

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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Appendix Number	Appendix Name
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- | | |
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| 1 | Tenants' Panel Information Sheets |
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| 1 | Tenant Survey |
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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 10

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

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 – Mutuel	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

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