


<p style="text-align: center;">Non-Executive Report of the:</p> <p style="text-align: center;">Overview and Scrutiny Committee</p> <p style="text-align: center;">15 August 2019</p>	
<p>Report of: Cllr James King, Chair Overview and Scrutiny Committee</p>	<p>Classification: Unrestricted</p>
<p>Call-in of 'Strategic Review of Tower Hamlets Homes'</p>	

EXECUTIVE SUMMARY

The Decision made by the Mayor in Cabinet on Wednesday, 31 July 2019 in respect of agenda item 6.3 'Strategic Review of Tower Hamlets Homes' was 'called in' under the Overview and Scrutiny Committee Procedure Rules of the Council's Constitution by Councillors Gabriela Salva-Macallan, Ehtasham Haque, Puru Miah, Shah Ameen and Shad Chowdury ('Call-in Members').

On 14 August 2019, the Overview and Scrutiny Committee (Committee) convened a meeting to consider the following:

- the Cabinet report
- the Mayor in Cabinet Decision published on 2 August 2019
- the "call in" requisition from the Call-in Members (undated)
- representations by the Cabinet Member for Housing, Councillor Sirajul Islam.
- representations by the Call-in Members

The Committee **RESOLVED** that the decision be referred to the Mayor in Cabinet for reconsideration, including consideration of the alternative course of action set out in the call-in requisition with the following additional and amended wording:

- amend paragraph 1 to: 'For the reasons outlined above, we would ask that the O&S committee explore these issues in depth and then request a delay to the final reconsideration by the Mayor until January 2020 in order that a full consultation can be undertaken
- remove paragraph 2: [Note – this would enable Members to submit a motion to Council to allow all Councillors to express their views on the following points.]
- remove paragraph 4: 'That the Tower Hamlets Homes' contract is extended for a maximum of two years so as to undergo a full consultation exercise and allow for a full resident led appraisal of Option 1: In-house Management.'

1. THE MAYOR IN CABINET'S DECISION

1.1 The Mayor in Cabinet's decision, published on 31st July 2019:

- Noted the findings of Altair's independent review of current housing management arrangements and appraisal of future options;
- Considered the outcome of the recent consultation exercise and agreed to proceed with the extension of the Council's management agreement with Tower Hamlets Homes for four years, possible extension for a further four years (to 2028);
- delegated to the Corporate Director (Place), in consultation with the Corporate Director (Governance), authority to complete the above extension by July 2020.

2. THE 'CALL IN' REQUISITION

2.1 The alternative course of action proposed in the call-in is as follows:

- That the THH contract is extended for a maximum of two years to undertake a full consultation and resident-led appraisal of option 1: in-house management
- That the Council arranges a peer review for delivery of housing options, assisted by an independent advisor experienced in finance, risk and partnerships to undertake economic and governance modelling of housing options; and informed by a full risk register and comprehensive risk assessments
- Undertake economic modelling of financial implications of housing options that reflects the lifting of the HRA debt cap

3. CALL-IN MEMBERS' PRESENTATION

3.1 Call-in members presented the reasons for call-in and proposed alternative course of action, and added that:

- Across London, other LAs' ALMOs are different to that presented in the consultant's/Altair's report
- Engagement with residents was insufficient and contrary to LBTH engagement policy and good practice regarding engagement and consultation.
- The Altair report wasn't part of the consultation and didn't consider HRA debt, value of in-house management, or savings potential for in-house management/options

3.1 Committee members posed a number of questions concerning:

- The implications of the two year delay, or four year extension
- Opportunities to make savings, and performance improvements in house
- Whether consultation was sufficient
- Whether the benefits of in house consultation were described in enough detail
- What the issue with HRA debt cap was
- Whether Full Council considers this decision
- Whether there may be THH workforce implications

4. LEAD MEMBER'S PRESENTATION

4.1 The Lead Member stated that the consultation was undertaken according to legislation, and that lifting the HRA debt cap has no impact for management.

4.2 Committee raised concerns over:

- The adequacy and extent of consultation
- The period of extension
- What residents feel about the proposal
- Savings and performance potentials
- Risk of bringing in-house, or maintaining externally

5. CONSIDERATION OF THE 'CALL IN'

5.1 After hearing from the Call-in Members and the Lead Member, the Committee considered the following issues and concerns:

- In-house has merits, as others have done this
- It is unclear to residents as to LBTH or THH ownership and responsibility
- Not the right time to bring house, given other big services are being brought in
- Good performance now with THH, gains may be at risk
- 8 years too long
- Better approach to consultation needed, more consultation with residents needed to understand views
- Need decision in 6 months after better consultation
- Is HRA debt cap a risk – this isn't certain

6. RECOMMENDATIONS

6.1 The Committee RESOLVED that the decision be referred to the Mayor in Cabinet for reconsideration, including consideration of the alternative course of action set out in the call-in requisition with the following additional and amended wording:

- amend paragraph 1 to: 'For the reasons outlined above, we would ask that the O&S committee explore these issues in depth and then request a delay to the final reconsideration by the Mayor until January 2020 in order that a full consultation can be undertaken
 - Remove paragraph 2: [Note – this would enable Members to submit a motion to Council to allow all Councillors to express their views on the following points.]
 - Remove paragraph 4: 'That the Tower Hamlets Homes' contract is extended for a maximum of two years so as to undergo a full consultation exercise and allow for a full resident led appraisal of Option 1: In-house Management.'
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DECISION OF THE MAYOR

I have reconsidered my decision in Cabinet on 31st July 2109 in the light of the information provided by the Overview and Scrutiny Committee at its meeting 14th August 2019 as set out above.

I want to thank O&S for their comments on the Review of Tower Hamlets Homes and for their detailed consideration of the call in.

The review of Tower Hamlets Homes has been ongoing for over a year with a detailed report compiled by independent external experts, Altair. The review was a significant piece of detailed work which included analysis of the THH Business Plan, their performance benchmarked against comparable organisations, a desktop document review, interviews with key stakeholders and other resident consultation. The thoroughness of the review reflects the fact that we understand the importance of the decision and the impact it has on many of our residents.

By undertaking a full review of THH, rather than just embarking on a consultation on a specific decision, we ensured a far greater evidence-based reflection on THH's performance and resident opinion. This review was similar in form to that of a peer review as proposed by the call in. As a result, it is likely that embarking on a further peer review at this stage would involve significant duplication of work already undertaken.

The main concern raised in the call in related to the quality and quantity of consultation. I note the Committee's view that the final stage of the consultation had a relatively low response rate but we should take into account the wider response to the Altair review as a whole which saw over 1,350 residents contribute through response to the letter, the telephone or in person survey. I believe it would be wrong to see the letter seeking views on the decision as the only form of consultation in the process.

The review report notes that Altair facilitated several focus groups, three with residents (including a representative mix of tenants and leaseholders) and one with councillors. The review also included a survey of THH residents on their views on THH as a housing manager which was completed by over 780 people as well as a telephone survey in which 300 residents participated.

When completed the full 91-page report was made publicly available on the council's website and following consideration of the review findings I wrote directly to all THH residents making them aware of the report and that based on its findings I was minded to extend the Management Agreement with THH but sought any further views on the proposal. The number of residents who responded to the letter was low and I agree with the Committee that there was scope to improve the promotion of the opportunity for residents to share their views – I will ensure that the council learns these lessons and brings forward new guidance on consultation best practice for the organisation (a review of consultations is already underway).

It would not however be right to consider that only those who responded to my letter took part in the review process. All together the survey, telephone survey and letter

prompted over 1,350 responses from THH residents. Further to that the focus groups during the review process gave residents and resident representative groups the opportunity to contribute at an early stage. This number is comparable to the number engaged by other boroughs.

While I do recognise concerns about the consultation, I do not think that we should delay giving tenants, leaseholders and staff clarity about the future management of our council housing stock as the final consultation was part of a wider process of engagement. To add another six months to this process would mean further delaying a decision which has already taken over a year and has involved over 1,350 of our residents in different forms.

Furthermore delaying the decision for another six months would create continued uncertainty and while we may be able to engage more residents in the final stage of the consultation I feel it is unlikely, given the feedback throughout and the findings of the Altair report, that it would reveal additional information which would change the decision.

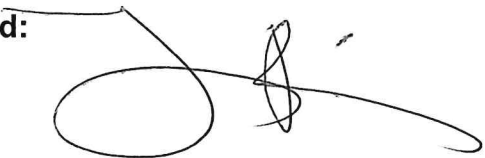
Tower Hamlets Homes has seen a great improvement over recent years. Its performance has improved, resident satisfaction has increased and earlier this year THH won the Landlord of the Year award at the UK Housing Awards.

In addition to recommending an extension the report also highlighted clear areas where further progress needed to be made to improve the quality of services and culture of the organisation. I believe our residents expect this should be the focus of our work and that on balance further delay would not be in residents' or the council's best interest.

I look forward to further energetic scrutiny by my Executive, O&S and others of THH. It is not a perfect body but has made steady progress as was stated by members of the Committee and in my view this is not the time to create further upheaval in the management of our council homes.

Therefore for the reasons above and having taken into account all of the relevant information I have decided to:

(A) Confirm my decision of 31st July 2019 on this issue

Signed:  Mayor John Biggs	Date: 16/8/19
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