

## EXECUTIVE 18<sup>th</sup> November 2021

<b>Report Title</b>	<b>Ending of East Northamptonshire Area Housing Options Contract – bringing the service in-house</b>
<b>Report Author</b>	David Watts, Executive Director of Adults, Communities and Wellbeing
<b>Executive Member</b>	Councillor Andy Mercer, Executive Member for Housing and Communities

<b>Key Decision</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Is the decision eligible for call-in by Scrutiny?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Are there public sector equality duty implications?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Does the report contain confidential or exempt information (whether in appendices or not)?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Applicable paragraph number for exemption from publication under Schedule 12A Local Government Act 1974</b>	

### List of Appendices

**Appendix A** – Current Midland Heart Structure Chart

**Appendix B** – Current East Northants Locality Housing Service Structure Chart

**Appendix C** – Proposed East Northants Locality Housing Service Structure Chart

**Appendix D** – Financial Information

### **1. Purpose of Report**

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- 1.1 This report advises members of the ending of the Housing Options Contract with Midland Heart in the East Northants locality and seeks endorsement for the future service delivery to be included in the current in-house service delivered by the Council in line with the other three localities in North Northamptonshire.

### **2. Executive Summary**

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- 2.1 The Housing Options Service for the East Northamptonshire area is currently contracted out to Midland Heart Housing Association. The contract covers the Council's statutory duties in respect of homelessness and housing advice for the locality, as well as the administration of the housing register, known as Keyways. The current contract ends on 31<sup>st</sup> March 2022.

- 2.2 As a result of the move to the unitary council, a great deal of work has already been undertaken to harmonise housing and homelessness policies and procedures and, as a result, it is considered that the contract should not be renewed or re-tendered but that the service should be brought back in-house. The service is delivered in-house in the other three localities.
- 2.3 It is proposed that the Midland Heart staff should be transferred to the Council under the TUPE regulations with effect from 1<sup>st</sup> April 2022.

### **3. Recommendations**

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- 3.1 It is recommended that the Executive:
- a) Confirm that the Council should discharge its obligations in respect of homelessness and housing advice in the East Northamptonshire locality area in-house with effect from 1<sup>st</sup> April 2022; and
  - b) Delegate authority to the Executive Member for Housing and Communities, in consultation with the Executive Director for Adults, Communities and Well-being, to take the steps necessary to implement the in-house provision of the East Northants area housing options service.

#### *Reasons for Recommendations*

- 3.2 *To enable the implementation of a single operating model for Housing Options Services across North Northamptonshire, in order to align with local government reform and transformation, to streamline service provision, and to introduce more efficient and harmonised arrangements. This should lead to an improved service focussed on the needs of the Council.*

### **4. Report Background**

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- 4.1 The Housing Options Service for the East Northants locality has been contracted out since 2001 when the housing stock was transferred to East Northants Housing Association (now the Longhurst Group). Originally the Housing Options Contract was operated by the Longhurst Group but for the last 10 years it has been operated by Midland Heart Housing Association from their premises at 50 High Street South in Rushden.
- 4.2 The contract covers the Council's statutory duties for the former East Northamptonshire District Council area in respect of homelessness and housing advice, as well as the administration of the housing register for the area. The current contract between the Council and Midland Heart Housing Association ends on 31<sup>st</sup> March 2022 and there is therefore a window of opportunity to consider the future delivery of this service.
- 4.3 As a result of the move to the unitary council, a great deal of work has already been undertaken to harmonise housing and homelessness policies and procedures across the Council's area. Housing options services are already

delivered in-house in the other three localities – that is the former council areas of Wellingborough, Kettering, and Corby.

## **5. Issues and Choices**

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- 5.1 The options available to the Council for the delivery of a housing options service in the East Northants locality are as follows:
- a) Extend the contract with Midland Heart Housing Association beyond 31<sup>st</sup> March 2022;
  - b) Re-tender the contract with effect from 1<sup>st</sup> April 2022;
  - c) Provide the service in-house with effect from 1<sup>st</sup> April 2022;

- 5.2 The provision of advice on housing and homelessness is a statutory duty upon the Council and therefore it is not an option to allow the current contract to lapse and not make alternative arrangements for the provision of advice on housing and homelessness in the East Northants locality.

### **Extend the Midland Heart contract**

- 5.3 The current legal agreement with Midland Heart is rigid and allows for very little leeway when circumstances change. Work is frequently required which is outside the contract. This has been demonstrated recently whereby, as a result of the changes to homelessness and housing register procedures, the Council has had to fund an additional member of staff to cover the additional work. The contract specification requires Council authorisation of all but routine decision-making, which causes delay and duplication and is considered unnecessarily complex and unwieldy. Further, the team provided by Midland Heart for the East Northants locality is very small, which limits its resilience and its ability to respond to changes in operating procedures and legislation.

- 5.4 As the Council harmonises its policies and procedures across the new Council area, it is considered inefficient and a source of potential risk for a third party to be appraised of the new policy and amend their procedures to reflect the same. This activity is already being undertaken for the inhouse provision of the service, and the Council has had to provide additional resource to Midland Heart to accommodate changes in policy, at additional cost. The option of extending the Midland Heart contract is not therefore considered appropriate or economically viable in the circumstances.

### **Re-tender the contract to provide housing options services in East Northants**

- 5.5 A procurement exercise could be undertaken to source a new provider of housing options services in the East Northamptonshire area, however this would not resolve many of the issues identified if the current contract was extended, as set out above. In addition, transfer of the contract from Midland Heart would engage employment protection measures (i.e., TUPE protection) for the Midland Heart staff working on the East Northamptonshire service. It is considered highly likely that this additional responsibility would dissuade providers from bidding to undertake the work or result in bids not being competitive.
- 5.6 This option is considered neither desirable nor to offer best value to the Council.

## **In-house service provision**

- 5.7 Following the establishment of the Unitary Council, work has been undertaken to harmonise housing policies and procedures across the North Northamptonshire area. This will ensure that residents receive a standard service from the Council when it discharges its statutory duty. It will also allow the Council ensure clarity and consistency across localities and prevent duplication of work. Further, advice will be offered and managed through one team, serving the whole area, with clear lines of management and delegated authority. All housing staff could be deployed across the service to assist in different locations across North Northamptonshire to cover vacancies, sickness and particular pressures which arise.
- 5.8 It is considered that a single in-house service (to be known as NN Housing Solutions) which can operate throughout the Council's area with a clear direction and clear lines of management, offers the best and most efficient option by which the Council can discharge its statutory duty in respect of housing and homelessness. Accordingly, it is proposed that the Midland Heart contract is not renewed, extended or re-tendered, but rather that the service should be brought back in-house.
- 5.9 If this option is selected, the Council may receive 6.3 FTE in accordance with TUPE protections. HR colleagues have been involved in the discussions as to the future of the service to support the process to date and further requirements. The current staff both within the NN Housing Services Team and the Midland Heart Housing Options Team have been made aware of the options in respect of the future delivery of the service. Trade Union representatives have also been made aware of the potential change to the delivery of the service.
- 5.10 It is proposed that the Midland Heart staff should be transferred to the Council under the TUPE regulations with effect from 1<sup>st</sup> April 2022. It is anticipated that all staff will transfer to the council, although the Homelessness and Housing Advice Manager, who currently works part-time and remotely, may choose to stay with Midland Heart. The current structure at Midland Heart is attached at **Appendix A**.
- 5.11 At present no decisions have been made on a new structure for the North Northamptonshire Housing Solutions Service and it is anticipated that once transferred to the council, the staff would form part of any wider restructure. Until then, the Midland Heart staff would report to the Housing Services Officer, who in turn reports to the Housing Strategy and Delivery Manager (East Northants area). The current structure for the Housing Service in the East Northants area is attached at **Appendix B** and the proposed structure for the integrated service at **Appendix C**.
- 5.12 Midland Heart will conduct a consultation exercise with their staff and employee representatives, including consulting on the Council's behalf on any proposed measures that are required in relation to the transfer. With Midland Heart's approval, the Council will offer individual meetings to incoming staff in order to discuss the transfer and proposed measures. Individual consultation will also be undertaken with the Housing Services Officer. Consultation with Unison has commenced.

## 6. Implications (including financial implications)

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### 6.1 Resources and Financial

- 6.1.1 The proposed changes can be delivered within existing resources and will be led by the Housing Strategy and Delivery Manager (East Northants Area) with support from the HR and Finance Business Partners. There will also be transformational implications associated with this proposal and discussions are underway as to how these will be delivered.
- 6.1.2 New premises will need to be found for the service and will therefore need to be considered as part of the NN Accommodation Strategy Review which is underway. Longer term it is hoped that the housing service will become co-located with other council and partner services within an East Northants Community Hub. This will enable better joint working with Adult Social Care and with other statutory and voluntary organisations operating from the Hub.
- 6.1.3 As the changes to housing and homelessness procedures on the move to the unitary council have all included Midland Heart staff there should be no technological dependencies as a result of the proposal, other than the ICT requirements of moving to new premises. No further process changes are anticipated.
- 6.1.4 Housing Options Team TUPE Implementation Plan

Report to Executive for approval to bring service back in-house	November 2021
Formally advise Midland Heart of intention not to renew the contract	November 2021
Legal to draw up Service Provision Contract	Nov-Dec 2021
Midland Heart to elect representative to liaise with them as employer	Nov-Dec 2021
Revised Housing Services Officer role to go through Job Evaluation	Nov-Dec 21
Staff and union consultation	Dec 21-Jan 22
Receive employer liability information	Jan- Feb 22
Contract ends	31.3.22
TUPE transfer	1.4.22

- 6.1.5 The current contract cost is £261,620 per annum, including salaries of £195,328 plus National Insurance contributions of £17,190. Staff transferred to the council would automatically be enrolled in the Local Government Pension Scheme (LGPS) on the date of transfer. Midland Heart currently pays an average of 4% of employee salaries into the Social Housing Pension Scheme, which is currently included in the contract cost. This compares with 16.2% paid by the Council into LGPS from the service budget. This would represent an additional cost of 12.2% on the transferred staff salaries, bringing total staffing costs to £244,161, and leaving a balance of £17,459 within the budget for the Housing Options contract.

- 6.1.6 The new staffs' pensions would be deferred in their current scheme on transfer, but they would also have the option to transfer in any previous pension benefits to the LGPS within the first 12 months of their employment with the Council. This would not normally incur any costs to the Council as they would usually transfer in with appropriate funding.
- 6.1.7 If the service is operated from an existing council office, there would be no premises or management overhead costs. However, there would be additional costs to provide IT services and equipment such as laptops and mobile phones. The benefits would be operational in bringing the housing options service together and harmonising delivery across North Northamptonshire. However, once the whole NN service is restructured there may be some management savings. In addition, if Midland Heart's Homelessness and Housing Advice Manager decides to stay with Midland Heart, this would result in a saving. It is not anticipated that this role would be replaced as the team would be managed in house.
- 6.1.8 A summary cost comparison for the proposal is attached at **Appendix D**.
- 6.1.9 Line management for the posts within the council needs to be determined but it is anticipated that the current Housing Services Officer post would be adapted to take on a Team Leader role for the transferred staff. This would, however, be a substantial change to this role which currently has no line management responsibility; the role is one of monitoring the operation of the contract and of being the day to day point of liaison for the contractor's staff, as well as making decisions on homelessness and housing register applications. However, it is unlikely that this change in role would result in any change to the remuneration for the post as the salary level for the existing post is in line with similar posts in other North Northamptonshire localities. In order to prevent a redundancy situation, it is therefore proposed that a matching exercise is undertaken to slot the current Housing Services Officer into the new team leader post. If the posts are not deemed to be a close enough match, then the new post will be ring fenced to the Housing Services Officer only as potential suitable alternative employment.
- 6.1.10 The East Northants locality structure at **Appendix B** would remain the same, although the detail of the Housing Services Officer role would change. This equates to 3.3 Full Time Employees (FTE). The current Midland Heart posts at Appendix A of 6.3 FTE roles would transfer to the council. The Housing Options Team would become part of the wider North Northamptonshire Housing Service but as the team currently work with the other locality teams and operate the same policies and procedures, it is not anticipated that any roles will be affected other than the following in the East Northants locality:
- a) Housing Services Officer whose role would change to become the Team Leader for the Housing Options Team;
  - b) Housing Strategy and Delivery Manager who line manages the Housing Services Officer post and would therefore have line management responsibility for an additional team.

## 6.2 Legal

- 6.2.1 As the contract with Midland Heart comes to an end on 31<sup>st</sup> March 2022, there are no legal implications arising directly from this report. However, Legal and

HR advice will be taken to ensure that due process is followed throughout the TUPE process.

### **6.3 Risk**

- 6.3.1 It is anticipated that the proposal will provide positive outcomes for both the council and its customers, providing a seamless service across North Northamptonshire. As the service already operates in line with the rest of North Northamptonshire it is not anticipated there will be any disruption to the service.
- 6.3.2 There is a risk that the service will not be as locally responsive once it is part of the broader North Northamptonshire service. However, this will be mitigated with the retention of dedicated staff for the East Northants area and of a local office, which could potentially become part of an East Northants Community Hub.

### **6.4 Consultation**

- 6.4.1 The Corporate Leadership Team (CLT) support the proposal to bring the East Northants Housing Options Service in-house. Internal consultation will be undertaken with the affected housing staff in the East Northants area and with Unison. Midland Heart will also conduct a separate consultation exercise with their affected staff. It is proposed that consultation will commence as soon as authority to proceed is obtained and will be open for 30 days.
- 6.4.2 The contract ends on 31<sup>st</sup> March 2022, and it is therefore proposed that staff should be transferred to North Northamptonshire Council with effect from 1 April 2022. The impact on the Housing Services Officer post will be progressed alongside the TUPE process, to be concluded within the same timeframe if possible. A minimum 30-day collective and individual consultation period will be undertaken with the employees affected.

### **6.5 Consideration by Scrutiny**

- 6.5.1 The proposal has not yet been considered by Committee.

### **6.6 Climate Impact**

- 6.6.1 No impacts identified

### **6.7 Community Impact**

- 6.7.1 No specific impacts have been identified at this stage, but any impacts are expected to be beneficial in that a single in-house service delivery will help to deliver improved services to our residents.

## **7 Background Papers**

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7.1 None