

Appendix 2: Cost-benefit analysis of options

In considering the future of housing management services, an options appraisal and cost-benefit analysis was completed. This was focused on two options:

- Extension of the management agreement with THH
- Bringing housing management services back in-house

Extension of the management agreement with THH

There would not be any direct costs arising from retaining THH and extending the management agreement, however there would be missed opportunities to make both direct and indirect savings. The key benefit of retaining THH is that it is an organisation which is solely concentrated on providing housing management services and therefore the focus strategically and operationally is primarily on this.

Bringing housing management services back in-house

There will be some one-off financial costs associated with bringing housing management services back in-house, and officer time will need to be spent on the transition. However, this will be off set by £300K savings per annum, enabling programme costs to be recovered within the first year.

In addition to direct financial costs, bringing services back in-house will create opportunities to generate efficiencies through integrated services and contracts, to shape services with residents focusing improvement on their areas of importance, to increase control of budgets and compliance with regulations, and to develop governance structures and engagement methods which enable residents to be directly involved with their landlord.

Table 1: Bringing housing management services back in-house – cost-benefit analysis

Type		Costs	Benefits
Financial	Direct	<ul style="list-style-type: none"> • £172K programme team & consultation costs • Costs associated with transfer of IT, contracts, etc. • Costs associated with transfer of staff (e.g., specialist support, voluntary redundancies) 	<ul style="list-style-type: none"> • £300K savings per annum
	Indirect	<ul style="list-style-type: none"> • Officer time 	<ul style="list-style-type: none"> • Increased ability to control HRA budgets • Savings/efficiencies delivered through

			<p>integration of back-office services</p> <ul style="list-style-type: none"> • Savings/efficiencies delivered through integration of contracts • Savings/efficiencies delivered through service integration projects • Streamlining processes to reduce officer time spent
Service delivery	Direct	<ul style="list-style-type: none"> • None - no changes to level of service delivery (though risk to service delivery and ensuring it is maintained through transition period) 	<ul style="list-style-type: none"> • Opportunity to use consultation feedback/ongoing engagement with residents and new framework introduced by Social Housing Regulation Bill to target areas of improvement
	Indirect	None identified	<ul style="list-style-type: none"> • Opportunity to create Housing Improvement Team with strategic & improvement focus across all housing services • Opportunity to repurpose client team to focus on service improvement and performance
Regulatory compliance	Direct	None identified	<ul style="list-style-type: none"> • Higher levels of control over services to ensure meeting requirements • Opportunity to develop target operating model and focus improvement plan around new framework of Social Housing Regulation Bill
	Indirect	None identified	<ul style="list-style-type: none"> • Closer relationship between council (landlord) and its tenants and leaseholders • Savings can be reinvested to support meeting of regulatory requirements

Customer journey & experience	Direct	None identified	<ul style="list-style-type: none"> • Opportunity to join-up and integrate services to reduce sometimes complex customer journeys (e.g., ASB reporting)
	Indirect	None identified	<ul style="list-style-type: none"> • Opportunity to cross-train staff to treat customer holistically and provide multiple solutions with one contact • Resident hub and central location arrangements enabling residents to access council and housing services in one place
Resident engagement, governance and accountability	Direct	<ul style="list-style-type: none"> • Loss of resident board members 	<ul style="list-style-type: none"> • Direct relationship between Council and residents facilitates closer relationship, engagement and accountability, including clarity on responsibility for services • New tenants & leaseholders engagement strategy with direct dialogue between Council and residents • New governance arrangements with opportunity of developing arrangements that increase resident engagement and accountability
	Indirect	None identified	None identified