTRE, Ecton Brook Middle School, Ecton Brook Road, NN3 5LW - (for parents with children under 5 years of age) 3pm - 4pm	BELLINGE COMMUNITY CENTRE, Fleetmill Square, Bellinge, NN3 5AG 4.30pm - 6pm
Tuesday 30 April	318 - KINGSTHORPE GROVE COMMUNITY ROOM 59 Kingsthorpe Grove, Kingsthorpe NN2 6PB 10am - 11am	214 - SPENCER HAVEN DROP-IN, 41 Spencer Haven, Spencer NN5 2DE 11.30am - 12.30pm	219 - NENE DRIVE COMMUNITY ROOM Nene Drive, Kings Heath NN5 7NQ 1pm - 2pm	203 - CARDIGAN CLOSE COMMUNITY ROOM Cardigan Close, Dallington NN5 2DH 2.30pm - 3.30pm	KINGS HEATH COMMUNITY CENTRE, North Owl, King's Heath, NN5 7LN 4pm - 6pm
Wednesday 1 May	412 - MARKET ST COMMUNITY ROOM Brunswick Place, Off Exeter Place NN4 8BC 10am - 11am	307 - BUNTING ROAD COMMUNITY ROOM 10 Bunting Road, Kingsthorpe Hollow NN2 8EE 12 noon - 1pm	207 - ST BARNABAS COMMUNITY ROOM 132 Barnabas House, Lower Harding St, Springboroughs NN3 2JA 2.30pm - 3.30pm	STANDENS BARN COMMUNITY CENTRE, Walden Mill Court, NN1 9TW 4.30pm - 6pm	PENBA RESIDENTS ASSOCIATION MEETING, Market Street Community Room, Brunswick Place, Off Exeter Place, NN4 8BC 7pm - 8pm
Thursday 2 May	407 - ELIZABETH WALK COMMUNITY ROOM 38 Elizabeth Walk, Off St Edmunds Road NN3 5SS 10am - 11am	408 - JAMES LEWIS CT. COMMUNITY ROOM James Lewis Court, Cherry Orchard NN3 2TH 12.30pm - 1.30pm	216 - LEICESTER STREET COMMUNITY ROOM Leicester St, Off Barrack Road (opp. Main post office) NN1 3RS 3pm - 4pm	KINGSTHORPE COMMUNITY CENTRE, Mill Lane, Kingsthorpe, NN2 6RQ 4.30pm - 6pm	
Tuesday 7 May	St James' Community Centre, St James Road, NN5 5AQ 2.30pm - 4pm	Foyer of FAR COTTON RECREATION CENTRE, Towcester Road, NN4 8XY 5.45pm - 6.45pm	FAR COTTON RESIDENTS ASSOCIATION MEETING, Far Cotton Recreation Centre, Towcester Road, NN4 8XY 7pm - 8pm		
Thursday 9 May	THE JUBILEE HALL, ST ALBANS CHURCH, Mayfield Road, NN3 2RA 2.30pm - 4.30pm	57 DAVIDS RESIDENT ASSOCIATION, Kingsthorpe Children's Centre, St Davids Road, NN2 6NS 6.30 - 7.30pm			
Tuesday 14 May	WESTON FAWELL PARISH HALL, Booth Lane South, NN3 3BF 10.30am - 11.30am	BLACKTHORN COMMUNITY CENTRE, Longmead Court, Blackthorn, NN3 8QD 1pm - 3pm	SOUTHFIELDS COMMUNITY CENTRE, Farmhill Road, NN3 5DS 3.30pm - 5.30pm	BROOKSIDE RESIDENTS COUNCIL MEETING, Billing Brook Hall, Billing Brook Road 6.30pm - 7.15pm	
Tuesday 21 May	RECTORY FARM RESIDENTS ASSOCIATION, Rectory Farm Community Centre, Diden Road, NN3 5DD 7.30pm - 8.30pm				
Thursday 30 May	ONE STOP SHOP, SELF SERVE AREA Guildhall Foyer, NN1 1DE 12 noon - 4pm	KINGS HEATH RESIDENTS ASSOCIATION, Nene Drive Community Room, Nene Drive 8pm - 9pm			
Thursday 6 June	LAKEVIEW RESIDENTS ASSOCIATION MEETING, Eden Close Community Room, NN3 6NS 7pm - 8pm				

ITA Newsletter 3
October 2013



YOUR HOME YOUR FUTURE

Considering the options for Council Housing in Northampton



PS Consultants
Your Independent
Tenant Adviser

The Northampton Tenants' Panel Scores ALMO Highest

After 12 months of hard work, the Tenants' Panel has scored each of the 5 housing options being considered in the Council's Housing Options Review.



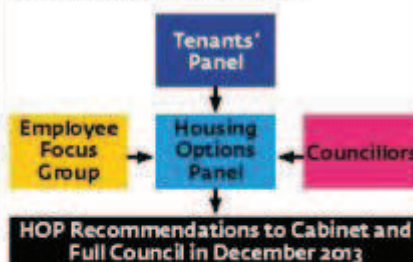
Council retention of the ownership of the homes with an ALMO - or Arms Length Management Organisation - has been ranked the highest option against 46 objective scoring criteria. If approved by the Council, the ALMO will be set up to take responsibility for the day to day delivery of the housing service. The scoring suggests an ALMO would offer the best way forward to:

- secure the long term future of over 12,000 council homes in the borough, and
- deliver the type of change that tenants have asked for from the Council.

How will the decision on the Review be made?

Remember the Housing Options Review is not yet complete. The Council set up a Housing Options Panel - the HOP - to

consider the detailed findings of the Review on the Council's behalf. The HOP members are: 5 tenants nominated by the Tenants' Panel - a panel set up specifically to support this review; 5 Councillors; and 5 Council Housing Service employee representatives from the Employee Focus Group.



The HOP was set up in this way to ensure that both tenants and the employees who deliver the housing service have a real voice in the review, and that Councillors on the HOP can hear those views first hand. The Tenants' Panel will prepare and submit its own report to the HOP to summarise:

- how the process was carried out;
- what the results were from the scoring;
- their views about the review.

The ITA will help the Tenants' Panel to put its Report together as a document that Panel members will discuss and be asked to agree before it goes to the HOP. The ITA will also prepare its own report for the HOP to provide an independent assessment of how the review was carried out.

The PS Consultants Staff Team



The ITA's role is to give advice and information specifically on the Council's Housing Options Review.

We can't give advice on issues you might have with council housing services, for example, getting a council home, or repair problems.

For those matters, you will still need to contact Northampton Borough Council Customer Services directly on 0300 330 7000

INSIDE FIND OUT MORE ABOUT:

- Information and findings from the Review
- What an ALMO means
- The scoring criteria
- Scoring the housing options
- How to find out more

How to Contact your ITA

You can talk to us directly by

Telephoning the ITA Information Line on either:

0800 054 2087 (free from a landline)

0303 003 8200 (local rate calls from mobiles)

If we are not available when you ring please leave your name and telephone number on the answerphone and we will get back to you as soon as possible.

By Freepost to:

'FreePost Plus RRZC-CJVA-HCXX' PS Consultants, 12 Berry Square, Bolton, BL6 5DU. No stamp required

By email to:

enquiries@psconsultants.org.uk

ITA website at:

www.northampton.psconsultants.org.uk

Click on the Forum button on the ITA website to talk online to other Northampton Borough Council tenants or to your ITA.

By text to: 07794 899473

We will call or text you back

YOUR HOME YOUR FUTURE

When will the Council make the final decision?

The HOP will need to:

- discuss all of the information made available to it over the last 12 months, including the separate reports of the Tenants' Panel, the Employee Focus Group and the ITA
- agree its own findings, conclusions and recommendations by mid-November
- submit these recommendations to the Council's Cabinet and Full Council to consider in December 2013

What did the Review cover?

The Tenants' Panel, the Employee Focus Group and the HOP have considered:

- specialist advice on topics such as: the condition of council homes and estates in Northampton; the type and cost of the work needed to improve and repair them; financial issues including the amount of money likely to be available under each of the housing options; governance - how decisions will be made; and service standards
- the views of 3,727 tenants who took part in the tenant survey in September 2012 and 388 tenants who came to the two tenant conferences held in December 2012 to identify the Northampton Standard and in May 2013 to discuss improvement of the housing service. The views of tenants who take part in the third Tenants' Conference on 5 and 6 November 2013 will be considered by the HOP **before** its recommendations are made to the Council's Cabinet and full Council
- the works required and cost of improving both homes and neighbourhoods to a new proposed Northampton Standard and how this might be delivered within the available funding. The Tenants' Panel and Employee Focus Group will want the HOP to recommend to the Council that the Northampton Standard be adopted to be delivered in two stages: internal and external improvements to homes, including some security measures in years 1-5; additional safety and security features, the remainder of the insulation works to the exterior of the homes and to the neighbourhood in years 6-10
- the experience of representatives from other housing organisations from both ALMO and housing associations which helped to identify how each worked in practice and how this might work in Northampton.

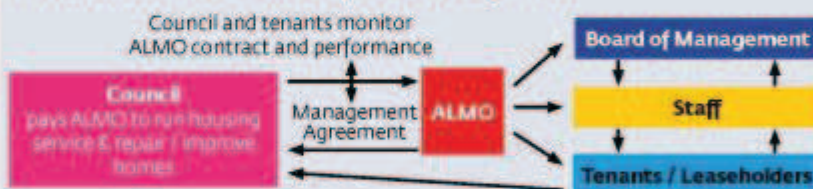
An ALMO is NOT:

- **A private company.** ALMO's are usually set up as a Company Limited by Guarantee to operate on a not-for-profit basis and they are wholly owned by the Council
- **A housing association.** Northampton Borough Council continues to own your homes and remains your legal landlord. Tenants continue to be secure tenants of the Council
- **A stepping stone on the way to transferring the housing.** If the Council wanted to consider transfer of its homes in the future, it would have to review the housing options again and tenants would have also to approve transfer in a ballot, just as at present

What is an ALMO and how would this option work?

ALMO is short for Arms Length Management Organisation.

If the Council does decide to adopt this option, more work and consultation with tenants and employees would be required before an ALMO could be set up in Northampton. From the experience of other councils, and there are around 50 ALMO's currently delivering housing services to council tenants, it would operate something like this:



The Council would set up, monitor and have overall control of the ALMO. The Council would delegate the day to day responsibility for delivering the housing services through a Management Agreement with the ALMO Board.

The ALMO would:

- operate outside of, or at arms length from, the other services which the Council is still responsible for
- be responsible for achieving housing service performance standards and targets
- be managed by a Board of Directors made up of Councillors (or Council nominees), tenants and independent experts who would give their time on a voluntary basis and not be paid, and there could possibly be some employee representatives too.

The ALMO Board would work together in the best interest of tenants to improve housing services in line with the recommendations from the Review. The Council would: set the overall budget; set the rents and service charges annually in line with Government guidance; agree the specific responsibilities of the ALMO; and monitor the ALMO's performance each year through the Management Agreement. ALMO's elsewhere have shown that widening the experience of those who take the decisions about housing service delivery has led to service improvement and services which are more responsive to tenants needs and priorities.

An Objective Way to Assess the Housing Options

It is important to the credibility of the Review that each housing option has been properly assessed without simply relying on instinct or prejudice. An initial list of 176 ideas from the Tenants' Panel, the Employee Focus Group and the Council was reduced to 46 objective criteria over several months through joint discussion and by working with the HOP. These 46 criteria were used to score the 5 housing options. These criteria are grouped into 8 key themes which have emerged from the Review as being the most important to tenants, employees and the Council. These are:

1. Protection of tenants' key rights and entitlements as set out in their Council secure tenancy agreement
2. Minimising tenants' costs so that future rent increases are set in line with Government guidelines and the housing management services do achieve value for money
3. Delivering the Northampton Standard to include work to homes, the neighbourhood, and to improve overall quality of life
4. Setting the highest quality and performance standards for all council homes and levels of service delivery that are affordable and sustainable from the available income
5. Delivering the investment in homes and neighbourhoods across the Borough in ways which safeguard existing jobs and impact positively on the local economy
6. Achieving openness and accountability for tenants and the Council, and creating more opportunity for tenants and employees to work together to scrutinise and to shape service delivery
7. Considering the impact on staff in the housing service to protect their terms and conditions of employment, including pensions
8. Assessing the implications for the Council in respect of each housing option.



The final scoring system was agreed around 46 criteria. The Tenants' Panel and the Employee Focus Group have separately assessed or weighted these criteria to reflect their importance. This has allowed each of the 5 housing options to be ranked on an objective basis by both the Tenants' Panel and the Employee Focus Group.

From 6 to 5 Housing Options

6 housing options were set out at the start of the Review in two groups based around who would own the housing for rent: the Council or another Registered Provider or housing association.

Option A - the continuation of the current service without change was taken out of the Review when it became clear from the Tenant Survey that tenants wanted change through service improvement.

How did the 5 Housing Options Score in the Review?

Separate scoring by the Tenants' Panel and the Employee Focus Group led to the same ranking of the 5 housing options:

Ranking of the Option	Description	Option No.
1	Council ownership with an ALMO	Option 2
2	Transfer to a Mutual Housing Association (HA)	Option 4
3	Transfer to a new Stand - Alone HA	Option 3
4	Transfer to Group Structure with a local base in Northampton	Option 5
5	Council ownership with a service review	Option 1

For both the Tenants' Panel and the Employee Focus Group:

Option 4 - transfer to a mutual co-operative housing association did score second highest due to the opportunity for both to have influence and involvement in decision making at every level in the organisation.

Option 5 - transfer to a group structure would offer the advantage of greater financial viability; however independence and the ability to make decisions without reference to the parent organisation were valued more highly.

Option 1 - was ranked as the lowest by both the Tenants' Panel & Employee Focus Group. Some members of the Tenants' Panel would have wanted this option to score more highly. It did score highly on some of the criteria but it scored less well around the themes of accountability, participation, and protection of employee and tenant rights.

If you would like this Newsletter on 'Audio CD' or produced as a 'Text to Speech' document

please contact the ITA

Freephone 0800 054 2087 or from a Mobile 0303 003 8200

Want to find out more about the Review?



The Housing Options Review Team has arranged a third Tenant Conference

Attend one of the Tenant Conferences at the Saints Rugby Ground

Tuesday 5 November
from 9.45am - 1.30pm
with light refreshments and a buffet lunch

or

Wednesday 6 November
from 5.15pm - 8.30pm
with a buffet and light refreshments


To book a place contact the Housing Options Review Team on 0300 330 7004 or email optionsreview@northampton.gov.uk


ITA drop-ins and meetings

Dates, times & venues - Call in between these times to talk to the ITA

If any tenant cannot get out to one of the ITA drop-ins, please contact us by phone, email or in writing. We are happy to arrange a home visit to bring you up to date with the Housing Options Review.

Monday 28 October				
Liburd Rooms Corner of Whilton Road / Holdenby Road, Kingsthorpe, NN2 7SB 10.30am - 11.30am	Hinton Road Hinton Road, Kingsthorpe, NN2 8JL 12 noon - 1pm	Hunters Close 70 Hunters Close, Kingsthorpe, NN2 8TH 1.30pm - 2.30pm	Kingsthorpe Grove 59 Kingsthorpe Grove, Kingsthorpe, NN2 6PB 3pm - 4pm	Arbury Road Arbury Road, Blackthorn, NN3 8QJ 6pm - 7.30pm
Tuesday 29 October				
Arbury Road Arbury Road, Blackthorn, NN3 8QJ 10.30am - 11.30am	Pennycress Place 25 Pennycress Place, Ecton Brook, NN3 5DZ 12 noon - 1pm	Goldcrest Court Off Prentice Court, Goldings, NN3 8XJ 1.30pm - 2.30pm	Eden Close Eden Close, Lake View, NN3 6NS 3pm - 4pm	Market Street Brunswick Place, off Exeter Place, NN1 4BG 6pm - 7.30pm
Wednesday 30 October				
Blackberry Lane next to 19 Blackberry Lane, Briar Hill, NN4 8QU 10.30am - 11.30am	George Nutt Court George Nutt Court Far Cotton, NN4 8JP 12 noon - 1pm	Parsons Meade next to 41 Parsons Meade, West Hunsbury, NN4 9FS 1.30pm - 2.30pm	St James Community Centre Committee Room St James Road, NN5 6LQ 4.00 pm - 5.30pm	Hinton Road Hinton Road, Kingsthorpe, NN2 8JL 6pm - 7.30pm
Thursday 31 October				
St Barnabus 1 St Barnabus House, Lower Harding Street, Spring Boroughs, NN1 2JA 10.30am - 11.30am	Elizabeth Walk 35 Elizabeth Walk, off St Edmunds Road, NN1 5SS 12 noon - 1pm	Market Street Brunswick Place, off Exeter Place, NN1 4BG 1.30pm - 2.30pm	Spencer Haven 41 Spencer Haven, Spencer, NN5 7DS 3pm - 4pm	Eastfield Residents Association meeting The Jubilee Hall, St Albans Church, Mayfield Road, NN3 9AQ ITA to attend at 7.30pm
Monday 4 November				
Nene Drive Nene Drive, Kings Heath, NN5 7NQ 10.30am - 11.30am	Cardigan Close Cardigan Close, Dallington, NN5 7DH 12 noon - 1pm	Eastfield Close 70 Eastfield Close, Duston, NN5 6TJ 1.30pm - 2.30pm	Montague Crescent first left off Hawksmoor Way, Lodge Farm, NN5 7RG 3pm - 4pm	Southfields Residents Association meeting Bob Purdy Southfields Community Centre Farm Hill Road Southfields, NN3 5DS ITA to attend at 7pm
Tuesday 5 November				
James Lewis Court James Lewis Court, Cherry Orchard, NN3 2TH 10.30am - 11.30am	Eleonore House 3 Buttermere Close, Eastfield, NN3 3BG 12 noon - 1pm	Stitchman House 55 Stitchman House, Byfield Road, St James, NN5 5HG 1.30pm - 2.30pm	Lodge Ave 24 Lodge Ave, Collingtree, NN4 0NQ 3pm - 4pm	Blackberry Lane next to 19 Blackberry Lane, Briar Hill, NN4 8QU 6pm - 7.30pm
Wednesday 6 November				
Bouverie House 70a Bouverie Road, Hardingstone, NN4 6EG 10.30am - 11.30am	Hardy Drive 26 Hardy Drive, Hardingstone, NN4 6UX 12 noon - 1pm	Bunting Road 10 Bunting Road, Kingsthorpe Hollow, Kingsthorpe, NN2 6EE 1.30pm - 2.30pm	Leicester Street Off Barrack Rd, (opp Main Post Office), NN1 3RS 3pm - 4pm	NBC Tenant Conference, Saints Rugby Ground, Arrive from 5.15pm for registration & light refreshments for 6pm start. Book your place with NBC on 0300 330 7004 or email: optionsreview@northampton.gov.uk
Tuesday 12 November				
	One Stop Shop, Self Serve Area Guildhall Foyer, NN1 1DE 12.30pm - 4.30pm			Brookside Residents Council meeting Billing Brook Hall, Billing Brook Road ITA attends from 6.30pm - 7.30pm
Thursday 14 November				
	One Stop Shop, Self Serve Area Guildhall Foyer, NN1 1DE 12.30pm - 4.30pm			St David's Resident Association meeting Kingsthorpe Children's Centre, St David's Road, NN2 6NS ITA attends from 6.30pm - 7.30pm
Thursday 28 November				
	Kings Heath Residents Association Nene Drive Community Room, Nene Drive, NN5 7NQ ITA to attend from 8pm			


YOUR HOME YOUR FUTURE
Considering the options for Council Housing in Northampton


PS CONSULTANTS
Your Independent
Tenant Adviser

The Independent Tenant Adviser (ITA)
will attend a meeting for tenants in sheltered housing to talk
about

**Northampton Borough Council's Housings Options
Review**
On Thursday 19 September
From 2pm to 3pm
In
STITCHMAN HOUSE DROP-IN
55 Stitchman House
Byfield Rd
ST JAMES
NN5 5HG

This is your opportunity to find out more about what the Council's housing options review will cover and to ask your questions of the ITA. The ITA's role is to give independent and impartial advice and information to tenants on the review that the Council is currently doing into the future of council housing in Northampton. This review will be completed by December 2013.

If you can't attend the meeting and want to talk to the ITA, please phone, email or, write to the ITA, or go on line for more information. Contact details are shown below.

Thank you

PS Consultants, Northampton ITA

ITA contact details:
Telephone: 0800 054 2087 (free from a landline), 0303 003 8200 (local rate calls from mobiles)
Email: enquiries@psconsultants.org.uk **Website:** northampton.psconsultants.org.uk
Freepost (no stamp required): Freepost Plus RRZC-CJVA-HCXX, PS Consultants, 12 Berry Square, Whitehall Lane, Blackrod, Bolton BL6 5DU


YOUR HOME YOUR FUTURE
Considering the options for Council Housing in Northampton


PS Consultants
Your independent
Tenant Adviser

The Independent Tenant Adviser (ITA)

will attend a meeting for tenants to talk about

**Northampton Borough Council's Housings Options
Review**

On Thursday 14 November
at
St David's Resident Association meeting
Kingsthorpe Children's Centre
St David's Road
NN2 6NS
(ITA attends from 6.30pm - 7.30pm)

This is your opportunity to find out more about what the Council's housing options review will cover and to ask your questions of the ITA. The ITA's role is to give independent and impartial advice and information to tenants on the review that the Council is currently doing into the future of council housing in Northampton.

If you can't attend the meeting and want to talk to the ITA, please phone, email or, write to the ITA, or go on line for more information. Contact details are shown below.

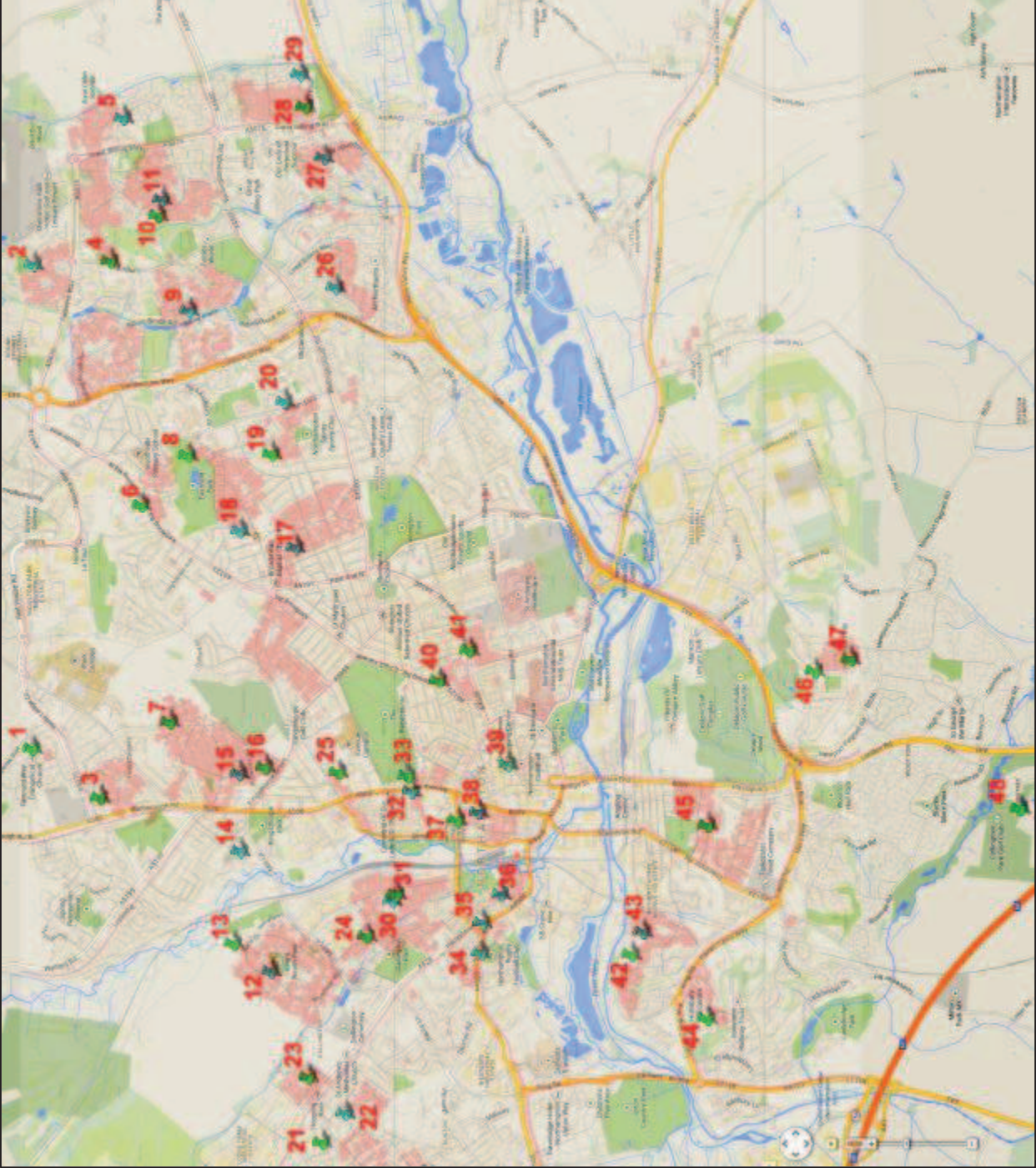
Thank you

PS Consultants, the Northampton ITA

ITA contact details:

Telephone: 0800 054 2087 (free from a landline), 0303 003 8200 (local rate calls from mobiles)
Email: enquiries@psconsultants.org.uk **Website:** www.northampton.psconsultants.org.uk
Freepost (no stamp required): Freepost Plus RRZC-CJVA-HCXX, PS Consultants, 12 Berry Square, Whitehall Lane, Blackrod, Bolton BL6 5DU

Appendix 8 Location of venues used in ITA Outreach and Areas of NBC Housing



Appendix 9 Attendance by event and by Phase, ITA Community Outreach

MAP REF	VENUE	PHASE 1		PHASE 2		PHASE 3		PHASE 4		Total
		DATE	No.	DATE	No.	DATE	No.	DATE	No.	
17	A	Tuesday 04 Dec 2012	2	Tuesday 23 Apr 2013	0					
10	ARL	Tuesday 29 Apr 2013	4	Monday 29 Apr 2013	4	Tuesday 10 Sep 2013	6	Mon & Tues 28 & 29 Oct	6	18
27	BELLINGE COMMUNITY CENTRE	Tuesday 27 Nov 2012	4	Tuesday 23 Apr 2013	5	Wednesday 11 Sep 2013	10	Wed 30 Oct & Tues 5 Nov	3	22
42	BLACKBERRY LANE COMMUNITY ROOM	Thursday 29 Nov 2012	7	Thursday 25 Apr 2013	10	Thursday 19 Sep 2013	0	Wednesday 6 November	3	20
11	BLACKTHORN COMMUNITY CENTRE	Tuesday 11 Dec 2012	9	Thursday 25 Apr 2013	1			Tuesday 12 November	8	25
46	BOLVERIE ROAD COMMUNITY ROOM	Tuesday 20 Nov 2012	5	Wednesday 01 May 2013	5	Wednesday 18 Sep 2013	3	Wednesday 6 November	3	16
45	BRIAR HILL COMMUNITY CENTRE	Tuesday 20 Nov 2012	5	Tuesday 30 Apr 2013	0	Monday 16 Sep 2013	4	Monday 4 November	0	9
9	BROOKSIDE RESIDENTS COUNCIL	Monday 19 Nov 2012	6	Monday 22 Apr 2013	4	Monday 16 Sep 2013	11	Monday 4 November	0	21
25	BUNTING ROAD COMMUNITY ROOM	Monday 26 Nov 2012	8	Monday 22 Apr 2013	0			Tuesday 29 October	5	25
24	CARDIGAN CLOSE COMMUNITY ROOM	Thursday 06 Dec 2012	6	Thursday 6 June 2013	7	Tuesday 10 Sep 2013	5	Tuesday 29 October	5	25
22	DUSTON	Wednesday 28 Nov 2012	0	Thursday 02 May 2013	3	Tuesday 17 Sep 2013	20	Tuesday 5 November	10	30
21	EASTFIELD	Thursday 22 Nov 2012	5	Thursday 16 May 2013	11	Thursday 12 Sep 2013	1	Thursday 31 October	4	13
29	E	Tuesday 09 Oct 2012	12	Friday 17 May 2013	10	Wednesday 5 June 2013		Tuesday 5 November	6	17
6	EDEN	Tuesday 04 Dec 2012	0	Wednesday 06 Feb 2013				Wednesday 6 November	3	13
8	ELEONORE HOUSE	Tuesday 27 Nov 2012	6	Tuesday 07 May 2013	2			Wednesday 9 October		12
41	ELIZA	Tuesday 27 Nov 2012	6	Tuesday 07 May 2013	40					2
34	EXHI	Tuesday 27 Nov 2012	8	Tuesday 23 Apr 2013	9	Wednesday 18 Sep 2013	4	Wednesday 30 October	0	21
34	EXHI	Tuesday 27 Nov 2012	8	Monday 29 Apr 2013	4	Tuesday 10 Sep 2013	5	Wednesday 6 November	1	10
34	FAR	Thursday 29 Nov 2012	7	Thursday 25 Apr 2013	15	Thursday 19 Sep 2013	8	Wednesday 6 November	2	32
32	FAR	Wednesday 21 Nov 2012	6	Wednesday 24 Apr 2013	5	Monday 09 Sep 2013	1	Mon 28 & Wed 30 Oct	1	13
32	FAR	Wednesday 21 Nov 2012	2	Wednesday 24 Apr 2013	3	Monday 09 Sep 2013	0	Monday 28 October	3	8
32	FAR	Monday 26 Nov 2012	1	Thursday 02 May 2013	0	Wednesday 18 Sep 2013	0	Tuesday 5 November	7	8
32	FRIARS & DELAPRE RESIDENTS ASSO	Tuesday 20 Nov 2012	7	Tuesday 30 Apr 2013	0	Monday 09 Sep 2013	2	Monday 28 October	0	9
45	GEORGE NUTT	Thursday 22 Nov 2012	7	Thursday 02 May 2013	0	Wednesday 18 Sep 2013	3	Wednesday 6 November	0	11
4	GOLD	Thursday 29 Nov 2012	7	Thursday 25 Apr 2013	5	Thursday 19 Sep 2013	0	Tuesday 5 November	0	12
47	HARDY DRIVE	Thursday 22 Nov 2012	4	Wednesday 01 May 2013	4	Thursday 12 Sep 2013	0	Tues 29 & Thurs 31 Oct	5	13
3	HINTON ROAD	Monday 19 Nov 2012	7	Wednesday 01 May 2013	12	Wednesday 7 Aug 2013	8	Monday 4 November	0	20
1	HUNTERS	Thursday 29 Nov 2012	15	Monday 22 Apr 2013	5	Monday 16 Sep 2013	7	Monday 4 November	0	19
19	JAMES LEWIS	Thursday 29 Nov 2012	6	Thursday 30 May 2013	10			Thursday 28 November	NA	25
12	KING'S HEATH	Tuesday 20 Nov 2012	6	Tuesday 20 Nov 2012	6	Tuesday 16 Sep 2013	2	Monday 4 November	0	8
16	KINGSTHORPE GROVE	Tuesday 20 Nov 2012	6	Thursday 30 Apr 2013	0	Monday 16 Sep 2013	4	Tuesday 12 November	6	30
14	KINGSTHORPE	Thursday 04 Dec 2012	11	Thursday 30 May 2013	9	Tuesday 17 Sep 2013	4	Thursday 14 November	5	14
33	LEI	Thursday 06 Dec 2012	9	Tuesday 23 Apr 2013	7	Wednesday 11 Sep 2013	4	Wednesday 30 October	11	30
48	LODGE AVENUE	Thursday 13 Dec 2012	8	Monday 29 Apr 2013	9	Tuesday 10 Sep 2013	6	Tuesday 29 October	3	28
40	MARKET ST	Tuesday 27 Nov 2012	7	Tuesday 21 May 2013	8					8
40	PEM	Monday 03 Dec 2012	6	Tuesday 14 May 2013	0			Monday 4 November	9	9
23	MONTAGUE			Wednesday 24 Apr 2013	0			Monday 4 November	9	9
13	KINGS HEATH RESIDENTS ASSO	Monday 19 Nov 2012	7	Wednesday 24 Apr 2013	0			Thursday 31 October	1	3
13	NENE DRIVE	Monday 19 Nov 2012	2	Wednesday 24 Apr 2013	0			Thursday 31 October	1	3
39	ONE STOP SHOP SELF SERVE AREA, GULDHALL FOYER	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
39	ONE STOP SHOP SELF SERVE AREA, GULDHALL FOYER	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
39	ONE STOP SHOP SELF SERVE AREA, GULDHALL FOYER	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
39	ONE STOP SHOP SELF SERVE AREA, GULDHALL FOYER	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
44	PARSONS MEADE	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
28	PENNY	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
5	RE	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
2	SOUTHFIELDS	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
2	SOUTHFIELDS RESIDENT ASSO	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
31	SPEN	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
30	SPEN	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
38	SPRING FAMILY	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
37	ST	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
15	ST DAVID'S RESIDENT ASSO	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
35	ST JAMES	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
35	ST JAMES RESIDENTS ASSO	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
26	STANDENS	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
26	STANDENS	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
36	STITT	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
18	EASTFIELD RESIDENTS ASSO	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
18	THE JU	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
7	THE LU	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
20	WESTON FAVELLI	Monday 19 Nov 2012	3	Tuesday 30 Apr 2013	0	Thursday 12 Sep 2013	0	Thursday 31 October	0	3
	Total Attendees		235		268		124		128	755
	Total Events		41		53		30		43	167

Appendix 10 ITA Report on Phase 1 Outreach Programme



Report to Northampton Borough Council Housing Options Review (HOR) Team and Northampton Tenant Panel

Summary of the Northampton ITA Phase 1 HOR Consultation with tenants carried out by PS Consultants, the

Northampton Independent Tenant Adviser (ITA) between November and December 2012

7 February 2013

1. Purpose of the Report

This is to describe and to summarise the outcome of the first stage of the consultation on the Housing Options Review (HOR) with NBC tenants across Northampton which was carried out by PS Consultants, the Northampton Independent Tenant Adviser (ITA) during November and December 2012.

2. Introduction

PS Consultants was appointed as the Northampton (ITA) by tenant representatives in August 2012 following a competitive tender process organised by the Council. PS Consultants is a consultancy which specialises in working with tenants and residents to engage them in housing and regeneration related initiatives, and has a significant experience in acting as the ITA in a wide range of projects.

The role of the ITA is twofold: firstly to advise, train and support the tenants on the Northampton Tenants Panel to take an active part in the HOR; secondly to ensure that all NBC tenants and leaseholders have access to impartial information and advice throughout the development of the HOR to help them understand the scope and potential implications of the Review and to express their views about it, and, in due course, the option that is eventually recommended as the way forward for the future of council homes in Northampton.

The ITA anticipates up to three main stages in the Boroughwide consultation with NBC's tenants. At each stage the ITA will provide information, help to develop involvement and understanding and answer tenants' questions about the HOR. At each stage we will summarise and feedback to the Northampton Tenants Panel and the Council what tenants have said to the ITA. This will help to facilitate a two way flow of information. In this way the opinions of tenants not actively involved with the Northampton Tenants Panel, but who have taken part in the area based consultation programme, can have their views taken into consideration during the HOR process.

3. The Stage 1 HOR Consultation

PS Consultants has carried out the first stage of the tenant consultation across Northampton to essentially set the scene by telling tenants how the Council is carrying out the Housing Options Review (HOR), what the Review will consider, the process and timetable. In stages 2 and 3 of the ITA consultation as the HOR develops its findings, conclusions and recommendations, the ITA will explain what these will mean for NBC tenants and invite tenants across the Borough to have their say.

4. How the Phase 1 ITA Consultation was carried out

The first phase of the HOR consultation was carried out by:

- Producing for all NBC tenant and leaseholder households the ITA Newsletter 1, as first of up to three ITA Newsletters. In this we introduced the ITA team, explained the role of the ITA, why the Council is carrying out the HOR, what the housing options are that it will consider, and how to contact the ITA for more information and/or to ask any questions. The times, dates and venues of the ITA outreach programme was advertised in the ITA Newsletter 1;
- Arranging 28 informal tenant drop-ins and meetings to talk to tenants across Northampton in the Community rooms linked to the council's sheltered housing. The Chair of the NTP, Rob Edwards also attended some of these drop-ins to talk to tenants and to hear directly tenants' views. Through these drop-ins we met with 130 tenants;
- Attending a meeting of the Northampton Tenants Federation (NTF) and subsequently through the NTF we contacted all, 20 Residents Associations and the Brookside Resident Council across Northampton, to ask if we could attend one of their meetings. As a result the ITA attended 7 different local Resident Association (we have twice attended at Standens Barn RA) and 1 Resident Council meeting. These evening meetings are open to all residents in each local area. We said we would explain the HOR to all residents who attend the meetings but we asked each group if they could make the ITA's attendance known to the NBC tenants living in their area as far as practical. As a result we estimate that the ITA has spoken to around 74 tenants through these area based residents meetings although overall attendance was over 150 residents;
- Posters were produced to advertise each of these ITA drop-ins in the community rooms. These were displayed in the community rooms and were also given out by the supported housing staff as a reminder to tenants living in the Council's sheltered accommodation of the ITA drop-ins. Several of the Resident Associations also asked for posters which they put up locally or and the Brookside Residents' Council distributed these to every household in their area to advertise the ITA attendance at their meeting;
- Being available to meet with tenants informally in the One Stop Shop area of the Guildhall foyer on 3 occasions in December and attending one of the Council's Housing surgeries outside of Weston Favell library. In total we spoke to 31 NBC tenants;

- Taking part in and speaking with tenants to raise awareness of the ITA's role and the outreach aspect of our work at the two Tenant Conferences arranged by the Council on 3 December 2012 which were attended by some 180 tenants. Here the tenants attending the conferences were involved with housing staff in discussing the initial findings from the Council's housing stock condition survey and the tenants' survey, and helping to shape what NBC tenants aspirations for the future of their homes, neighbourhoods and the housing service might be. This will enable the Council take these ideas forward into the next stage of the HOR;
- Talking individually to tenants through the ITA telephone advice line, text, email, and freepost services, and through the interactive on line Tenant Forum on the ITA website where tenants can talk on line to each other as well as ask questions of the ITA. Around 40 tenants have contacted the ITA using these opportunities, some more than once;
- The ITA web site was set up to contain all of this information and 3 ITA Fact Sheets to give tenants more background information relating to the HOR. These Fact sheets were available at the ITA drop-ins and meetings and at the tenant conferences. The ITA web site will be developed as the HOR progresses.

As a result of the outreach activities carried out by the ITA we have met or spoken with, or been in contact with around 275 NBC tenants during the Phase 1 HOR Consultation and spoke to many more of the 180 tenants at the Conferences.

5. The Feedback Received During the Phase 1 HOR Consultation

The bulk of the Phase 1 ITA consultation was completed before the Council had received and discussed with the NTP and the HOP the results of both the housing stock condition survey and the tenant satisfaction survey. This will be picked up in the second stage of the ITA outreach work in spring 2013.

Some tenants have treated the drop-ins as just that, but most have regarded them as an open meeting and discussion. This has allowed the ITA to explain:

- What the HOR is about?
- What options are being considered?
- Why the Review is being carried out?
- What timescales it will consider i.e. up to the next 30 years?
- How tenants will be directly involved in it through the NTP, the 5 tenants on the Housing Options Panel (HOP), the tenant conferences, and through the ITA Borough wide tenant consultation?
- Where the Chair of the NTP attended he introduced himself, described how the Council had advertised and the set up the NTP, the role of the NTP; that other tenants can still get involved in the NTP; and he offered that tenants could speak to him directly if they want to by phone. Rob assisted the ITA by speaking as an NBC tenant about the importance of a full and comprehensive HOR being carried out in an open and objective manner;
- What type of information will the Review consider?

- How much money needs to be spend to improve council homes and estates, and what standard should be aimed for in the future?
- How far has the Review progressed to date?
- The next steps and timetable for the Review being completed?
- Promote awareness of and invite tenants to attend the Tenant Conferences.
- Provide reassurance that whatever the preferred option is that tenants' rights in their secure tenancy agreement will be protected; that rent increases will be similar across all of the options to be considered; that entitlement to housing benefit will not be affected by the outcome of the Review;
- Should transfer be the preferred option that a further detailed consultation would take place with all NBC tenants beyond July 2013, and that tenants named on the tenancy agreement would be entitled to a vote to determine the future ownership and management of their homes;
- Answer tenants questions arising from the Review, and explain that the ITA will summarise the main points around what tenants said to the ITA during the Phase 1 consultation
- Ask tenants to read the information that will be available from the Council and the ITA over the next 6 months as the Review progresses and to attend future ITA drop-ins.

The main issues and concerns raised to date during the Phase 1 ITA tenant consultation have included:

- Further discussion of the HOR's purpose, why it is being carried out and what its recommendations might mean for NBC tenants in the future; some concerns were expressed as to whether the Council will listen to what tenants say and concern that the Council already made its decision so why spend this money on consulting tenants? Reassurance was given that the Council does want to find out tenants views and that no decision has been made?
- The type of information and evidence that the HOR will consider: the stock condition survey and the tenants survey were both explained; why this information would be relevant to the HOR; how the Council is trying to identify with tenants what their aspirations for the future condition of their homes, neighbourhood and the housing service should be; what this might cost; and whether and how the Council might try to achieve more than the Government's basic minimum DHS quality standard;
- Clarification around questions relating to tenants' rights and entitlements relating to issues around: security of tenure, tenants right to buy; future rent increases and whether these would vary across the options; the impact of Government changes to welfare benefits on tenants;
- Local concerns and issues were raised in some areas relating to: the condition of tenants' homes and the neighbourhood around: the quality of the environmental contract work and that some hedges and bushes on some estates eg Montague Crescent were not being cut back; delays in DHS work being carried out or when planned DHS work would be carried out, and that the HOR would not delay it;

- Some tenants raised individual issues around problems arising from dissatisfaction with improvement works and/or repairs that had been carried out in their home, or in some cases not carried out. The Sheltered Housing Co-ordinators or the Gateway staff in attendance undertook to deal with these individual matters;
- How the HOR relates to the Sheltered Housing Review: what the Sheltered Housing Review would mean for tenants living in blocks that were not designated as sheltered and with a tenant population of a mixed age range. Again, given that the Sheltered Housing Review had only just been completed, the Sheltered Housing Co-ordinators helped to explain its outcomes and the implications for individual tenants who raised specific concerns;
- What would be involved if either an ALMO or a housing transfer option was recommended by the Review? What would happen next? How would this affect security of tenure?
- Some of the questions put to the ITA by tenants using the Freephone, email and on line Tenant Forum services have been to ask specific issues relating to their own individual circumstances, their tenancy agreement, detailed aspects of council housing policy, and the questioning of recent Council decisions or their implications for the Review. These have either been answered by the ITA or the ITA has referred these enquiries directly to the council for a reply.

4. Summary and Conclusions

The overall purpose of the Phase 1 ITA consultation has been one of raising awareness and understanding of the scope, purpose, content and potential implications of the HOR. The information has generally been well received although there is some concern about the potential future implications of the outcome of the Review. We would have liked more tenants to get involved, but at this early stage in the process, we consider it to be a good start to the wider engagement of NBC tenants in the HOR consultation. We would hope to build upon the level of involvement in subsequent stages of the consultation, as more information goes out to tenants from both the Council and the ITA, and by extending the geographic coverage of the ITA drop-ins and by holding them at more varied times of the day and week.

Christine Bailey,
PS Consultants,
Northampton ITA
7 February 2013

Appendix 11 ITA Report on Phase 2 Outreach Programme



Report to Northampton Borough Council Housing Options Review (HOR) Team and Northampton Tenant Panel

Summary of the Phase 2 HOR Consultation with Tenants

Carried out by PS Consultants, Northampton Independent Tenant Adviser
(ITA) during April – May 2013

10 July 2013

1. Purpose of the Report

This is to summarise the second phase of tenant consultation on the Housing Options Review (HOR) carried out across the Borough by PS Consultants, the Northampton Independent Tenant Adviser (ITA) during April and May 2013. The purpose of each of the 3 stages of the HOR consultation is for the ITA to: provide information; develop involvement and understanding; and answer tenants' questions about the scope, progress and potential implications of the HOR.

This phase 2 consultation summary provides feedback to the Northampton Tenant Panel and the Council on what tenants have said to the ITA to facilitate a two way flow of information during the HOR process. In this way the opinions of tenants not actively involved with the Northampton Tenants Panel, but who have taken part in the outreach consultation programme, can be considered within the Review.

2. How the Phase 2 ITA Consultation was Carried Out

The second phase of the HOR consultation followed a similar method to that used successfully in Stage 1. Following discussion with the Northampton Tenant Panel a wider selection of community venues were included in this consultation programme to be as accessible as possible to draw more tenants into the Review.

The ITA carried out the consultation by:

- Using the ITA Newsletter 2 to update all NBC tenant and leaseholder households. In it we: reminded tenants of the ITA's role; explained the progress made so far during the Review; set out in detail the 6 housing options under consideration; invited tenants to attend the Council's second Tenant Conference; advertised the ITA telephone and on-line advice services to get more information and/or to ask any questions; and we published the times, dates and venues of the ITA outreach programme;
- Contacting the 19 Residents Associations and the Brookside Resident Council across Northampton, to ask if we could attend one of their meetings. These evening meetings are open to all residents in the area. We asked each Association if they could make the ITA's attendance known to the NBC tenants living in their area as far as practical.

- Producing posters to advertise each of the 42 informal ITA drop-in meetings and ITA attendance at 6 area based residents meetings. The Brookside Residents' Council also advertised the attendance of the ITA in their local newsletter which was distributed over 1,800 households;
- Inviting any member of the Panel to join the ITA at any convenient drop-in so that they could hear the views and issues which tenants raised with the ITA and to join in the discussion.
- Taking part in both sessions of the Tenant Conference arranged by the Council's Housing department on 16 and 17 May 2013 to discuss tenants' expectations from the Council's housing service (a key element of the HOR).
- Talking individually to tenants through the ITA telephone advice line, text, email, and freepost services, and through the interactive on line Tenant Forum on the ITA website where tenants can talk on line to each other as well as ask questions of the ITA. These advice services have been operating throughout the HOR, but are often used most after the distribution of an ITA newsletter which prompts tenants to make use of these services;
- Updating the ITA web site. This contains the ITA newsletters; the ITA outreach programme and a map of the venues; a series of ITA Fact Sheets to give tenants more information about the 6 housing options being considered under the Review; copies of the presentations given by the ITA to the Northampton Tenants Panel; and by
- Writing to other community support agencies, in particular the Children's Centres and others suggested by some Panel members to raise their awareness that the HOR is underway, to ask them to make the ITA newsletter 2 available for their clients to read and to offer that the ITA hosts a drop-in in their premises for any of their clients who are NBC tenants. An example is the ITA drop-in held at Ecton Brook Children's Centre.

As a result the ITA:

- Talked to 142 tenants in the 42 drop-ins which were held in the community rooms linked to the council's sheltered housing across Northampton, in the Guildhall foyer and in community centres/other community venues located close to areas of NBC housing;
- Attended 6 local Resident Association and 1 Resident Council meeting. We spoke to all 110 residents who attended these meetings though we are not sure how many of these were NBC tenants. This has certainly helped to raise awareness and understanding of what the Review is about at a local level;
- Updated the 208 tenants who attended the Tenant Conference about the HOR. We also answered individual questions from 21 of these tenants at the ITA advice desk in the Conference Exhibition.
- 29 tenants have contacted the ITA using the telephone and on line advice services, some more than once;

As a result of the outreach activities in Phase 2 carried out by the ITA we have met or spoken with, or had contact with 373 NBC tenants and in addition, by attending the local area residents' meetings we have spoken to a further 110 residents (some of whom are NBC tenants) during the Phase 2 HOR Consultation.

5. The Feedback Received During the Phase 2 HOR Consultation

The bulk of the Phase 2 ITA consultation focussed upon:

- An update on what the HOR is about; who is involved in these discussions; the work done to date; what still needs to be done; when and how a decision will be made;
- The evidence provided by the stock condition and tenants' surveys both carried out in 2012 and the information still required to complete the Review eg new guidance expected from Government; quality and performance standards for the housing management service and financial information on the costs of providing the housing service now and in the future;
- A discussion about each of the 6 housing options; why these are being considered; what each might mean for tenants; and the difference between, and implications of, retention and transfer for tenants, the Council and the Council's housing staff team;
- The factors which will be considered in trying to make an objective comparison between what each of the 6 housing options might offer to tenants, the Council and staff in the housing service;
- An outline of the timetable for completion of this work and how the findings from the Review will be considered by the Northampton Tenant Panel, the HOP and recommendations made for the Cabinet and full Council to consider;
- A reminder to expect further opportunities to be involved in the HOR, a third ITA outreach drop-in programme in autumn 2013, and to use the ITA advice services for any questions or concerns in the meantime.

Some tenants have treated the drop-ins as just that. Most tenants using the community rooms have regarded them as a meeting and an open discussion. This has allowed the ITA to explain in detail why the 6 housing options are being considered and what each might mean for tenants (including the potential implications should either the ALMO or one of the housing transfer options be chosen as the preferred outcome of the Review). This has given the tenants who have been involved a good understanding of the issues being considered by the Review and the reassurance that tenants' needs and priorities will be central to the HOR decision making process.

There was some discussion at the meetings about the Council listening to tenants' aspirations for the future condition of their homes, neighbourhood and the housing service; what this might cost; and whether a higher standard than the Government's basic minimum DHS quality standard could be achieved. Some concern was expressed that the quality of the works carried out in the DHS programme to date; that the tenant's views and wishes are being overlooked in the discussion about the

DHS improvements to their home and the need for more rigorous inspection/enforcement of contractor performance and quality standards by the Council.

At every meeting we clarified questions relating to tenants' rights and entitlements particularly relating to: security of tenure, tenants' right to buy; future rent increases and whether these would vary across the options; entitlement to housing benefit; the impact of Government changes to welfare benefits on tenants and on the housing management service;

Local concerns and issues were raised in some areas relating to: the current condition of tenants' homes and the neighbourhood around; we were given some suggestions from tenants for environmental improvements through dropped kerbs to improve access between their home and vehicles for disabled or frail tenants and for dealing with maintenance of a neglected corner on Goldcrest Court (which we have passed on); delays in DHS work being carried out or when planned DHS work would be carried out, and reassurance that the HOR would not delay it.

Some tenants raised individual issues around problems arising from dissatisfaction with improvement works and/or repairs that had been carried out in their home, or in some cases not yet carried out. The Sheltered Housing Co-ordinators in attendance at some of these meetings undertook to deal with these individual matters or the ITA has referred these issues through the HOR team to the Council's housing management team to respond directly to the tenant.

Some of the questions put to the ITA by tenants using the telephone, email and on line Tenant Forum services have been to ask specific issues relating to their own individual circumstances, their tenancy agreement, detailed aspects of council housing policy, and the questioning of recent Council decisions or their implications for the Review. These have either been answered by the ITA or we have referred these enquiries directly to the Council for a reply.

4. Summary and Conclusions

The overall purpose of the Phase 2 ITA consultation has been one of raising awareness and understanding of the scope, purpose, content and potential implications of the HOR. The evidence is that the information has generally been well received. For the tenants who have taken part in the outreach programme their level of understanding about the issues which the Review is considering, the 6 options under consideration and the process has increased and is clear.

We would have liked more tenants to get involved, but at this mid-way stage in the Review process, we consider the response and feedback we are getting from tenants to be balanced and proportionate.

Naturally there some tenants who are concerned about the potential future implications of 'change' should an option which does involve either change to the management of the housing service and/or the transfer of ownership (and management) of council housing be proposed as the recommended outcome of the Review.

As the ITA we hope to build further upon the awareness and the level of active involvement of NBC tenants in the HOR process during the last but crucial stage of the consultation in autumn 2013. Both the Council and the ITA will offer more information and opportunities for tenants to take part in the HOR. As the ITA we will make suggestions to and ask the Northampton Tenant Panel and the Council for their ideas about how we might widen tenant engagement in the last of the Housing Options Review.

Christine Bailey,
PS Consultants,
Northampton ITA
10 July 2013



Report to Northampton Borough Council Housing Options Review (HOR) Team and Northampton Tenant Panel

Summary of the Phase 3 HOR Consultation with Tenants

Carried out by PS Consultants, Northampton Independent Tenant Adviser (ITA) during August – September 2013

25 October 2013

1. Purpose of the Report

This is to summarise the third phase of tenant consultation on the Housing Options Review (HOR) carried out across the Borough by PS Consultants, the Northampton Independent Tenant Adviser (ITA) during August and September 2013. This was an extra round of outreach agreed following the request from PEMBA Residents' Association for the ITA to give their members an update on the Review's progress for two reasons: on the original timetable the Review would have been due for completion and because of concern about confusion amongst tenants living in sheltered housing with the Council's own Sheltered Housing Review.

This additional stage of the HOR consultation was only advertised by the ITA posters being sent by the Council to all sheltered tenants to invite them to attend an ITA drop-in in one of the Council's 28 Community Rooms closest to their home. The aim was to update tenants on the revised timetable for the conclusion of the boroughwide Housing Options Review and to provide information and answer tenants' questions about the scope, progress and potential implications of the HOR. It was also an opportunity to remind tenants living in the sheltered accommodation of the ITA information services available by phone, text, online and by freepost if they had any questions or concerns and were unable to attend one of the informal drop-in meetings.

As a result the ITA:

- Talked to 114 tenants in the 28 drop-ins in the community rooms linked to the council's sheltered housing across Northampton,
- 21 tenants contacted the ITA using the telephone advice services mainly to apologise if they could not attend the drop-in meeting or to tell us about their concerns, mainly in relation to the Sheltered Housing Review or around issues with their home – repairs that were needed or in respect of the Decent Homes Standard work. As the ITA we have either advised in general terms, or asked tenants to contact the Council directly or we have referred some of these individual enquiries directly to the Council for a reply

2. The Content of the Phase 3 ITA Drop-in Meetings

The bulk of the Phase 3 ITA consultation focussed upon:

- A reminder of what the HOR is about; who is involved in these discussions; the work done to date; what still needs to be done; when and how a decision will be made;
- The evidence provided by the stock condition and tenants' surveys both carried out in 2012, the development of the proposed Northampton Standard, an overview of the financial position, the agreement of the scoring criteria and how the Tenant's Panel and the Council's housing service employees involved through the Employee Focus Group will evaluate the 5 alternative housing options to reach recommendations for the Housing Options Panel to consider.
- A discussion about: why these 5 housing options are being considered; what each might mean for tenants; the difference between, and implications of, retention and transfer for tenants, the Council and the Council's housing staff team; and why the retention with no service review has been taken out of the Review at this stage as no longer relevant;
- An outline of the timetable for completion of this work and how the findings from the Review will be considered by the Northampton Tenant Panel, the HOP and recommendations made for the Cabinet and full Council to consider;
- A reminder to expect a last round of ITA outreach drop-in programme in autumn 2013, and to use the ITA advice services for any questions or concerns in the meantime.

Some tenants have attended more than one ITA drop-in so are comfortable with their format and have regarded them as an open discussion. This has allowed the ITA to explain in detail and it has given these tenants a good understanding of the issues being considered by the Review. We have offered reassurance that tenants' needs and priorities will be central to the HOR decision making process.

There was some discussion at the meetings about the Council needing to listen more to tenants on other housing issues. The timing of the third phase of ITA drop-ins had cut across letters being sent to sheltered tenants by the Council's Independent Living staff team, so some tenants were confused as to whether the ITA drop-ins were instead of the promised individual home visits. Some concern was inevitably expressed about repairs that had not yet been carried out, the timing and scope of the works in the DHS programme to date; rents and the impact of the recent Government changes to welfare benefits on older or disabled tenants.

At every meeting we clarified questions relating to tenants' rights and entitlements particularly around: security of tenure, tenants' right to buy; future rent increases and whether these would vary across the options; entitlement to housing benefit; the impact of Government changes to welfare benefits on tenants and on the housing management service.

3. Summary and Conclusions

The overall purpose of the Phase 3 ITA consultation has been to remind tenants of the scope, the revised timetable for completion of the Review, and to offer reassurance about the potential impact once a recommendation is made.

As always we would have liked more tenants to get involved, but at this stage in the Review process, we consider the response and feedback we are getting from tenants to be balanced and proportionate and we have tenants who regularly attend the ITA drop-ins in their area.

Naturally there some tenants are concerned about the potential future implications of 'change' should an option which does involve either change to the management of the housing service and/or the transfer of ownership (and management) of council housing be proposed as the recommended outcome of the Review but at this stage we were able to say that from current Government guidance about housing transfer, the 3 transfer options do not seem to be viable financially.

We promised a fourth and final programme of ITA drop-ins when we expected to have the outcome of the assessment of the 5 options and possibly the proposed recommendation from the HOP for Council to consider.

AS a result of the ITA outreach programme we have clearly got a core of sheltered housing tenants who have followed the progress of the Council's Housing Options Review and who want to be told about its recommendations.

Christine Bailey,
PS Consultants,
Northampton ITA
25 October 2013

Appendix 13 ITA Report on Phase 4 Outreach Programme



Report to Northampton Borough Council Housing Options Review (HOR) Team and Northampton Tenant Panel

Summary of the Final Phase 4 HOR Consultation with Tenants

Carried out by PS Consultants, Northampton Independent Tenant Adviser
(ITA) from 28 October – 11 December 2013

Interim Report prepared 18 November 2013

1. Purpose of the Interim Report

This is to summarise the attendance and feedback received so far from the last phase of tenant consultation on the Housing Options Review (HOR) which PS Consultants, the Northampton Independent Tenant Adviser (ITA) has carried out mainly in the Council's 28 Community Rooms and by meeting with 6 of the 20 area based Resident Associations across Northampton. This last phase of outreach offers an additional 42 opportunities for tenants and leaseholders to meet with the ITA, including 4 evening drop-in meetings in the Community Rooms in areas of more mixed council housing. This Interim Report adds to the verbal update to the Housing Options Panel at its meeting on 7 November 2013. This phase of outreach will be completed on 11 December 2013.

The ITA HOR consultation timetable was advertised in full in the ITA Newsletter 3 which the Council posted to all its tenants and leaseholders across the Borough. The Council also posted a copy of the ITA poster to all sheltered tenants to invite them to attend an ITA drop-in in the Community Room closest to their home.

This last phase of ITA outreach gave the ITA the opportunity to explain to tenants and leaseholders the recommendation from the HOR to manage the housing service at 'arm's length' from the Council, by setting up an ALMO or an Arm's Length Management Organisation. This is a difficult concept for many tenants to grasp: that the Council would be the landlord or the owner of the homes, but that it would delegate the day to day management to the ALMO, which the Council would set up and own.

As the ITA we have been explaining:

- How this recommendation was reached by both the Tenants' Panel and the Employee Focus Group.
- What an ALMO would mean.
- How an ALMO might operate from experience elsewhere.
- What difference it might make.
- The possible next steps if the Council agree with this recommendation in December 2013.

In addition the ITA information services are available by phone, text, online and by freepost so we have provided information to answer individual questions. We have advertised in the ITA and Council's newsletter the offer of home visits by the ITA for tenants who cannot attend a drop-in give another opportunity for direct contact to explain the ALMO proposal and to reply to individual questions or concerns.

Appendix 13 ITA Report on Phase 4 Outreach Programme

As a result the ITA:

- Talked to 128 tenants in the 32 drop-ins in the 28 community rooms or one of the 4 Residents' Association meetings held to date;
- Spoke to 140 tenants who contacted the ITA using either the Council's or the ITA telephone advice services;
- 5 home visits which the ITA has carried out to date in the week beginning Monday 11 November from a list of 12 requests received from the Council.

2. The Content of the Phase 4 ITA Drop-in Meetings

The content of the Phase 4 ITA consultation has focussed upon:

- A brief reminder of the 5 options currently in the Review
- An explanation of how the scoring was carried out; the 8 groups of scoring criteria used; discussion of the issues that were important for tenants and the housing service employees who did the scoring; how each of the 5 housing options were ranked through the scoring
- Discussion of what an ALMO is; how it would differ from the Council directly managing the housing service; how ALMO's have worked elsewhere; how an ALMO might be set up in Northampton if the Council agrees to the proposal
- Discussion of the next steps in developing the ideas for the ALMO, including how the ALMO Board might be set up; who would be on the Board; how roles and responsibilities might be set out between the Council and the ALMO; and the information that tenants would need to keep them informed of progress, the issues arising and the opportunity to be considered as a tenant on the ALMO Board
- The evidence used to inform the Review process: the stock condition and tenants' surveys both carried out in 2012, the development of the proposed Northampton Standard; what works would be included; the financial position and its impact on the 5 HOR options.
- Offered reassurance about tenants' rights & entitlements not changing through the ALMO; that the Council still sets the rents in line with government guidance; that entitlement to claim benefits does not change if an ALMO manages council homes; and that tenants' needs and priorities will be central to the objectives of the ALMO.

Some tenants have attended more than one ITA drop-in so are comfortable with their format and have regarded them as an open discussion. This has allowed the ITA to explain in detail and build up knowledge and understanding. It has given these tenants a good understanding of the issues being considered by the Review.

Appendix 13 ITA Report on Phase 4 Outreach Programme

From the issues tenants have raised with the ITA during the drop-ins, there is no evidence of any real concern about the ALMO. In the main tenants have said that if this will improve the housing service, deliver better value for money and raise performance and quality standards, then it should be given the time and resources to be properly set up and the opportunity to see what difference the ALMO can make.

The concerns raised with the ITA were inevitably expressed about repairs that had not yet been carried out; the timing, scope, the quality of the workmanship and problems around the snagging not being carried out to the satisfaction of the tenant under the DHS programme; poor communication between the Council and tenants in the planning and the agreement of the work required and in confirming the timescale for their implementation; and the need for money to be spent on environmental works to footpaths and to deal with access issues for some tenants at the same time as the work to the home is being carried out.

Some tenants asked about how the ALMO would be funded. Has the decision already been made? Where would the money come from? How the ALMO Board would be set up? How quickly would it happen? Will the DHS work still be delivered? When would the Northampton work start and where?

At every meeting we answered questions relating to tenants' rights and entitlements particularly around: security of tenure, tenants' right to buy; future rent increases; entitlement to housing benefit; the impact of Government changes to welfare benefits on tenants and on the housing management service.

3. Summary and Conclusions

The overall purpose of the last phase of ITA consultation about the HOR has been to explain the ALMO recommendation, the timetable for the council to make its decision, and to offer reassurance about the potential impact of this option once a recommendation is made.

As always we would have liked more tenants to get involved. All tenants and leaseholders have received information through the council and ITA newsletters; have had the opportunity to attend the Tenant Conferences and/or talk to the ITA through various means. We have no evidence of any adverse response from tenants to the proposed ALMO recommendation. We consider the response and feedback we are getting from tenants to be balanced and proportionate. There seems to be an appetite to try the ALMO given the council is still the landlord, and that the decision can be reversed if the ALMO does not prove to be successful.

As a result of the ITA outreach programme we have clearly got a core of sheltered housing tenants who have followed the progress of the Council's Housing Options Review and who understand its recommendation and the likely next steps.

Christine Bailey,
PS Consultants,
Northampton ITA
18 November 2013



Housing Options Panel Housing Stock Options Review Report

Version: Final

Version Date: November 2013

Housing Options Panel		
Tenant Members	Councillor Members	Employee Members
Steve Whitehead Katherine Bennett Norman Adams Phil Humphris Tony Mallard	Cllr David Mackintosh Cllr Mary Markham Cllr Lee Mason Cllr Sally Beardsworth Cllr Sivaramen Subbarayan Cllr Terry Wire	Lee Clark Hannah Evans Lee Martin Jackie Taylor Jonathan Swann



Foreword

Key Documents are documents that will be referenced throughout a series of reports. This series comprises; this Housing Options Panel Report, Employee Focus Group Report, Tenants' Panel Report, Independent Tenant Adviser Report, and the Northampton Borough Council Report on the Housing Options Review.

Key Documents associated with this report are detailed below. All Key Documents, appendices and background documents, not published with this report, associated with the review are available for viewing on the Council's website or by contacting the Housing Options Review Team tel: 0300 330 7004

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Key Document Number	Key Document Name
1	TP Final Report
2	EFG Final Report
3	ITA Final Report
7	HOP Terms of Reference
16	Scoring Framework
21	Nov 13 Conference Feedback

SECTION 1: EXECUTIVE SUMMARY

1.1 Summary of key points and recommendations from the Housing Options Panel

The Housing Options Panel (HOP) worked alongside two other key stakeholder engagement groups, the Tenants Panel (TP) and the Employee Focus Group (EFG) to recommend a preferred option to Cabinet and Council on the future ownership, funding and management of its Council Housing Stock.

The HOP oversaw what it considers to be a very robust, detailed and evidence based process, receiving a variety of information and evidence, and whilst considering the views and information from the TP and EFG, made its decisions based on the factual information presented.

The HOP considered five options from an initial ten and covered a variety of subjects as well as receiving the same formal presentations as the TP and EFG.

Three reports were presented to the HOP;

- Employee Focus Group Housing Stock Options Review Report
- The Report of the Northampton Tenants' Panel
- Report of PS Consultants (Independent Tenant Adviser)

The first two reports detailed the groups' own process and key issues, the options criteria and finally the groups' conclusions and recommendations. The report from the ITA summarised its role, their work programme and their observation on the Options appraisal process.

The TP and EFG groups both recommended the ALMO option and both groups reached the same conclusion on the ranking order for the remaining 4 options.

It is strongly recommended that the reports detailed above are read alongside this report to fully appreciate the reasons for the recommendations selected by both the EFG and TP. The ITA report should also be considered alongside these reports when considering the robustness of the process that has been undertaken by the Council, in carrying out this review.

After discussing in detail these reports and considering other information such as wider tenant views received from the conferences held in November 2013, the HOP members voted unanimously to support the EFG and TP recommendations to select the ALMO Option. Following consideration of all of the evidence and information received to date, the HOP recommends to Cabinet that;

1. The ALMO Option is approved for implementation
2. That any substantial change to the future of the delivery/management and ownership of Housing services should be preceded by a robust Options Appraisal process (except in the event of a risk of serious detriment to tenants and/or tenant services)
3. The ALMO should be created as a true Arms Length managed organisation to ensure the ALMO has sufficient autonomy to make decisions for the benefit of tenant services and improvement
4. The implementation phase for the option chosen should continue to include a comprehensive programme of consultation and engagement with the key stakeholders to ensure that they are well informed and remain at the heart of the process. This should specifically include the continued involvement of the Northampton Tenants' Panel and Employee Focus Group, working both separately and jointly
5. The Council considers adopting the consultation and engagement approach used within this review across other service areas within the Council
6. The Council considers adopting a process for employees from all services to be actively involved in further policy development and continuous improvement activity to improve internal processes and systems.

SECTION 2: INTRODUCTION

2.1 The Housing Options Panel - Purpose of the Panel

The Housing Options Review (HOR) process was initiated to look into all the potential options for the future ownership, funding and management of its Council Housing Stock, to examine which option could most appropriately deliver the improvements needed to council homes, estates and housing services.

2.2 Membership of the Panel

The Housing Options Panel (HOP) was set up to work alongside two other key stakeholder engagement groups. These were the Tenants' Panel (TP), a borough-wide open panel for any tenant to participate actively in the Review and an Employee Focus Group (EFG) made up from employees who volunteered to take part from across the service. The Tenants' Panel and Employee Focus Group selected five members from their groups, following a presentation of a personal statement as to how and why they should be chosen to represent their respective panels. In addition to the five tenant and five employee representatives, five senior cross-party Councillors made up the full HOP membership.

Membership of the Panel is as follows;

Name	Designation of Representative
David Mackintosh	Councillor – Conservative Leader of the Council, Chair of Cabinet
Hannah Evans	Employee
Jackie Taylor	Employee
Jonathan Swann	Employee
Kat Bennett	Tenant
Lee Clark	Employee
Lee Martin	Employee
Lee Mason	Councillor - Deputy Leader Labour
Mary Markham	Councillor – Conservative Deputy Chair of Cabinet

	Cabinet Member for Housing
Norman Adams	Tenant
Phil Humphris	Tenant
Sally Beardsworth	Councillor – Leader of the Liberal Democrats
Sivaramen Subbarayan	Councillor – Labour Shadow Cabinet Member for Environment
Steve Whitehead	Tenant
Terry Wire	Councillor – Leader of the Labour Group
Tony Mallard	Tenant

In addition to the above members, the Independent Tenants' Adviser (PS Consultants) (ITA) was present at every HOP meeting to offer impartial advice and information and support the tenant HOP representatives.

The HOP first met in November 2012 and one of the first decisions it made was to agree its Terms of Reference (key document 7) and agree that its purpose within the review was to oversee the Housing Options Review process being undertaken by the Council by:

- Meeting regularly to receive reports on the issues from Council officers and advisors and to undertake visits and/or receive reports on experiences elsewhere in relation to all potential outcomes;
- Reviewing the programme plan for the HOR process;
- Agreeing to and contributing to the outcomes of the communications and involvement strategy;
- Monitoring progress of completion of tasks and activity identified on the agreed programme plan;
- Ensuring the HOR process can be considered “independent” and that views of all interested parties are incorporated and to undertake the process in a way that is informed, transparent and inclusive;
- Remaining open-minded to all the options under detailed examination in order to demonstrably show to the stakeholders that the HOP is undertaking its work in a fair manner; and
- Recommending a preferred option to the Council's Cabinet.

2.3 Review Mission Statement

The HOP also agreed what they wanted to achieve through the Housing Options review process at its first meeting. The following Mission Statement was developed and endorsed by the Panel on 23 November 2012;

To seek to identify the most tenant focussed option for the future management and ownership of the Council's housing which:

- Secures tenants' rights
- Minimises tenants' costs
- Meets the quality of standards of home and environmental improvement which tenants wish to see
- Is sustainable in the long-term
- Appraises the potential contribution the various landlord options could have towards meeting the need for additional affordable homes and the regeneration of estates
- Takes into account the impact on the Council
- Takes into account the impact on the Employees.

SECTION 3: THE PROCESS

3.1 How the Group operated / worked

The HOP was designated to oversee the HOR process. Members of the HOP received the same information and presentations as the TP and EFG. The HOP members were asked to remain impartial and open minded through the process and consider information and views from the TP and EFG. The HOP made decisions throughout the process, based on factual information, removing subjectivity and where the views of the panel were not unanimous; decisions were made by accepting the majority view. Similarly, the final decision on the recommendation it makes within this report, to the Council's Cabinet, has followed this same approach.

3.2 The Housing Options

At the start of the review process, the Housing Options Review Team presented a comprehensive list of potential options for the TP, EFG and HOP to consider taking forward throughout the review. The HOP were satisfied with the initial list presented and the ITA

subsequently endorsed the initial list as ‘the most comprehensive and rational ones that could have been chosen’ and that ‘no realistic options had been omitted’. (key document 3 - Report of PS Consultants October 2013).

The ten options identified at the start of the review were as follows:

- Retention with no change to the operation of the service
- Retention with a major service review
- Retention with an ALMO
- Transfer to a stand-alone association
- Transfer to a mutual association
- Transfer to become a subsidiary of an existing association
- Transfer to be absorbed by an existing association without any Northampton status
- Transfer to a Community Gateway organisation
- Private Finance Initiative (PFI)
- Contracting out the Housing Service

In autumn 2012, the HOP received a recommendation from the TP and EFG independently on how the ten options could be reduced. The HOP discussed the issues raised by the EFG and TP and subsequently decided to reduce the options to six, removing the following:

Option removed	Reason
Transfer - absorbed by an existing housing association without any Northampton status	No governance or ownership. Judged as not likely to be supported by tenants
Transfer - to a Community Gateway organisation	Mutual model offered more in terms of tenant involvement in governance
PFI	Hostility already experienced to PFI scheme. Also unlikely to attract funding due to end of Central Government financial support for housing PFI
Contracting out the Housing Service	Marginalised tenant involvement and removes direct council control

In early summer 2013, the HOP made a further decision to reduce the options further, by removing the ‘Retention with no change to the operation of the service’. This decision was made due to the Tenant Survey showing significant weaknesses in service delivery, which would be unacceptable if allowed to continue. Also, in parallel to the Review, improvements identified as

part of the review had already started to be implemented. The development and introduction of tenant-led Service Improvement Panels (SIPs) was considered by the HOP as the beginning of a major service review, thereby leaving the retention with no change option as no longer possible.

3.3 Subjects covered through the Review

The HOP received a variety of information and evidence gathered throughout the review to create debate and support the decisions made by the HOP. This included presentations, reports, discussions, workshops and consideration of TP and EFG recommendations. The HOP also received feedback from stakeholders via the ITA outreach programmes and phone support line. In addition to this, feedback was presented from views obtained through formal review consultation activity such as newsletters, conferences and the Tenants' Survey.

The subjects covered in HOP sessions were as follows:

- The options for the future of the housing stock
- Working towards the criteria for the review
- Key findings from the Stock Condition Survey and how this was to be taken forward
- Development of the proposals for a new Northampton Standard – service and performance aspects
- Tenants' rights and how these were affected by the options
- Scoring criteria development, scoring framework and examples of weightings
- How the options may have affected employees, including employee rights
- Process of offer document approval and ballot
- Financial presentations, to include implications of the Government Guidance
- Receiving EFG, TP and IT presentations and reports on the Review, including their scoring outcomes and recommendations

The sessions closely followed the content of the TP and EFG, with all formal presentations being made to the HOP to ensure that Councillor HOP members had the benefit of the same knowledge as tenant and employee members, prior to any discussions and decisions held within the HOP meetings.

SECTION 4: EFG, TP and ITA REPORTS to the HOP

4.1 Reporting to the HOP

The HOP received reports and presentations detailing the recommendations of which option had been chosen and reasons for the selection from each of the following groups in October 2013:

- The Employee Focus Group (Key Document 2)
- The Tenants' Panel (Key Document 1)

In addition to the above two reports, the HOP also received a report and presentation from the ITA (Key Document 3), which provided an overview of the process and gave their views on the way the Council had conducted the Housing Options Review in terms of its;

- Balance
- Comprehensiveness
- Competence
- The Role of the ITA

Below is a brief overview of each of the reports, including each group's role within the Review process and the outcomes and recommendations each group wishes to make to the HOP. It is strongly recommended that the full reports are read alongside this report to fully appreciate the reasons for the recommendations selected by both the EFG and TP. The ITA report should also be considered alongside these reports when considering the robustness of the process that has been undertaken by the Council, in carrying out this review.

4.2 Employee Focus Group Report

The EFG presented their report to the HOP by providing details of the 12 members of the Group and their role within the Housing Service and confirmed its purpose, which was to ensure the Review process considered the things that mattered the most to employees and make their views known to the HOP. The EFG met 22 times, with a further 11 joint meetings with the TP; this meant that each EFG member gave approximately 240 hours to the process.

The EFG highlighted that they had received and considered evidence and information across a wide subject area concerning the review process and its implications. The Group had a detailed understanding to enable them to review and make decisions on a number of key issues including:

- The Stock Condition Survey
- The Tenant Survey
- The development of the Northampton Standard
- Financial issues
- The Government’s draft consultation paper
- The development of the options criteria
- The development of the scoring process for each of the options

The EFG, together with the TP, also received visits from Authorities that had completed their options process and were now either an ALMO or had completed a Stock Transfer. The visiting organisations presented and responded to questions from the EFG and TP.

All of the sessions held and the information gathered from the visits enabled the EFG to select criteria that were important to both employees and tenants for inclusion within the evaluation framework. The EFG and TP jointly selected 46 criteria to compare the options across eight themes. The detailed criteria for comparing the options is detailed in Key Document 16.

The report clearly documented that the EFG felt that the review process had been conducted in a fair and transparent way and they confirmed that EFG members had not been led or influenced, and had made their recommendations based on factual information.

The scoring outcome determined unanimously that their recommended option was for an ALMO, as it scored strongly over all eight criteria groups. The detailed scoring outcome for the EFG is contained in key document 2 -The Employee Focus Group Housing Stock Options Review Report. In summary, the scores for the options from the EFG were as follows;

Rank	Score
1. Option 2 - ALMO	3905
2. Option 4 – Transfer – Mutual	3681
3. Option 3 – Transfer – Stand-Alone	3582
4. Option 5 – Transfer – Group Structure	3202
5. Option 1 – Retention with Service Review	3116

The EFG’s recommendation for the creation of an ALMO was supplemented by additional points. The EFG requested that the ALMO should be fully supported with a high degree of autonomy to support the ALMO to run at true arms length. It was also recommended that a Shadow Board should be set up to run alongside the existing service for a period of time before

the ALMO inception date. Many members of the EFG had expressed an interest in continuing to be involved in the implementation stage of the process following the decision made on the review, by Full Council in December 2013.

4.3 Tenants' Panel Report

A representative from the TP presented the TP report detailing their views on the process, their scoring outcome and the final recommendation for the HOP. The HOP was advised that the remit of the TP was to ensure the review considered the things that mattered most to tenants and make their views known to the HOP. The TP reported that it was formed from 50 tenants who had been encouraged to join the TP through various mechanisms;

- Open tenant information sessions held in August 2012
- Tenant Open Day in July 2012
- Review Newsletters sent to all 12,000 homes
- Ipsos MORI Survey held in Autumn 2012
- Tenant Conferences held in December 2012 and May 2013

The TP remained open to all tenants until August 2013. The TP made a decision to close the Panel to new members as it was felt to be unfair to expect new tenants to gain sufficient understanding of all the issues to allow them to fully take part in the scoring process due to be held in September 2013.

The TP report highlighted the commitment given by those tenants taking part in the Review. Overall, 56 tenants had been involved, with attendance averaging 30 regular attendees at meetings. The TP met 44 times, either at ITA-led sessions or Council-led sessions, with an additional 11 joint meetings with the EFG, meaning as a whole, the TP have collectively given 5,535 hours to the Review, averaging 15.4 hours per person, per month.

Tenants reported that they were supported throughout the Review by the ITA, who delivered development sessions on topic areas prior to the Council covering the same topic. This enabled tenants to be empowered with the background knowledge to actively take part in discussions and decision making. The Group were required to have a detailed understanding to enable them to review and make decisions on a number of key issues, including:

- The Stock Condition Survey
- The Tenant Survey
- The development of the Northampton Standard
- Financial issues

- The Government’s draft consultation paper
- The development of the options criteria
- The development of the scoring process for each of the options

As already mentioned above, the TP also received visits from Authorities that had completed their options process and the TP reported that the visits were useful in allowing questions to be answered ‘first hand’. The visiting organisations presented and responded to questions from the EFG and TP regarding their own experiences.

The TP had concerns regarding their representativeness when compared to the profile of council tenants across the borough, however the report acknowledged that the panel had been open borough-wide and had necessarily had to rely upon volunteers. Although the panel was not representative in terms of tenants under 49 years and women, the panel did have representatives from varying ethnic backgrounds, tenants with disability, sensory impairment and health support needs.

Thirty-one TP members completed the scoring exercise. Twenty scored the ALMO option the highest, with the remaining eleven members scoring transfer to a Mutual Housing Association the highest. The ALMO scored strongly over all eight criteria groups. The detailed scoring outcome for the TP is contained within key document 1 - The Report of the Northampton Tenants’ Panel. In summary, the scores for the options from the TP were as follows;

Rank	Score
1. Option 2 - ALMO	13159
2. Option 4 – Transfer – Mutual	12779
3. Option 3 – Transfer – Stand-Alone	12491
4. Option 5 – Transfer – Group Structure	11173
5. Option 1 – Retention with Service Review	10294

The TP therefore recommended to the HOP that the ALMO option should be pursued. In addition to this recommendation, the TP raised further points for the HOP and the Cabinet to take into account when making their decisions.

The TP stressed that they were keen to continue their work alongside employees and would like to hold discussions around employees being represented on the ALMO board. The TP would like the ALMO to be able to work at a genuine arms length from the Council.

The TP strongly recommended holding a ballot of all tenants. Regardless of whether a ballot was supported, they wished to see comprehensive and meaningful tenant consultation regarding the option, in the future.

The Panel believed that they should have a central role in working with the Council to establish the ALMO and once in operation, it saw the Panel offering regular tenant oversight of the policy and strategic role of the ALMO.

4.4 Independent Tenants' Adviser Report

The ITA presented a report to the HOP on their role as ITA and on their views on how the Council had conducted the Housing Options Review process

The HOP were advised of the process to appoint the ITA. Seven TP members, supported and trained by NBC officers, became the selection panel to appoint their Independent Tenants' Adviser in August 2012. The tenants defined the ITA's role, which was to support tenant representatives in the TP and on the HOP, providing impartial and accurate advice and guidance on all options available. The ITA also provided advice and information to all council tenants on the issues raised in the Review and helped ensure the information produced by the Council for distribution to tenants was comprehensive and fair in its treatment of the issues.

The ITA reported that it had been involved in a total of 67 meetings and prepared and presented information covering a range of topics.

The report highlighted that the ITA outreach programme work included the design and preparation of 3 ITA newsletters, operated a 24/7 ITA information advice service, included an online tenant forum and made contact with 19 area based Resident Associations and 1 Resident's Council. The ITA stated that they were astonished with the quality of work undertaken and commitment given by the TP members, advising that it was the only Panel they had known which had produced and presented its own report. In addition, they had known of very few EFGs that had been given equal status with a TP and who had also been responsible for producing a separate report and they saw this as a very positive step.

One of the ITA's tasks was to help ensure that material the tenants received was fair and balanced. They reported that they had seen all material prior to publication and all of their comments had been accepted and incorporated, without question. The ITA also reported that they did not have to challenge the accuracy of any material produced by the Council.

The ITA determined that a rigorous and comprehensive approach had been undertaken in developing the Options Criteria, and that the decisions taken to adopt the chosen set of criteria came directly from the work done by the TP and EFG. It was also noted that the evaluation criteria were much broader and more comprehensive than others used in options reviews carried out elsewhere due to the fact that the financial criteria had not been designed to determine the outcome of the appraisal in Northampton.

When appraising the representativeness of the TP, the ITA believed that it had been functionally representative of tenant opinion. It was never defined as a representative group, but as a group of tenants who had been empowered through knowledge to have an informed tenant perspective on the options.

The ITA concluded that the review supported and drew on work done by the TP and that of the EFG in the development and evaluation of the options. The ITA stated that they viewed the evaluation framework developed in Northampton was the best that they had seen and that this, along with many other aspects of the review, was exemplary.

SECTION 5: CONCLUSIONS

5.1 HOP Panel Considerations

The HOP acknowledges the recommendations contained within the EFG and TP reports and confirms that it has considered in detail the scoring and basis for the recommendations made by both groups.

The HOP agrees that the review has been an extremely robust, detailed and evidence based process. The HOP also welcomes the report from the ITA, which has endorsed the process and acknowledges the extensive contribution made by tenants taking part in the review.

All tenants have had the opportunity to be involved in the process and have been consulted with throughout. There is a belief that through this process, tenants now feel more involved and empowered to be part of a decision making process and their views and opinions have been listened to.

The HOP confirms that before reaching their own decision on which option it wishes to recommend to Cabinet it has;

- Taken into account the evidence and many other aspects raised within the HOP sessions delivered throughout the review
- Fully considered the views, recommendations and the reasons for them contained within the TP and EFG reports
- Considered the feedback received from the Tenants' Conferences, particularly those held in November 2013, held to present the EFG and TP preferred option. The conferences have provided the HOP with wider tenant views regarding the Housing Options Review process and the TP and EFG preferred option (key document 21)
- Considered the tenant feedback received from the ITA outreach programme.

5.2 HOP Panel Vote

After considering all of the information and evidence presented to date, the HOP has unanimously voted (13 out of 13 members- 2 members absent) to support the EFG and TP recommendations to select the ALMO Option. The HOP believes that the ALMO option most appropriately meets all of the requirements set out in the Review Mission Statement detailed within section 2.3 above, based on the evidence presented throughout the review.

HOP members also discussed the further recommendations and issues raised within the EFG and TP reports. The EFG and TP reports highlighted the need to ensure continued tenant and employee involvement in the implementation of the chosen option and in improvement activity more widely and this was supported by the HOP. The TP report also recommended having a tenant ballot; however the recommendation of the ALMO option was not conditional on the holding of a tenant ballot.

HOP members debated the benefits and issues relating to the holding of a ballot. The majority of HOP members felt that a ballot would be costly and the money could be better spent on improving services and homes. The timescales involved in holding a ballot would also delay the implementation of the improvements that tenants and employees had identified through the review. A vote was held and 12 HOP members voted against recommending that the Council should hold a ballot, in the event that the ALMO option is adopted by Full Council.

The detailed recommendations of the HOP are outlined below.

5.3 HOP Panel Acknowledgements

The HOP wishes to acknowledge the extensive work undertaken by the TP members and the EFG and thank them for their commitment and contribution. The HOP also wishes to thank the Council's Housing Options Review Team and the ITA for their support throughout the review process.

SECTION 6: RECOMMENDATION TO CABINET

6.1 HOP Panel Recommendations

Following consideration of all of the evidence and information received to date, the HOP recommends to Cabinet that;

1. The ALMO Option is approved for implementation
2. That any substantial change to the future of the delivery/management and ownership of Housing services should be preceded by a robust Options Appraisal process (except in the event of a risk of serious detriment to tenants and/or tenant services)
3. The ALMO should be created as a true Arms Length managed organisation to ensure the ALMO has sufficient autonomy to make decisions for the benefit of tenant services and improvement
4. The implementation phase for the option chosen should continue to include a comprehensive programme of consultation and engagement with the key stakeholders to ensure that they are well informed and remain at the heart of the process. This should specifically include the continued involvement of the Northampton Tenants' Panel and Employee Focus Group, working both separately and jointly
5. The Council considers adopting the consultation and engagement approach used within this review across other service areas within the Council
6. The Council considers adopting a process for employees from all services to be actively involved in further policy development and continuous improvement activity to improve internal processes and systems.

Appendices

1



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

9 DECEMBER 2013

Agenda Status: Public

Directorate: LGSS

Report Title	TREASURY MANAGEMENT MID YEAR REPORT 2013-14
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1. Purpose

1.1 The purpose of the report is to inform the Council of performance in relation to its treasury management activities, including its borrowing and investment strategy, for the period 1 April to 30 September 2013.

2. Recommendations

2.1 That Council endorse the treasury management activities and performance for the period 1 April to 30 September 2013.

3. Issues and Choices

3.1 Report Background

3.1.1 See Cabinet report attached

3.1.2 Members are advised that Appendix B of the Cabinet report has been updated since being presented to Cabinet on 13 November to correct the counterparty for the 95 day call account (£17m invested) from Bank of Scotland to NatWest Bank. The opportunity has also been taken to tidy up the counterparty names in the appendix, to ensure consistency in presentation.

4. Implications (including financial implications)

4.1 Policy

4.1.1 See Cabinet report attached

4.2 Resources and Risk

4.2.1 See Cabinet report attached

4.3 Legal

4.3.1 See Cabinet report attached

4.4 Equality

4.4.1 See Cabinet report attached

4.5 Other Implications

4.5.1 See Cabinet report attached

5. Background Papers

5.1 None

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Appendices

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NORTHAMPTON
BOROUGH COUNCIL

Item No.

CABINET REPORT

Report Title	TREASURY MANAGEMENT MID YEAR REPORT 2013-14
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	13 November 2013
Key Decision:	NO
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	LGSS
Accountable Cabinet Member:	Alan Bottwood
Ward(s)	Not Applicable

1. Purpose

- a) To inform the Cabinet of the Council's performance in relation to its treasury management activities, including its borrowing and investment strategy, for the period 1 April to 30 September 2013.

2. Recommendations

- a) That Cabinet recommend to Council that they endorse the Council's treasury management activities and performance for the period 1 April to 30 September 2013.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (“the Treasury Management Code of Practice”).
- 3.1.2 The Treasury Management Code of Practice and the associated guidance notes for local authorities include recommendations on reporting requirements, including the requirement for an annual mid year report on treasury activities. The table below shows how the specific reporting requirements of the Treasury Management Code of Practice have been incorporated into this report.

Reporting Requirement	Reference
Activities undertaken	3.2.2 – 3.2.20 Appendices B,C,D,E,F
Variations (if any) from agreed policies and practices	3.2.21
Interim performance report	3.2.22 – 3.2.25 Appendix G
Regular monitoring	3.2.26 – 3.2.31 Appendix H,I,J
Monitoring of treasury management indicators for local authorities	3.2.28 Appendix H

- 3.1.3 The following topics are also covered in this report

Topic	Reference
Economic environment and interest rates	3.2.1 Appendix A
Monitoring of prudential indicators for local authorities	3.2.28 Appendix I
Monitoring of debt financing budget	3.2.29-3.2.31 Appendix J

3.2 Issues and Choices

Economic Environment and Interest Rates

- 3.2.1 An analysis of the economic position as at the end of September 2013, including the latest interest rate forecasts, is attached at **Appendix A**. This information has been provided by Capita Asset Services - Treasury Solutions (CAS Treasury Solutions), the Council's treasury management advisors.

Activities undertaken

Investments

- 3.2.2 **Appendix B** shows the Council's investment balances at 30 September 2013.
- 3.2.3 Cashflow balances available for investment come from working capital, amounts in provisions and reserves, and funds, such as capital grants, received in advance of expenditure. The Council's overall investment figure as at 30 September 2013 was £66.7m; average balances for the six-month period to 30 September were £67.4m. The lowest and highest balances during the period were £46.1m and £82.7m respectively.
- 3.2.4 Since the start of the current financial year, 11 new fixed term deposits have been entered into ranging in value between £1m and £5m, at rates between 0.47% and 1.10%, and for periods between 181 and 364 days. The average value of new fixed term investments was £2.2m, and the weighted average interest rate achieved for fixed term deposits was 0.79%. The average investment period was 265 days.
- 3.2.5 Fixed term deposits make up an average of 44% of the Council's investment portfolio, the remainder being balances held in instant access deposit accounts, call accounts and money market funds.
- 3.2.6 Deposit accounts, call accounts and money market funds have been used extensively during the first half of the year, in order to maintain liquidity and security of funds. The average balance held in deposit accounts, including notice accounts was £19m, around 29% of the Council's average investment portfolio. The average balance held in instant access money market funds was also £19m, around 28% of the Council's average investment portfolio.
- 3.2.7 **Appendix C** shows the maturity profile of the Council's investments at 30 September 2013 (remaining duration). £21m of investments are currently held as liquid investments (money market funds and deposit accounts) or are due to mature within the next month. Almost half of the maturing portfolio, £33m, falls in the 3 to 6 month period. All investments will come to maturity within the next twelve months as the few quality counterparties available to the Council for investments over 364 days, under the Council's counterparty limits, are not offering competitive rates.
- 3.2.8 CAS Treasury Solutions has advised that the Council's historic risk of default on its investment portfolio as at 30 September 2013 is 0.022%. This is a proxy

for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment. The Council's risk level is very low - falling into the risk band associated with investments under one year with counterparties with credit ratings of between AA and A - and is consistent with the Council's investment risk management strategy.

- 3.2.9 Investment activity is carried out within the Council's counterparty policies and criteria, and with a clear strategy of risk management in line with the Council's treasury strategy for 2013-14. This ensures that the principle of considering security, liquidity and yield, in that order (SLY), is consistently applied. Any variations to agreed policies and practices are reported to Cabinet and Council (See paragraphs 3.2.21 below).

Borrowing

- 3.2.10 **Appendix D** shows outstanding long-term borrowing held on the balance sheet at 30 September 2013 at amortised cost. The total long-term debt outstanding, including non-current finance leases, is £218m. Of this amount, 88% is in the form of PWLB borrowing, 11% is money market LOBO loans, and the remaining 1% consists of the long-term element of an annuity loan with the Homes and Communities Agency (HCA) and non-current finance leases.
- 3.2.11 Following the introduction of the HRA self-financing reforms in March 2012, the Council operates a two pool approach whereby all long term borrowing is allocated to either the General Fund or the HRA. As shown at **Appendix D**, £193m (89%) of long term debt is attributable to the HRA, with the balance of £25m (11%) attributable to the General Fund.
- 3.2.12 No loans have been repaid since April 2013 other than the principal element (£21k) of the HCA annuity payment made in September, and annual amounts due on some finance leases.
- 3.2.13 No rescheduling of loans took place in the first half of the year.
- 3.2.14 The Council's policy on borrowing for 2013-14 has been to use internal borrowing (ie from cash flow balances) to fund its own capital programme expenditure financed by borrowing, subject to external borrowing rates remaining at high levels relative to investment rates. The borrowing market is showing signs of moving upwards, particularly the longer term rates. For example the 25 and 50 year PWLB fixed maturity rates are currently around 50 to 60 basis points (0.5% to 0.6%) above their lowest level this year (8 April 2013). Treasury officers are keeping a close eye on the rates and whether it is appropriate to move away from internal borrowing and into long term borrowing where it would provide value for money over the life of assets to do so.

- 3.2.15 The Council has taken out £1.5m of borrowing from the Public Works Loans Board (PWLB) for the express purpose of making a loan to the Northampton Town Football Club (NTFC) for the development of its stadium facilities, under a loan agreement signed 19 September 2013. This is the first tranche of a £7.5m planned loan to NTFC, all of which is to be funded by PWLB borrowing. Drawdowns of the loan are linked to set conditions being met and the Council is likely to drawdown a further £3m this financial year.
- 3.2.16 Further borrowing from the PWLB to fund loans to local third party organisations is also likely to take place in the near future. These include loans to Northampton Saints Rugby Club for stadia expansion, and to the University of Northampton (UoN) for the creation of a waterside campus. The UoN project is supported by the South East Midlands Local Enterprise Partnership (SEMLEP), and an application has been put forward to PWLB to secure the LEP project rate allocation for this project. Having regard to the profile of this borrowing it is expected that the Council's Affordable Borrowing Limit and prudential indicators for borrowing will need to be increased from 2014-15, and this will be incorporated into the Council's Treasury Strategy for next year. The limits for 2013-14 are considered adequate for the Council's borrowing needs.
- 3.2.17 **Appendix E** shows the Council's long-term debt maturity profile of external debt at cash value as at 30 September 2013. A number of GF and HRA loans are due for repayment during the next five years, commencing with two GF LOBO loans totalling £15.6m maturing in 2014-15. Options for the repayment and replacement (if appropriate) of these loans are under active consideration, with advice being taken from the Council's external treasury management advisors, CAS Treasury Solutions. The Council will keep its options open until nearer the maturity dates.
- 3.2.18 **Appendix F** shows outstanding balances and applicable rates for short-term borrowing. The total outstanding at 30 September 2013 was £274k.
- 3.2.19 The Council has long-standing agreements with two local organisations, Billing Parish Council and Northampton Volunteering Centre, for the short-term deposit of funds with the Council. Accounting regulations require that these be treated in the accounts as short-term borrowing. The interest rate applicable on these accounts is set quarterly using the Council's average investment rate for the previous quarter, less 0.5% to cover administrative costs. The range of balances in individual accounts during the period April to September 2013 was between £65k and £189k, at interest rates between 0.63% (in quarter 1) and 0.51% (in quarter 2).
- 3.2.20 For consistency with accounting requirements:
- The principal element of the HCA annuity repayment due within 12 months (£22k) is included as short term borrowing
 - Current commitments on finance leases – i.e. amounts due within the current financial year – are not included in the short term borrowing balances shown.

Variations (if any) from or to agreed policies and practices

3.2.21 Compliance with agreed policies and practices has been monitored during the year to date. There have been no reported breaches in the first six months of this year.

Interim performance report

3.2.22 Investment performance to 30 September 2013 is attached at **Appendix G**.

3.2.23 The monthly rate of return on investments has dropped steadily as the year has progressed, from a high of 1.10% in April to 0.80% in September, averaging 0.94% over the period.

3.2.24 The variance between the Council's monthly rate of return on investments and the average 7-day Libid rate (at the time of investment) is used as a measure of treasury performance, where a positive variance reflects an enhanced level of performance. As average 7 day Libid has remained fairly constant over the period, the variance to the 7-day Libid rate has also dropped steadily as the year has progressed, from a high of 0.73% in April to 0.44% in September, averaging 0.57% over the period. The monthly target is 0.50%.

3.2.25 The drop in performance arises from external market changes impacting negatively on available interest rates. Primarily, increased money supply as a result of economic initiatives such as quantitative easing (QE) and the government's funding for lending scheme have reduced the need for banks to attract cash from investors. This has been particularly evident in the deterioration in enhanced interest rates that are sometimes offered to local authorities. As an illustration, a 364 day investment with one of the part nationalised banks on 1 October 2012 attracted a rate of 2.70%, with the comparable rate at 30 September this year being 0.98%.

Regular monitoring

3.2.26 An investment register is maintained, and updated on a daily basis, showing current investments and deposit account balances with counterparties used, investment durations and interest rates achieved.

3.2.27 Monthly reconciliations are completed for outstanding investment principal, interest received, outstanding borrowing principal and interest paid to ensure all transactions have been made and recorded accurately.

3.2.28 Prudential and treasury indicators are monitored on a regular basis. Any variances or breaches of the indicators are reported to Cabinet and Council on a timely basis. **Appendix H** contains treasury management indicator monitoring information at 30 September 2013. **Appendix I** contains prudential indicator monitoring information at 30 September 2013. Where appropriate figures include borrowings arising from finance leases. There have been no breaches of any indicators during the first half of the financial year.

3.2.29 The debt financing and debt management budgets have been monitored monthly since the start of the year, with any significant variances reported as part of the corporate financial performance reports. The debt financing budget forecast as at 30 September 2013 is attached at **Appendix J**.

3.2.30 The General Fund debt financing budget at the end of September 2013 is forecast at £233k over budget. This is mainly due to a significant fall in available investment interest rates in recent months, as outlined in paragraph 3.2.25 above. £208k of the shortfall can be met from the debt financing earmarked reserve, which was specifically set up to deal with the budgetary risks of fluctuations in interest rates. The remaining £25k overspend relates to MRP, where charges arising from the financing of the capital programme in 2012-13 are higher than budgeted. The budget will continue to be closely monitored over the coming months.

3.2.31 The 2014-15 debt financing budget will be put together with the expectation that the current historically low interest rate environment will continue into the near to medium term, such that any forecast deficiencies can be managed within the budget envelope, but supported by the remaining debt financing earmarked reserve if interest rates deteriorate still further.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The Council is required to adopt the latest CIPFA Treasury Management Code of Practice, and to set and agree the following policy and strategy documents:

a) Treasury Management Policy Statement

b) Treasury Management Practices (TMPs) and TMP Schedules

c) An annual Treasury Strategy incorporating:

(i) The Capital Financing and Borrowing Strategy for the year including:

- The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
- The Affordable Borrowing Limit for the year as required by the Local Government Act 2003.

(ii) The Investment Strategy for the year as required by the CLG Guidance on Local Government Investments issued in 2010.

d) A mid-year review report and an annual review report of the previous year.

Items (a) to (c) are reported to Cabinet and Council as part of the budget setting process. The Council's Treasury Strategy for 2013-14 was approved by Council at its meeting on 25 February 2013.

- 4.1.2 The CIPFA Treasury Management Code of Practice requires the Council to place nominate a body (such as an audit or scrutiny committee) responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices. The Audit Committee has been nominated for this role, which includes the review of all treasury management policies and procedures, the review of all treasury management reports to Cabinet and Council, and for making recommendations to Council.

4.2 Resources and Risk

- 4.2.1 The resources required for the Council's debt management and debt financing budgets are agreed annually through the Council's budget setting process. The debt financing budget position as at 30 September 2013 is shown at paragraph 3.2.30 and **Appendix J**.
- 4.2.2 The risk management of the treasury function is an integral part of day-to-day treasury activities. It is also specifically covered in the Council's Treasury Management Practices (TMPs), which are reviewed annually.

4.3 Legal

- 4.3.1 The Council is obliged to carry out its treasury management activities in line with statutory requirements and associated regulations and professional guidance. The relevant legislative and regulatory documents are referred to within the report and listed in the background papers.

4.4 Equality

- 4.4.1 An Equalities Impact Assessment (EIA) has been carried out on the Council's Treasury Management Strategy for 2013-14, and the associated Treasury Management Practices (TMPs) and Schedules to the TMPs.
- 4.4.2 The EIA assessment is that a full impact assessment is not necessary, as no direct or indirect relevance to equality and diversity duties has been identified.

4.5 Consultees (Internal and External)

- 4.5.1 Consultation on treasury management matters is undertaken as appropriate with the Council's treasury management advisor, CAS Treasury Solutions, and with the Cabinet Member for Finance.
- 4.5.2 The Audit Committee has been nominated by Council as the body responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices. This role includes the review of all treasury management policies and procedures, the review of all treasury management reports to Cabinet and Council, and the making of recommendations to Council. Audit

Committee reviewed the draft treasury management mid-year report and Appendixes at their meeting on 4 November 2013.

4.6 How the Proposals deliver Priority Outcomes

4.2.3 Management of performance in relation to treasury management activities supports the Council's priority of making every pound go further.

4.7 Other Implications

4.7.1 No other implications have been identified

5. Background Papers

None

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Economic Update provided by CAS Treasury Solutions

Quarter ending 30 September 2013

1. Economic Background

The quarter ended 30 September saw the following:

- Indicators suggested that the economic recovery accelerated;
- Household spending growth remained robust;
- Inflation fell back towards the 2% target;
- The Bank of England introduced state-contingent forward guidance;
- 10-year gilt yields rose to 3% at their peak and the FTSE 100 fell slightly to 6460;
- The Federal Reserve decided to maintain the monthly rate of its asset purchases.

After strong growth of 0.7% in Q2, it appears that UK GDP is likely to have grown at an even faster pace in Q3. On the basis of past form, the CIPS/Markit business surveys for July and August point to quarterly growth of potentially over 1.0% in the third quarter of 2013. Similarly, the official data have continued to improve. Admittedly, industrial production was flat in July. But even if it held steady in the rest of the quarter, it would still be 0.9% higher in Q3 than in Q2. In addition, the service sector expanded by 0.2% m/m and the construction sector grew by 2.2% m/m in July after growth of 1.8% q/q in Q2.

Consumer spending also continued to rise and may beat the increase seen in Q2. While the 1.1% monthly rise in retail sales in July was almost entirely offset by a 0.9% fall in August, the unusually warm weather in August is likely to have had a part to play in this. The retail surveys also painted a positive picture for household spending growth, with the Bank of England's Agents' Scores, BRC and CBI retail sales indicators showing stronger growth in Q3. And while growth in non-high street spending may have slowed, it probably remained robust. For example, although annual growth in new car registrations eased from the 24% rate seen in Q2, it was still a strong 15% in August.

The run of good news on the labour market continued, with the ILO unemployment rate falling to 7.7% in July from 7.8% in June. Employment rose by 80,000 in the three months to July, supported by an even bigger rise in full-time employment. This meant that the ratio of full-time to part-time workers continued to rise after it troughed last summer. The timelier claimant count measure of the unemployment rate also fell. Indeed, the cumulative fall in unemployment of 68,900 in July and August – the biggest two month fall since May and June 1997 – brought the claimant count unemployment rate down from 4.4% at the end of Q2 to 4.2% in August. Despite this, the headline (3 month average of the annual) rate of pay growth fell from 2.2% in June to just 1.1% in July. Excluding bonuses, earnings growth ticked up slightly to 1.1% y/y, but this remained well below the rate of CPI inflation at 2.7% in August, meaning real wages continued to fall.

Meanwhile, the cost of new credit has continued to fall, perhaps in response to the extension of the Bank of England's Funding for Lending Scheme (FLS) earlier this year. The quoted interest rate on a 5-year fixed mortgage at a 75% loan-to-value ratio was 3.34% in August, 7 basis points lower than in June and 77 basis points lower than when the FLS was introduced in July 2012.

Demand in the housing market continued to grow at a fast pace, supported by the FLS and the Government's Help to Buy scheme, which provide equity loans to credit-constrained borrowers. The RICS housing market survey reported that new buyer enquiries hit their highest level on record in August. Mortgage approvals for new house purchase rose to their highest level since February 2008 in August. Consequently, house prices continued to rise, with the Halifax and Nationwide measures recording 6.2% and 3.5% y/y rises in August, respectively. ONS data, though, shows that in real terms only London experienced year-on-year price rises in July. All other regions saw modest falls.

The economic recovery may finally be feeding through to the public finances. Although the government registered a surprise deficit in July (a month that normally delivers a surplus), in August net borrowing was 'just' £13.2bn, compared to £14.4bn in August 2012.

The new Governor of the Bank of England, Mark Carney, took office in July. Alongside the August Quarterly Inflation Report, the Bank introduced its new policy of forward guidance in which the Monetary Policy Committee (MPC) pledged not to raise official interest rates, or reduce the size of the asset purchase facility, until the ILO unemployment rate falls to 7%. At this point, the MPC would discuss whether or not to alter official policy. This guidance was subject to three 'knockouts' which, if breached, would invalidate the guidance. These are that the MPC forecasts inflation at or above 2.5% in 18-24 months' time, inflation expectations are no longer sufficiently well anchored or financial stability is threatened by the stance of monetary policy. On the MPC's current forecasts, the unemployment rate is most likely to reach 7% in late 2016.

However, financial markets continued to price in increases in Bank Rate by mid-2015, with overnight index swap rates and gilt yields rising after the announcement of forward guidance. Members of the MPC subsequently appeared at the Treasury Select Committee and three gave further speeches to clarify the guidance, but there was little market impact. However, the Bank of England's surveys suggest the message may have got through to the public as the balance of people expecting interest rates to rise over the next 12 months fell from 29% in May to 24% in August.

Meanwhile, CPI inflation fell from a 2013 peak of 2.9% in June to 2.7% in August. The fall was primarily the result of a drop in the contribution from petrol prices and a reduction in core inflation from 2.3% in June to 2% in August. CPI inflation looks likely to have edged down again in September, perhaps to about 2.5%, reflecting a further fading of both energy prices and core inflation.

The big news in financial markets was that the Federal Reserve unexpectedly decided not to taper its asset purchases in September. In announcing its decision to maintain monthly purchases at \$85bn, the Fed explained that it wanted to "await more evidence that [the economic recovery] will be sustained before adjusting the pace of its purchases." This came despite previous hints of tapering from the Fed and the fall in the unemployment rate in both July and August. It currently stands at 7.3%.

Across the quarter as a whole, advanced economy bond markets sold off, suggesting the rise in UK gilt yields was not solely down to markets' scepticism about domestic forward guidance. Gilt yields tracked US Treasury yields up, with ten-year gilts rising by around 60 basis points to reach 3% in early September for the first time since mid-2011. After the Fed's decision not to taper, gilt yields fell back, although not enough to offset the previous rise. Ten-year gilts finished the quarter at 2.7%. Equity markets stayed relatively flat over the quarter. While the FTSE 100 rose from 6470 to 6620 over the first few weeks of June, the index closed the quarter at 6462.

Meanwhile, Eurozone business surveys suggested that the economy continued to expand in Q3, albeit at a moderate pace. There was also a general election in Germany in which the incumbent Chancellor, Angela Merkel, performed better than expected by winning 41.5% of

the vote. She is now likely to form a coalition, but it remains to be seen what form this will take.

2. Interest Rate Forecast

The Council's treasury advisor, CAS Treasury Solutions, has provided the following interest rate forecast:

	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB rate	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%
10yr PWLB rate	3.70%	3.70%	3.70%	3.80%	3.80%	3.90%	4.00%
25yr PWLB rate	4.40%	4.40%	4.40%	4.50%	4.50%	4.60%	4.70%
50yr PWLB rate	4.40%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%

CAS Treasury Solutions undertook a review of its interest rate forecasts in late September as a result of an increase in confidence in economic recovery, chiefly in the US, but more recently, also in the UK and Eurozone. The latest forecast now includes a first increase in Bank Rate in quarter 3 of 2016 (previously quarter 4).

Summary Outlook

UK economy

After the previous Inflation Report included a somewhat encouraging shift towards optimism in terms of a marginal upgrading of growth forecasts, the August Inflation Report occurred in the midst of a welter of economic statistics which have left economists and forecasters speechless in terms of finding suitable words to describe a major simultaneous shift up in gear of the economy in all of the three sectors of services, manufacturing / industrial AND construction! It is therefore not surprising that the Report upgraded growth forecasts for 2013 from 1.2% to 1.4% and for 2014 from 1.7% to 2.5%. However, Bank Governor Mark Carney put this into perspective by describing this welcome increase as not yet being "escape velocity" to ensure we return to strong AND sustainable growth, after what has been the weakest recovery on record after a recession. So very encouraging - yes, but, still a long way to go! As for inflation, it was forecast to be little changed from the previous Report – falling back to 2% within two years and staying there during year three.

In addition to the stimulus provided by QE, the Funding for Lending Scheme (FLS), is aimed at encouraging banks to expand lending to small and medium size enterprises. The FLS certainly seems to be having a positive effect in terms of encouraging house purchases (though levels are still far below the pre-crisis level), and causing a significant increase in house prices – but only in London and the south east. FLS is also due to be bolstered by the second phase of Help to Buy aimed to support purchasing of second hand properties, which is now due to start in October.

Forward guidance caveats

The Bank of England also issued forward guidance with the Inflation Report which said that the Bank will not start to consider raising interest rates until the jobless rate (Labour Force Survey / ILO i.e. not the claimant count measure) has fallen to 7% or below. This would require the creation of about 750,000 jobs and was forecast to take three years. The UK unemployment rate currently stands at 2.5 million i.e. 7.7 % on the LFS / ILO measure. The Bank's guidance is subject to three provisos, mainly around inflation; breaching any of them would sever the link between interest rates and unemployment levels. This actually makes forecasting Bank Rate much more complex given the lack of available reliable forecasts by economists over a three year plus horizon. The Capita Asset Services view is that the recession since 2007 was notable for how unemployment did NOT rise to the levels that would normally be expected in a major recession. The latest Inflation Report noted that productivity has sunk to 2005 levels. We are, therefore, concerned that there has been a significant level of retention of labour, which will mean that a significant amount of GDP growth can be accommodated without a major reduction in unemployment.

In summary, our current views are centred around the following: -

UK

- Growth has been on an upward trend – 0.3% in Q1; 0.7% in Q2 and likely to be much stronger in Q3. The so called double dip recession at the beginning of 2012 was erased by the latest revision of statistics.
- Business surveys, consumer confidence, consumer borrowing and house prices are all on the up and may help to create a wide spread feel good factor. However, this is still a long way away from the UK getting back to sustainable strong growth.
- A fair proportion of UK GDP is dependent on overseas trade; the high correlation of UK growth to US and EU GDP growth means that the UK economy is still vulnerable to what happens in overseas markets.
- Consumer expenditure is likely to remain suppressed by inflation being higher than increases in average earnings i.e. disposable income will continue to be eroded.
- The coalition government is hampered in promoting growth by the need to tackle the budget deficit. However, the March Budget did contain measures to boost house building and the supply of mortgages, and brought forward, by one year to April 2014, the start of a £10,000 tax free allowance for incomes.
- There is little sign of a co-ordinated strategy for the private sector to finance a major expansion of infrastructure investment to boost UK growth.
- Government inspired measures to increase the supply of credit to small and medium enterprises (which are key to achieving stronger growth) by banks are not succeeding.
- Gilt yields remain vulnerable to pressures to rise, especially as they are powerfully influenced by US treasury yields and American investors have been spooked by Chairman Bernanke's comments on tapering QE. The Fed's reluctance to start tapering in September has, potentially, only delayed a trend for gilt yields to rise.

Eurozone

- Most Eurozone countries are now starting to see a return to growth after a prolonged recession. The prospects for growth, at least in the short term, have also improved. However, for some countries, austerity programmes could prove to be a self-defeating spiral of falling demand, tax receipts, and GDP, leading to a rise, not fall, in debt to GDP ratios. Debt ratios in excess of 90% will cause market concern as beyond this level, the costs of servicing such debt become oppressive and growth-inhibiting. This could, therefore, lead to an inevitable end game in the over the next few years of withdrawal from the Eurozone bloc in order to regain national control of a currency, government debt, monetary policy and, therefore, of setting national interest rates. The ECB's pledge to provide unlimited bond-buying support for countries that request an official bailout means that market anxiety about these countries is likely to be subdued in the near term. However, the poor economic fundamentals and outlook for some economies could well mean that an eventual storm in financial markets has only been delayed, not cancelled.
- The ECB maintained its central policy rate at 0.5% in this quarter.
- Greece: after the agreement to a further major financial support package amounting to nearly €50bn in December 2012, it now looks almost certain that the country will need another, smaller, bailout package as progress has not been quick enough in rectifying the national finances.
- Spain: there is also increasing concern over the Spanish economy; the social cost and pain of a very high level of unemployment of 27%, similar to the level in Greece, could mean that both countries are approaching the limit of operating austerity programmes within democratic systems. Spain has, to date, resisted asking for an official national bailout, although it has received financial support to recapitalise its four largest banks.
- Italy: the general election created a highly unstable political situation where the two dominant parties initially formed an unlikely coalition due to the blocking power of the new upstart Five Star anti-austerity party which has 25% of seats and has refused to enter a coalition agreement with ANY party. There could therefore be volatility in Spanish and Italian bond yields over the next year, depending on political and economic developments.
- Germany: the general election in September returned Angela Merkel's party to power, but not with an overall majority. It will have to form a coalition, but with a new makeup, as the previous junior party was wiped out.
- Cyprus: the fallout from the bail-out in March 2013 has done huge damage to the Cypriot economy and many commentators consider it is only a matter of time before another bailout will be needed – or exit from the Euro.
- The Eurozone remains particularly vulnerable to investor fears of contagion if one country gets into major difficulty.

US

- There has been a marked improvement in consumer, investor and business confidence this year.
- Unemployment has continued on a steady, but unspectacular decline to 7.3%, but is still a long way from the target rate of 6.5% for an increase in the Fed policy rate.

- The housing market has turned a corner, both in terms of rising prices and in increases in the volume of house sales. More householders are, therefore, escaping from negative equity.
- US equities have reached all-time highs.
- The package of tax increases and cuts in Government expenditure starting in 2013 does not appear to be having a major impact on depressing growth.
- GDP in Q1 was disappointingly downgraded from +2.4% to a sub-par +1.8% before rising to 2.5% in Q2.
- The shale gas revolution is providing some solid underpinning to the US economy by enhancing its international competitiveness through cheap costs of fuel.
- There has been a start to the repatriation of manufacturing production from China to the USA as Chinese labour costs have continued their inexorable rise and new forms of high tech production have made home based production more viable and flexible.

China

- Concerns that Chinese growth could be heading downwards have been allayed by recent stronger statistics. There are still concerns around an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector.
- There are also increasing concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan

- The initial euphoria generated by “Abenomics”, the huge QE operation instituted by the Japanese government to buy Japanese debt, has tempered as the follow through of measures to reform the financial system and introduce other economic reforms, appears to have stalled.

Forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely during the remainder of 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.

Near-term, there is some residual risk of further QE - if there is a dip in strong growth or if the MPC takes action to do more QE in order to reverse the rapid increase in market rates, especially in gilt yields and interest rates up to 10 years. This could cause shorter-dated gilt yields and PwLB rates over the next year or two to significantly undershoot the forecasts in the table below. The failure in the US, (at the time of writing), over passing a Federal budget for the new financial year starting on 1 October, and the expected tension over raising the debt ceiling in mid-October, could also see bond yields temporarily dip until any binding agreement is reached between the opposing Republican and Democrat sides. Conversely, the eventual start of tapering by the Fed could cause bond yields to rise.

The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently weighted to the upside after five months of robust good news on the economy. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

Downside risks currently include:

- The conflict in the UK between market expectations of how quickly unemployment will fall as opposed to the Bank of England's forecasts
- Prolonged political disagreement over the US Federal Budget and raising the debt ceiling
- A return to weak economic growth in the US, UK and China causing major disappointment to investor and market expectations.
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds.

The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include:

- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- Further downgrading by credit rating agencies of the creditworthiness and credit rating of UK Government debt, consequent upon repeated failure to achieve fiscal correction targets and sustained recovery of economic growth which could result in the ratio of total government debt to GDP to rise to levels that undermine investor confidence in the UK and UK debt.

- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- In the longer term – an earlier than currently expected reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

Outstanding Investments at 30th September 2013

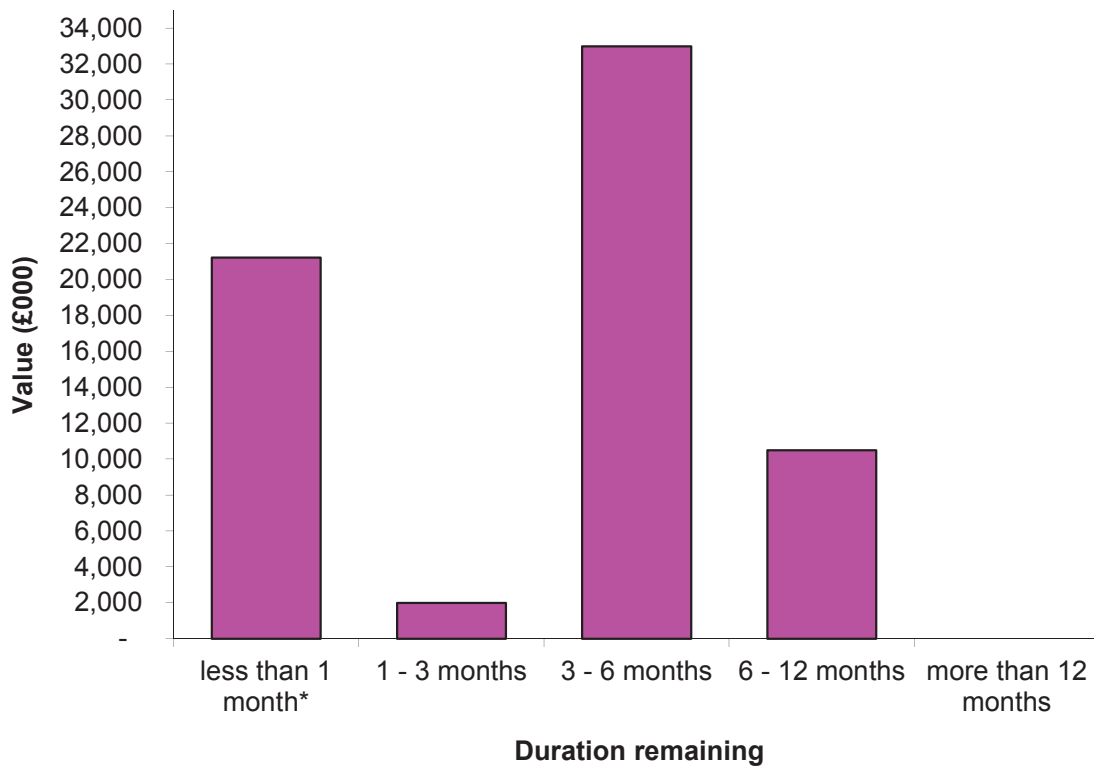
Deposit Accounts, Call Accounts & Money Market Funds

Counterparty	Balance (£000)
<i>Deposit Accounts</i>	
HSBC Bank	130
NatWest Bank	12
<i>Call Accounts</i>	
NatWest Bank 95 day notice	17,000
<i>Money Market Funds</i>	
Ignis Sterling Liquidity Fund	13,190
Insight Liquidity Fund	3,400
Total Deposit Accounts, Call Accounts & Money Market Funds	<u>33,732</u>

Fixed Term Investments

Counterparty	Start Date	End Date	Value Invested (£000)
Royal Bank of Scotland	01/05/12	01/05/14	1,000
Bank of Scotland	12/10/12	11/10/13	2,500
Bank of Scotland	04/02/13	03/02/14	5,000
Nationwide Building Society	11/04/13	11/10/13	2,000
Bank of Scotland	23/04/13	22/04/14	2,000
Nordea Bank Finland	30/04/13	31/10/13	1,000
Bank of Scotland	22/05/13	21/05/14	3,000
DBS Bank	03/06/13	03/12/13	1,000
Nationwide Building Society	29/07/13	29/01/14	3,000
Bank of Scotland	12/08/13	11/08/14	5,000
Standard Chartered Bank	23/08/13	24/02/14	1,000
Standard Chartered Bank	19/09/13	19/03/14	2,000
NatWest Bank	25/09/13	24/09/14	2,000
Bank of Scotland	30/09/13	29/09/14	2,500
Total Fixed Term Investments			<u>33,000</u>
Total Investments at 30 September 2013			<u>66,732</u>

Maturity profile of investments (days remaining at 30 Sept 2013)

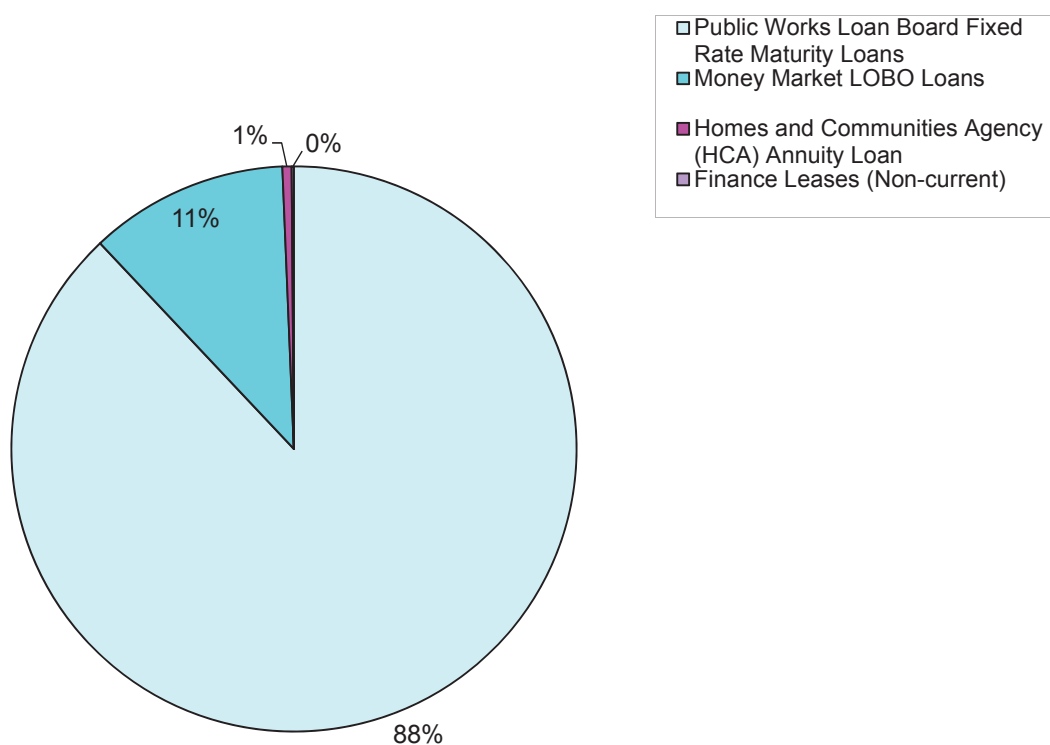


Duration remaining	Value (£000)	% of total
less than 1 month*	21,232	32
1 - 3 months	2,000	3
3 - 6 months	33,000	49
6 - 12 months	10,500	16
more than 12 months	-	-
Total	66,732	100

* Includes instant access deposit accounts and money market funds

Long Term Borrowing as at 30 September 2013

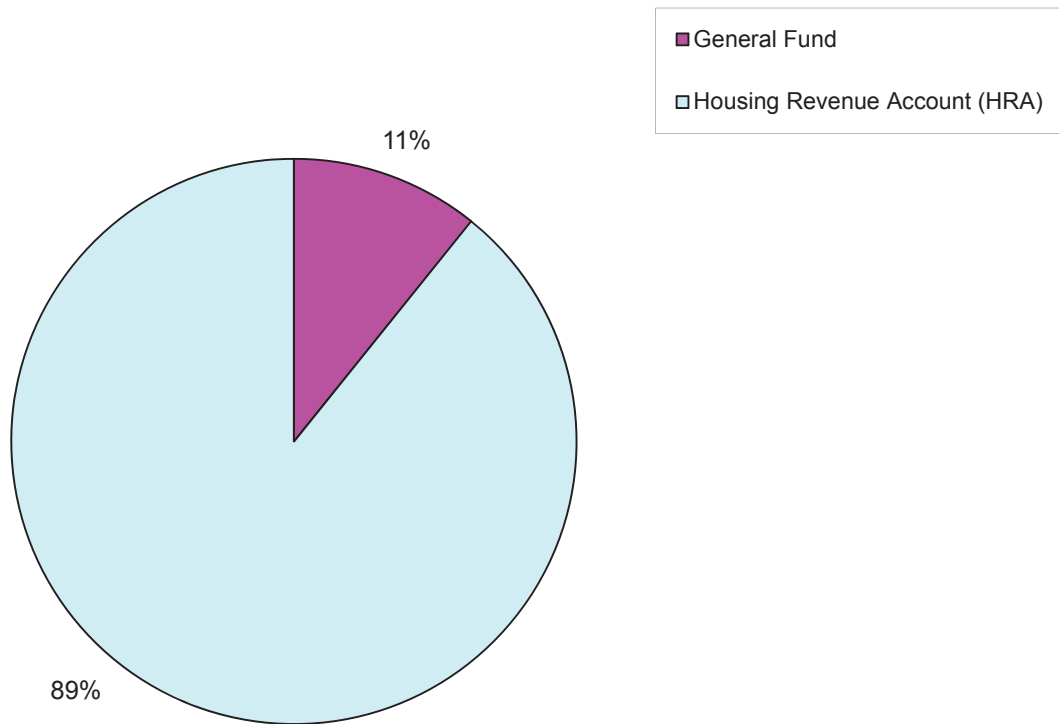
	Principal £'000	Proportion of Debt %	Range of Interest Rates Paid	
			From %	To %
Public Works Loan Board Fixed Rate Maturity Loans	191,613	87.96	1.24	3.97
Money Market LOBO Loans	24,788	11.38	4.85	7.03
Homes and Communities Agency (HCA) Annuity Loan	1,148	0.53	9.25	9.25
Finance Leases (Non-current)	289	0.13	4.04	8.06
Total Long Term Debt Outstanding	217,838	100		



Figures shown at balance sheet (amortised) value

Long Term Borrowing as at 30th September 2013

	Principal £'000	Proportion of Debt %	Range of Interest Rates Paid	
			From %	To %
General Fund	24,706	11.34	3.47	9.25
Housing Revenue Account (HRA)	193,132	88.66	1.24	4.85
Total Long Term Debt Outstanding	217,838	100		



Figures shown at balance sheet (amortised) value

Long Term Debt Maturity Profile as at 30th September 2013

Time Frame	Time Frame	Value of Loans Maturing £'000	Proportion of Long Term Debt %
0 to 5 years	Oct '13 - Sept '18	27,764	13%
6 to 10 years	Oct '18 - Sept '23	15,221	7%
11 to 15 years	Oct '23 - Sept '28	40,324	19%
16 to 20 years	Oct '28 - Sept '33	504	0%
21 to 25 years	Oct '33 - Sept '38	-	0%
26 to 30 years	Oct '38 - Sept '43	-	0%
31 to 35 years	Oct '43 - Sept '48	-	0%
36 to 40 years	Oct '48 - Sept '53	-	0%
44 to 45 years	Oct '53 - Sept '58	-	0%
46 to to 50 years	Oct '58 - Sept '63	125,000	57%
51 to 55 years	Oct '63 - Sept '68	9,000	4%
Total		217,813	100%

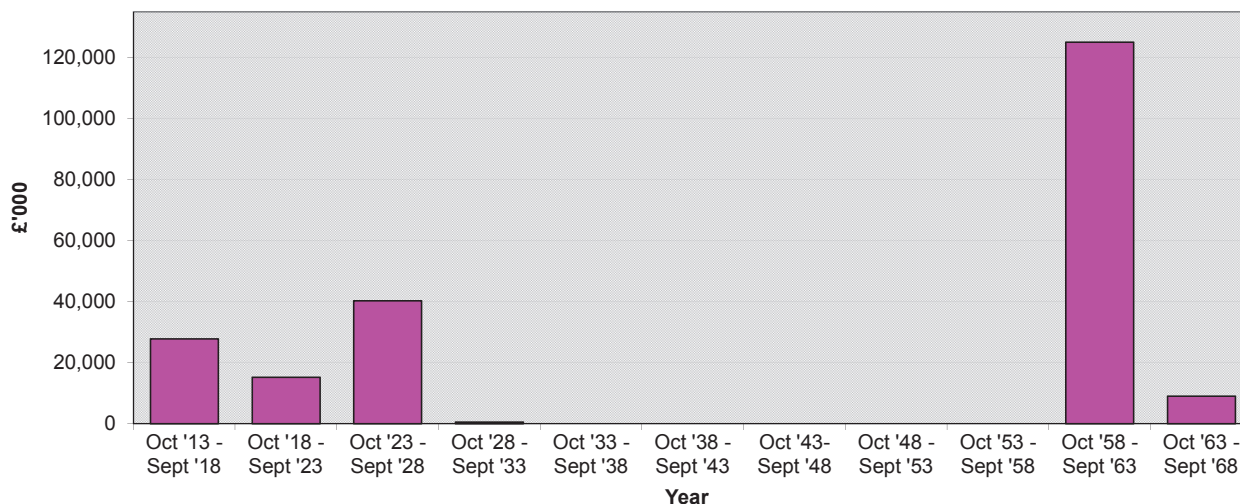
The Council's three LOBO loans mature in 2014-15 (£15.6m) and in 2065/66 (£9m).

Thirteen PWLB Loans mature between 2016 and 2028 (£65m), and the fourteenth and largest loan is due for repayment in 2061-62

The HCA annuity is repaid across the term of the loan, with the final payment due in 2033-34.

Most finance lease borrowings (£276k) mature within the next five years, with the remainder (£12k) maturing within ten years.

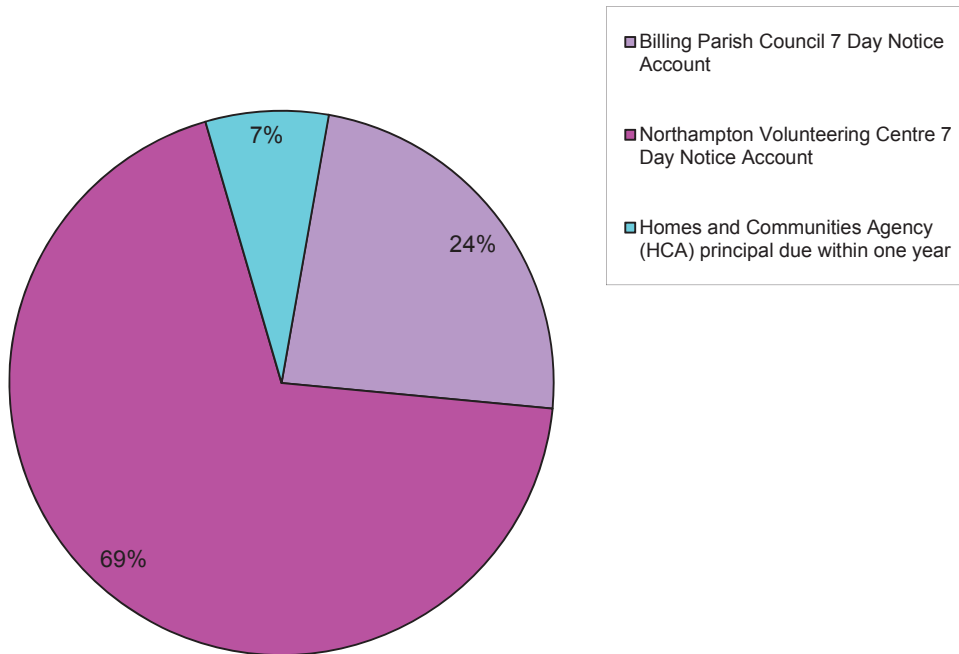
Long Term Debt Maturity Profile as at 30th September 2013



Figures shown at cash value rather than amortised cost to reflect commitment at maturity

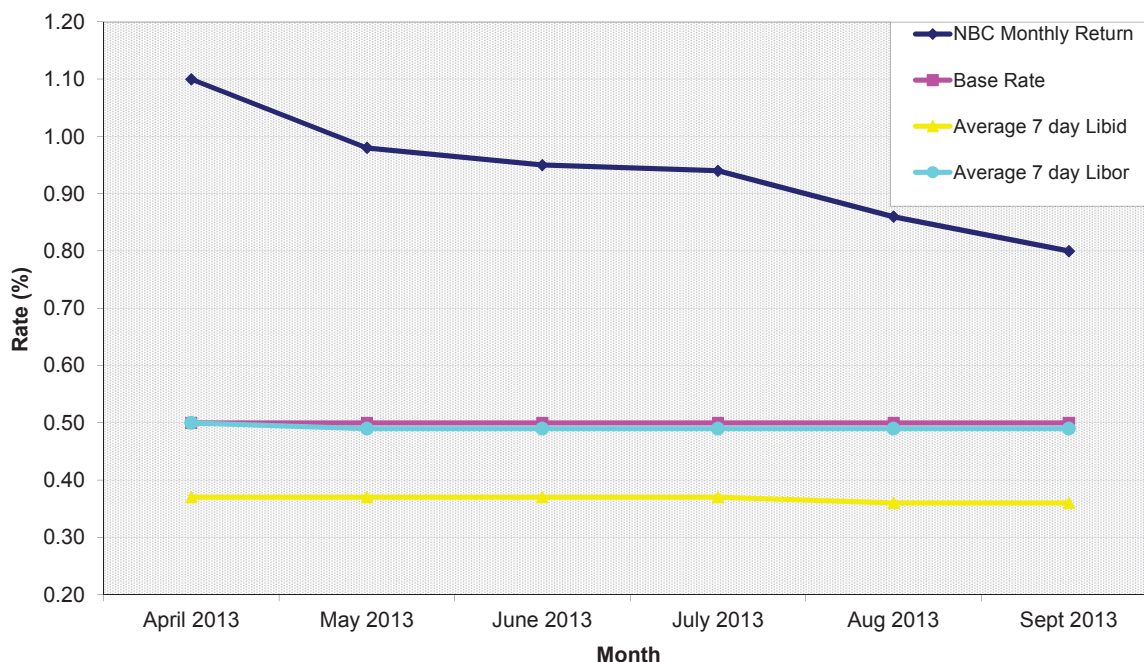
Short Term Borrowing as at 30th September 2013

	Principal £'000	Proportion of Debt %	Range of Interest Rates Paid to 30/09/2013	
			From %	To %
Billing Parish Council 7 Day Notice Account	65	24	0.51	0.63
Northampton Volunteering Centre 7 Day Notice Account	189	69	0.51	0.63
Homes and Communities Agency (HCA) principal due within one year	20	7	9.25	9.25
Total Debt Outstanding at 30th September 2013	274	100		



Figures shown at cash value

Investment Performance 2013-14 - to 30 Sept 2013



Temporary Investments - Comparison of Monthly Rate of Return to Base Rate and 7 Day Libid Rate					
Month	NBC Monthly Return %	Base Rate %	Average 7 day Libid %	Average 7 day Libor %	Variance - Monthly Return - Libid %
April 2013	1.10	0.50	0.37	0.50	0.73
May 2013	0.98	0.50	0.37	0.49	0.61
June 2013	0.95	0.50	0.37	0.49	0.58
July 2013	0.94	0.50	0.37	0.49	0.57
Aug 2013	0.86	0.50	0.36	0.49	0.50
Sept 2013	0.80	0.50	0.36	0.49	0.44
Average to 30/09/13	0.94	0.50	0.37	0.49	0.57

Average LIBID and LIBOR rates supplied by CAS Treasury Solutions originally to 4 decimal places rounded to 2 decimal places above.

The monthly rate of return is the average interest rate the Council achieved on fixed investments and deposit account balances it held during the month.

The average 7 day Libid/Libor rate is the rate of return the Council would have achieved in the month if the interest rate applicable on fixed investments held during the month had been the 7 day Libid/Libor rate at the time of investment, and interest had been calculated daily for deposit accounts using the 7 day Libid/Libor rate for each day.

The monthly return - Libid variance is the difference between the rate achieved during the month and the rate that could have been achieved at the average 7 day Libid rate as defined above.

Treasury Indicators monitoring at 30 September 2013

1a. Upper limits on interest rate exposures - Investments

Upper limits on interest rate exposures - Investments			
	2013-14	2013-14	2013-14
	Limit %	Actual at 30/09/2013 %	Maximum to 30/09/2013 %
Fixed Interest Rate Exposures	100%	49%	57%
Variable Interest Rate Exposures	100%	51%	66%

1b. Upper limits on interest rate exposures - Borrowing

Upper limits on interest rate exposures - Borrowing			
	2013-14	2013-14	2013-14
	Limit %	Actual at 30/09/2013 %	Maximum to 30/09/2013 %
Fixed Interest Rate Exposures	100%	89%	89%
Variable Interest Rate Exposures	100%	11%	12%

1c. Upper limits on interest rate exposures - Net borrowing

Upper limits on interest rate exposures - Net borrowing			
	2013-14	2013-14	2013-14
	Limit %	Actual at 30/09/2013 %	Maximum to 30/09/2013
Fixed Interest Rate Exposures	150%	106%	122%
Variable Interest Rate Exposures	150%	-6%	3%

Note: In the three indicators above the maximum values may relate to different points in time and may not therefore add up to 100% in each indicator. It is also possible for negative indicators to arise in either the actual or maximum indicators

2. Total principal sums invested for periods longer than 364 days

Upper limit on investments for periods longer than 364 days			
	2013-14	2013-14	2013-14
	Limit £000	Actual at 30/09/2013 £000	Maximum to 30/09/2013 £000
Investments longer than 364 days	17,000	0	1,000

3. Maturity Structure of Borrowing

Maturity structure of borrowing			
	2013-14	2013-14	2013-14
	Lower Limit %	Upper Limit %	Actual at 30/09/2013 %
Under 12 months	0%	20%	11%
1-2 years	0%	20%	0%
2-5 years	0%	20%	5%
5-10 years	0%	20%	7%
10 -20 years	0%	40%	19%
20-30 years	0%	60%	0%
30-40 years	0%	80%	0%
Over 40 years	0%	100%	57%

Note: The guidance for this indicator requires that LOBO loans are shown as maturing at the next possible call date rather than at final maturity. The Council's three LOBO loans are therefore included in the figure maturing in under 12 months. This presentation differs from that in Annex E, where LOBO loans are included at their final maturity date. In the current low interest rate environment the likelihood of the interest rates on these loans being raised and the loans requiring repayment at the break period is extremely low.

Prudential Indicators Monitoring at 30 September 2013

Affordability**a) Estimate of the ratio of financing costs to net revenue stream**

Ratio of financing costs to net revenue stream		
	2013-14 Estimate %	2013-14 Estimate at 30/09/2013 %
General Fund	6.02%	6.87%
HRA	33.49%	33.54%

b) Estimate of the incremental impact of capital investment decisions on the council tax

Estimates of incremental impact of new capital investment decisions on the Council Tax	
	2013-14 Estimate £.p
General Fund	0.27

This indicator is set before the start of the financial year, in the context of the budget setting process, which feeds into the setting of Council Tax and Housing Rents. As these are set and fixed for the financial year ahead, any capital investment decisions made during the year cannot impact on the existing Council Tax and Housing rent levels. This means that new capital investment plans approved during the year must be funded externally or from within existing resources.

c) Estimate of the incremental impact of capital investment decisions on the housing rents

Estimates of incremental impact of new capital investment decisions on average weekly housing rents	
	2013-14 Estimate £.p
Housing Revenue Account	0.06

This indicator is set before the start of the financial year, in the context of the budget setting process, which feeds into the setting of Council Tax and Housing Rents. As these are set and fixed for the financial year ahead, any capital investment decisions made during the year cannot impact on the existing Council Tax and Housing rent levels. This means that new capital investment plans approved during the year must be funded externally or from within existing resources.

Prudence**d) Gross debt and the capital financing requirement (CFR)**

Net external debt less than CFR				
	2013-14 £000	2013-14 Position at 30/09/2013 £000	2013-14 Maximum Net to 30/09/2013 £000	2013-14 Forecast Maximum £000
Borrowing	216,129	217,545	217,560	217,560
Gross external debt	216,129	217,545	217,560	217,560
2012-13 Closing CFR (Forecast)	216,826	216,615	216,615	216,615
Changes to CFR:	0	0	0	0
2013-14	5,118	5,216	5,216	5,216
2014-15	-	(114)	(114)	(114)
2015-16	-	(154)	(154)	(154)
Adjusted CFR	221,944	221,564	221,564	221,564
Gross external debt greater than adjusted CFR	No	No	No	No

Capital Expenditure

e) Estimate of capital expenditure

Capital Expenditure		
	2013-14 Estimate £000	2013-14 Estimate at 30/09/2013 £000
General Fund	5,747	19,557
HRA	24,375	27,492
Total	30,122	47,049

f) Estimates of capital financing requirement (CFR)

Capital Financing Requirement (Closing CFR)		
	2013-14 31 March 2014 Estimate £000	2013-14 31 March 2014 Forecast at 30/09/2013
General Fund	35,141	39,642
HRA	186,803	186,803
Total	221,944	226,446

External Debt

g) Authorised limit for external debt

Authorised limit for external debt				
	2013-14 Limit £000	2013-14 Actual at 30/09/2013 £000	2013-14 Maximum to 30/09/2013 £000	2013-14 Forecast Maximum £000
Borrowing	240,000	217,545	217,560	217,560
Other long-term liabilities	5,000	289	289	289
Total	245,000	217,833	217,848	217,848

h) Operational boundary for external debt

Operational boundary for external debt				
	2013-14 Limit £000	2013-14 Actual at 30/09/2013 £000	2013-14 Maximum to 30/09/2013 £000	2013-14 Forecast Maximum £000
Borrowing	245,000	217,545	217,560	217,560
Other long-term liabilities	5,000	289	289	289
Total	250,000	217,833	217,848	217,848

i) HRA Limit on Indebtedness

HRA Limit on Indebtedness		
	2013-14 Limit £000	2013-14 Forecast closing HRA CFR at 30 Sept 2013 £000
Total	208,401	186,803

i) Adoption of the CIPFA code of Practice for Treasury Management in the Public Services

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes. The adoption is included in the Council's Constitution, approved by the Council on 14 March 2011, at paragraph 6.10 of the Financial Regulations

Debt Financing Budget Monitoring 2013-14 - To 30 September 2013

	Budget	Actual	Variance to Budget	Forecast	Variance to Budget
	£	£	£	£	£
Debt Financing & Interest					
Interest Payable					
Interest on Long Term Borrowing	1,275,370	582,905	(692,465)	1,294,719	19,349
Interest on Short Term Borrowing	1,700	465	(1,235)	1,860	160
Interest on Finance Leases	0	2,730	2,730	0	0
Other Miscellaneous Interest	2,550	1,112	(1,438)	2,375	(175)
Amortisation Adjustments	0	0	0	954	954
Total Interest Payable	1,279,620	587,211	(692,409)	1,299,907	20,287
Interest Receivable					
Long Term Investment Interest Received	0	(7,960)	(7,960)	(13,801)	(13,801)
Short Term Investment Interest Received	(481,300)	(242,932)	238,368	(469,055)	12,245
Cash Equivalents Interest Received	(331,300)	(100,429)	230,871	(243,229)	88,071
Other Miscellaneous Interest	0	0	0	(20,463)	(20,463)
Interest on Finance Leases	0	18	18	0	0
Amortisation Adjustments	0	176,663	176,663	147,354	147,354
Total Interest Receivable	(812,600)	(174,640)	637,960	(599,194)	213,406
Other Debt Financing Transactions					
Minimum Revenue Provision	840,060	0	(840,060)	865,275	25,215
Recharges to/from HRA - Interest on cash balances	273,870	0	(273,870)	251,393	(22,477)
HRA interest - (Over)/under funded CFR	61,970	0	(61,970)	58,249	(3,721)
Total Other Debt Financing Transactions	1,175,900	0	(1,175,900)	1,174,917	(983)
Total Debt Financing & Interest	1,642,920	412,571	(1,230,349)	1,875,630	232,710