

Cheltenham Borough Council

Cabinet – 11 December 2012

Housing Options Review

Accountable member	Councillor Peter Jeffries, Cabinet Member Housing and Safety
Accountable officer	Pat Pratley, Executive Director
Ward(s) affected	All
Key Decision	No
Executive summary	<p>Housing Options delivers the Council's statutory duties towards households who are homeless or in housing need, as required under the Housing Act 1996. The service performs well and the staff work with and provide support to some of the most vulnerable people within the community of Cheltenham.</p> <p>Earlier this year the Council adopted its new Housing and Homelessness Strategy in response to the impending welfare reforms announced by Government. The strategy outlines the outcomes the Council wishes to achieve to prevent homelessness in the Borough.</p> <p>In anticipation of the welfare reforms, the Council had already committed to review its Housing Options service to make sure that it was fit for purpose and also to consider how the service may be commissioned in the future.</p> <p>The commissioning review has reached the conclusion, at the end of the analysis phase, that there are 2 potential commissioning options available; in-house provision or, alternatively, to transfer the service to a registered provider, in this case the Council's Arms Length Management Organisation (ALMO), Cheltenham Borough Homes (CBH).</p> <p>CBH is a 3 star ALMO. During the autumn CBH will, together with its stakeholders, including the Council, be considering its future service priorities, seeking to build upon its excellent performance record as well as its community engagement and community development role. Commissioning Housing Options on behalf of CBC will be one of the service options that CBH will consider.</p> <p>In the meantime, the in-house Housing Options team will consider how the service needs to adapt, or consider new service delivery methods to achieve the Council's stated outcomes for homelessness prevention. This thinking and work is necessary regardless of who delivers the service in the future as it will form the basis of a service specification/service plan against which the provider will be judged against on delivery and performance.</p>

<p>Recommendations</p>	<p>1. When undertaking service re-design, and commissioning the service, the Council requires the future service provider to identify and implement innovative services/schemes in an effort to combat the affects of welfare reform on the most vulnerable households. (Para 4.1.6)</p> <p>2. Housing Options Management continue to pursue enhancements to the Homeseeker system and that the necessary training and changes to processes identified through systems thinking are progressed. (Para 4.2.5)</p> <p>3. Cabinet endorse the conclusion that there are 2 potential commissioning options for Housing Options, ie, in-house and transfer the service to CBH and that a further report be brought back to Cabinet in May 2013 recommending the proposed commissioning option. (Para 4.3.9)</p>
<p>Financial implications</p>	<p>A reduction of £30,000 in the cost of the existing service has been identified (paragraph 2.2). There are no direct financial implications arising from this report. The financial implications of potentially commissioning the service will be considered as part of the commissioning review and reported to Cabinet in May 2013.</p> <p>Contact officer: Sarah Didcote Sarah.Didcote@cheltenham.gov.uk, 01242 264125</p>

<p>Legal implications</p>	<p>Part VII of the Housing Act 1996 contains the provisions on the council's functions in relation to homelessness. By virtue of the Local Authorities (Contracting Out of Allocation of Housing and Homelessness Functions) Order 1996 the council will be able to authorise CBH to exercise those functions contained in Part VII of the Housing Act 1996 with the exception of:</p> <p>Section 179(2) and (3) - power to give assistance to any person providing advisory services about homelessness and the prevention of homelessness by the means specified in the Section which include assistance by way of grant, loan and use of council premises or assets.</p> <p>Section 180 – power to give assistance to voluntary organisations concerned with homelessness or matters relating to the homeless by the means specified in the Section which include assistance by way of grant, loan and use of council premises or assets.</p> <p>If the service is contracted out to CBH the council will still have a duty as the local housing authority to comply with Sections 1 – 3 of the Homelessness Act 2002 (carrying out reviews and publishing new homelessness strategies within five years of publication of the current strategy) and also to keep the council's tenancy strategy under review and publish any modifications under Sections 150-151 of the Localism Act 2011.</p> <p>As CBH is a company wholly owned by the Council, the Council can engage it to carry out the Housing Options services without having to undertake a competitive EU procurement process by relying on the 'Teckal' case. This case provides an exemption to compliance with the EU procurement rules.</p> <p>If CBH is to undertake this service no changes to its Articles of Association will be necessary as they already permit CBH to provide services of any description for Cheltenham Borough Council. The council would need to decide whether to amend the current management agreement to include these services or enter into a separate contract for services.</p> <p>Contact officer: Donna Ruck, Solicitor, donna.ruck@tewkesbury.gov.uk, 01684 272696</p>
<p>HR implications (including learning and organisational development)</p>	<p>No direct HR implications from the content of this report. Implications will arise if the decision is taken to transfer the service to CBH where the TUPE process and timescales will need to be followed and a full consultation process will need to take place.</p> <p>Contact officer: Sarah Flury, sarah.flury@cheltenham.gov.uk, 01242 775215</p>
<p>Key risks</p>	<p>See appendix 1</p>
<p>Corporate and community plan Implications</p>	<p>The outcomes for tackling homelessness are contained within the Councils Housing and Homelessness Strategy adopted by Cabinet on 17 July 2012. The commissioning review is an action within the Corporate Plan.</p>
<p>Environmental and climate change implications</p>	

1. Background

- 1.1** Housing Options delivers the Council's statutory duties towards households who are homeless or in housing need, as required under the Housing Act 1996. If a person is homeless or at risk of losing their home, Housing Options advise on what options exist to enable householders to stay in their own home. The team also advise on what other housing options may exist for householders. Their priority is preventing homelessness. The team also carry out the assessment of homelessness applications and are responsible for determining an individual's homelessness status, ie, intentional or otherwise.
- 1.2** Housing Options delivers a number of preventative services to its customers to help them avoid becoming homeless in the first instance. These services include guidance and support to increase financial capability which may help householders to remain in their current accommodation or secure private rented accommodation. The service also signposts applicants to other services/agencies where appropriate and provides advice and guidance on adaptations to existing accommodation, again, where this may assist an applicant remaining in their existing home.
- 1.3** Housing Options also operates Gloucestershire Homeseeker which is the Gloucestershire's choice based lettings system for letting social housing. It is a partnership formed between the 6 Gloucestershire district councils and many of the housing associations and social landlords, also known as registered providers.
- 1.4** The total General Fund (GF) revenue budget for the Housing Options service is £797Kpa. Of this budget £101Kpa is recharged to the Housing Revenue Account (HRA). External grants (ongoing and one-off) total £248Kpa and are used to commission homelessness prevention activity.

2. Strategic Context

- 2.1** The strategic context for the review is clearly set out in the Housing and Homelessness Strategy 2012-17. The Localism Act 2011, and the social housing reform contained within it, brought about changes to the statutory homelessness duties and social tenure reform. The Welfare Reform Act 2012, legislated for the biggest change to the welfare system for over 60 years. Most significantly are changes to the Local Housing Allowance (LHA) scheme which began in May 2011 leading up to the introduction of Universal Credit in 2013.
- 2.2** Prior to the significant changes brought about through legislation, Cabinet had already determined that it wished to consider how Housing Options services should be commissioned so that it could effectively meet the challenges of welfare reform. In the light of a challenging financial backdrop Cabinet also sought to achieve a modest reduction in the cost of the service of £30Kpa which it has been possible to achieve through a reduction to the grant budgets within the service cost centre.

3. Tackling Homelessness – Commissioning Outcomes

- 3.1** The Homelessness Strategy states the Council's priority will be to seek to mitigate against the potential impact of the welfare reform changes. The strategy also articulates the outcomes the Council wishes to achieve to mitigate against any negative impacts welfare changes could bring to those most in housing need.
- 3.2** The Homelessness Strategy outcomes (below) will be used to guide the evaluation of alternative delivery options in the coming phases of the review.
 - To prevent homelessness
 - To reduce manageable debt, which if left unchecked can lead to homelessness
 - To improve the financial capability of households

- To maximise incomes
- To ensure that vulnerable people are adequately supported through the welfare reforms

4. Commissioning Housing Options – Analysis Phase

4.1 Service Performance

- 4.1.1** The number of households approaching the Council as homeless or threatened with homelessness has remained fairly constant at just below 300pa. However, the number of homelessness preventions has increased meaning that, in recent years, fewer households have been accepted as statutory homeless. This is good news for households because fewer are being housed in temporary accommodation such as bed and breakfast accommodation.
- 4.1.2** Whilst Cheltenham's Housing Options service has consistently been a top quartile performer when compared at a regional (South West England) and a sub-regional level (Gloucestershire), performance in the last quarter of 2010-11 did dip. This meant that Cheltenham's service moved from its performance of being in the top 14% of all local authorities in England to the top 19%. However, in absolute terms, the number of households affected is small and is not currently considered to represent the start of a significant trend.
- 4.1.3** Looking at resources used to achieve top quartile performance, the number of staff employed to deliver Cheltenham's Housing Options service is 8 compared to an average of 8.12 (2010-11)¹.
- 4.1.4** The service has concluded that the dip in performance, arising from a small reduction in homelessness preventions and a small increase in homelessness acceptances, is a direct result of the welfare reform. Tenants are finding the private rented sector less affordable, and private landlords are more reluctant to take on tenants who claim benefits
- 4.1.5** The performance data analysed confirms that the Housing Options service performs well against its peer district council group. The recent dip in performance identifies the need for the service to continue to focus efforts on the prevention of homelessness, a focus which has led to the service performing well in the past.
- 4.1.6** It is recommended, therefore, that when undertaking service re-design, and commissioning the service, the Council requires the service provider to continue to identify and implement innovative services/schemes in an effort to combat the affects of welfare reform on the most vulnerable households. **(Recommendation 1)**

4.2 Systems Thinking

- 4.2.1** Systems thinking is a way of thinking about a service as a system of work designed around what matters to the customers of that service. The Council uses systems thinking in the early stages of its commissioning reviews as a way of assessing demand within the system and, if at all possible, look to find ways to improve the current service by reducing waste, also known as failure demand, in the system.
- 4.2.2** The analysis period covered 5 weeks (July – August). Demand for the service was collated into 2 work-streams; housing options work and Homeseeker work. The value demand attributed to housing options work was 70% which is a good result when compared to other Council services that have undergone the “check phase” of systems thinking.
- 4.2.3** The value demand attributed to Homeseeker work was less than 30%. The waste identified fell into 2 main categories; customer contact and the Homeseeker computer system. In terms of

¹ Average of 13 responses from non-metropolitan district councils

waste attributable to customer contact, a significant proportion is driven by behaviour and is not preventable. For example, households will continue to contact the team to find out how long it will take them to move and what they can do to move more quickly. In relation to the Homeseeker computer system, the functionality needs improving so that customers can help themselves more easily thereby avoiding the need to contact the team. System enhancement requests have been raised with the system provider who is looking into a solution.

4.2.4 The team also have identified a number of training and/or changes to processes to improve the efficiency of the service and are planning to implement these in the coming months.

4.2.5 It is recommended, therefore, that Housing Options Management continue to pursue enhancements to the Homeseeker system and that the necessary training and changes to processes identified through systems thinking are progressed. **(Recommendation 2)**

4.3 Service Options Analysis

4.3.1 The service options analysis identified a long-list of 12 potential commissioning options.

Service Option	Keep or Discard?
In-house	Keep
Bring all housing functions inn-house	Discard
All housing options services contracted out to registered provider	Keep – restrict to CBH
All housing options services contracted out to another provider	Discard
Retain homelessness and allocations – contract out prevention	Discard
Social enterprise in any of its corporate forms	Discard
Closure	Discard
Shared service	Discard
Wholly owned company	Discard
Joint venture	Discard
New charitable trust	Discard
Parish councils	Discard

4.3.2 The analysis and evaluation was carried out by officers within the service area, led by the Housing and Communities Manager, but with critical friend challenge from the commissioning division. The options analysis report was presented to the Project Board on 26 September and the Board accepted the conclusions within it.

4.3.3 The analysis report is fairly detailed, explaining the rationale to discard, if appropriate. The report is available as a background paper. Reasons for discarding potential commissioning options include;

- No evidence in the sector that the provider had experience of delivering housing options, eg, third sector, private sector, social enterprise
- Splitting the service provision, eg, contracting out prevention retaining homelessness and allocations, would mean customers having to deal with 2 organisations, plus duplication and more pressure on the service
- Shared service examples tend to have developed where Chief Executives are shared and there is a programme of shared service implementation, eg, South Hams and West Devon
- The services in scope do not fit the characteristics of certain delivery models, eg, new

charitable trust, joint venture

4.3.4 The conclusion of the analysis, giving due consideration to case study research and the Council's agreed outcomes for Housing Options, was that there are 2 potential commissioning options available; in-house provision or, alternatively, to transfer the service to a registered provider, in this case the Council's Arms Length Management Organisation (ALMO, Cheltenham Borough Homes (CBH).

4.3.5 The rationale for considering transferring the service to CBH include:

- Alignment of Housing Options and CBH Neighbourhood Services may increase the potential to develop solutions of mutual benefit based where there is a shared understanding of the needs of both services and also the fact that both services are Cheltenham centric
- Increasing tenant, leaseholder and resident relationships, by creating a more seamless service from provision of housing advice to the offer of a tenancy
- Aligned priorities, eg, both Housing Options and CBH are working separately to build financial capability of households following the implementation of welfare reforms
- Existing tenancy management resources/expertise which may assist with the development of new initiatives, eg, Social Lettings Agency for the private rented sector.

4.3.6 The identification of CBH as a potential provider of Housing Options coincides with CBH, in the autumn, considering its future service priorities. Assuming that CBH see Housing Options as a priority area for them the opportunity will exist to conduct a thorough appraisal of the benefits of in-house provision of Housing Options versus a transfer of the service to CBH. It is expected that any decision to transfer the service, should that be the outcome, will not be made before May 2013.

4.3.7 In the period leading up to May 2013, Housing Options management will be considering how Housing Options needs to be designed in the future to continue to both deliver the Council's statutory homelessness obligations but also, in the light of the welfare reforms, to continue to provide an effective homelessness prevention service. This thinking and work is necessary regardless of who delivers the service in the future.

4.3.8 It is therefore recommended that Cabinet endorse the proposal that there are 2 potential commissioning options for Housing Options, ie, in-house and transfer the service to CBH and that a further report be brought back to Cabinet in May 2013 recommending the proposed commissioning option. **(Recommendation 3)**

5. Community Right to Challenge

5.1 The Localism Act 2012 introduced a community right to challenge which aims to give community and voluntary sector groups, charities, parish and town councils and groups of council staff the opportunity to bid for the running of council services. Statutory guidance on the right to challenge was published in June 2012.

5.2 As per recommendation 3, Cabinet will receive a further report in May 2013 recommending the commissioning option for Housing Options. If Cabinet agrees to retain the service in-house, then the opportunity for community rights to challenge to be received by the Council will be from 28 May to 5 July (6 weeks).

6. Reasons for recommendations

- 6.1 This report summarises the work carried out in this first phase of the Housing Options review together with the conclusions drawn and the recommendations made. Background documentation which supports this report provides further details as to the work performed to support the recommendations made.

7. Alternative options considered

- 7.1 See section 4.3 of this report.

8. Consultation and feedback

- 8.1 A small officer project team, comprising the Housing and Communities Manager and members of the Housing Options team, plus other officers, has conducted the work within this phase of the review. Consultation has taken place with the Cabinet Member for Housing and Safety and also the Director of Commissioning to whom the Housing Options service reports.
- 8.2 The Housing Review Group has been consulted on the content of this report and the conclusions reached regarding the commissioning options.

9. Performance management –monitoring and review

- 9.1 Depending on the commissioning option recommended to Cabinet a service specification or service plan will need to be developed which will provide a framework against which the Housing Options service can be monitored. Further details of this will be set out in the May Cabinet report.

Report author	Contact officer: Pat Pratley, Executive Director and Lead Commissioner Pat.Pratley@cheltenham.gov.uk, 01242 775175
Appendices	1. Risk Assessment 2.
Background information	1. Systems thinking update for Project Board 26.9.12 2. Housing Options Service; Benchmarking Analysis 2009-10 to 2011-12 3. Housing Options Commissioning Review – Service Options Paper – Project Board 26.9.12

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1	If the Housing Options service is not commissioned so that there is an requirement for innovation and creativity in service delivery then opportunities may be missed to increase the effectiveness of homelessness prevention and to generate additional income	Martin Stacy	4.10.12	3	4	12	Reduce	The specification or service plan will require the provider to demonstrate the ability to innovative and implement creative solutions to improve and enhance the homelessness prevention service	31.3.13	MS	
2	If the waste identified in the Homeseeker system is not addressed then the service will continue to be less efficient than it could be and customers will be inconvenienced	Janice Burnell	4.10.12	3	4	12	Reduce	The Homeseeker system issues be pursued with the Operational Group	31.3.13	JB	
3	If the preventable waste identified through systems thinking is not addressed then capacity will not be released to enable more effective service delivery	Janice Burnell	4.10.12	2	4	8	Reduce	Action plan for reducing preventable waste in place and being implemented	31.3.13	JB	

4	If the Housing Options services once commissioned is not able to respond quickly to changing Government priorities and emerging local needs then this may mean the service is not able to respond to households in housing need	Martin Stacy	20.9.12	3	4	12	Reduce	The specification or service plan will require the provider to demonstrate how they are able to accommodate flexibility within their service delivery arrangements	31.3.13	MS	
5	If the potential to deliver additional savings by transferring the service to CBH is a priority for Members then this may reduce the scope of services currently delivered	Martin Stacy	4.10.12	3	4	12	Reduce	The business case presented to Cabinet in May 2013 to support the commissioning decision needs to be clear on the cost of the service moving forward.	31.3.13	MS	
6	If Housing Options is transferred to CBH then some residents may be unwilling to seek advice because they could feel the service may not treat them on an equal basis because of their previous tenancy/household history	Martin Stacy	4.10.12	2	4	8	Reduce	A distinctive housing options branding of the service and a clear separation of neighbourhood (housing) management functions may help overcome this perception.	31.3.13	MS	

Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

Guidance

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;
- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision
- Legal risks arising from the decision

Remember to highlight risks which may impact on the strategy and actions which are being followed to deliver the objectives, so that members can identify the need to review objectives, options and decisions on a timely basis should these risks arise.

Risk ref

If the risk is already recorded, note either the corporate risk register or TEN reference

Risk Description

Please use “If xx happens then xx will be the consequence” (cause and effect). For example “If the council’s business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted.”

Risk owner

Please identify the lead officer who has identified the risk and will be responsible for it.

Risk score

Impact on a scale from 1 to 5 multiplied by likelihood on a scale from 1 to 6. Please see risk [scorecard](#) for more information on how to score a risk

Control

Either: Reduce / Accept / Transfer to 3rd party / Close

Action

There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

Responsible officer

Please identify the lead officer who will be responsible for the action to control the risk.

For further guidance, please refer to the [risk management policy](#)

Transferred to risk register

Please ensure that the risk is transferred to a live risk register. This could be a team, divisional or corporate risk register depending on the nature of the risk and what level of objective it is impacting on