

Report to:	Housing, Economy and Business Committee	Date:	19 March 2019
Report title:	Review of the Management Agreement with Sutton Housing Partnership		
Report from:	David Moore - Interim Strategic Director for Environment, Housing and Regeneration		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Jayne McCoy		
Author(s)/Contact Number(s):	Trevor Hart, Housing Strategy and Commissioning Manager, 020 8770 5844		
Corporate Plan Priorities:	<ul style="list-style-type: none"> ● Being active ● Making informed choices ● Living well independently ● Keeping individuals and communities safe 		
Open/Exempt:	Open		
Signed:		Date:	5 March 2019

1. Summary

- 1.1 This report sets out a revised management agreement between the Council and its arms-length management organisation (ALMO), Sutton Housing Partnership (SHP) for the Committee's approval. This follows on from the recent review of the housing management service and takes into account the proposed re-modelling of SHP. It also reflects the current operational working relationship the Council has with its ALMO.

2. Recommendations

The Housing, Economy and Business Committee is recommended to:

- 2.1 Approve the revised management agreement between the Council and Sutton Housing Partnership, which will come into effect on 1 April 2019, subject to the approval of the Regulator of Social Housing.

3. Background

- 3.1 The Council's arms-length management organisation or 'ALMO' - Sutton Housing Partnership (SHP) - was formed back in 2005 in order to take on the management of the Council's housing stock. Prior to formal transfer of the housing management function in April 2006, a contract or management agreement was drawn up between the parties. It was based on a prescribed model agreement produced by the former Office of the Deputy Prime

Minister and was for a 10 year period. At that time, in order to receive Secretary of State Consent to the transfer of the function, it was necessary to adhere closely to the model agreement and make only minimal changes in respect of particular local circumstances.

- 3.2 In 2011, the agreement was reviewed and revised, with the contract period extended by five years, from 2016 to 2021. Although a number of amendments were made to the original agreement, overall no fundamental changes were considered necessary. The large majority of amendments made related either to the need for updating or clarifying the document or generally making it easier to read.
- 3.3 A further update of the agreement was carried out in 2015/16, with the revised agreement, approved by the Committee in March 2016, commencing from 1 April that year. However, due to the imminent commissioning review of the housing management function at the time, it was decided to retain the previous agreement's term.
- 3.4 The review of the housing management service was carried out during 2016-2017 and finally reported to the Committee in January 2018. It was felt that the management agreement should be reviewed in order to take account of the proposed re-modelling of SHP and reflect the new operational working relationship that the Council now has with its ALMO.
- 3.5 The South London Legal Partnership (SLLP) have also advised that the revised agreement should be the subject of Secretary of State (SoS) consent. The responsibility for granting SoS consent now falls to the recently created Regulator of Social Housing (RSH).
- 3.6 Standard practice for the Council is for legal agreements to start on the 1st April. As the timescale to achieve this is tight, an early draft of the document was submitted to the RSH on 17 February, for their initial reaction, as it is understood that their processes can take a few weeks before approval is granted. Any changes or amends required by the Committee will be conveyed to the RSH by way of an annotated revised draft and this is expected to lead to a relatively quick process of approval.
- 3.7 The new agreement, which has been approved by the board of SHP, is set out at Appendix A. The key changes and issues relating to these are summarised in the next section. The current (2016) agreement can be found at:
https://www.sutton.gov.uk/downloads/file/3672/shp_revised_management_agreement_june_2018

4. Issues

- 4.1 The principal changes made to the existing management agreement, and rationale for them where appropriate, are set out below, with relevant clause numbers in the management agreement shown in brackets. In addition to new or amended sections, some clauses have been re-ordered to create a better flow and coherence to the document. The heading structure has also been changed, with the agreement no longer arranged in parts, which had proved to be confusing.
 - (i) The term of the agreement has been extended to 31 March 2029, with a break clause after the first five years (clauses 1 and 35)

- (ii) The Council's strategic aims and objectives for housing management, taken from the Housing Revenue Account (HRA) Business Plan (see report elsewhere on the agenda), are now included (clause 2)
- (iii) The Council's expectations of SHP have been updated to reflect the outcomes of the commissioning review of housing management (clause 3)
- (iv) SHP's previous purpose, vision and priorities (now updated within the SHP Annual Delivery Plan) have been replaced with the organisation's governance/decision making structures, which include the role of council officers (clause 4)
- (v) The responsibilities of the parties in relation to the HRA Business Plan have been clarified (clause 6)
- (vi) A specific requirement for SHP to produce an asset management strategy has been included (clause 7)
- (vii) The schedule of delegated functions now includes a role for SHP in the development of housing management policy, subject to the approval of the Council's Authorised Officer (clause 8 and schedule 2)
- (viii) A specific clause requiring SHP to publish its service standards has been added (clause 9)
- (ix) The clause in relation to delivering the service has been simplified and clarified (clause 10)
- (x) A specific requirement on SHP to produce an Annual Delivery Plan has been added (clause 11)
- (xi) A requirement for SHP to produce an annual value for money statement has been inserted (clause 12)
- (xii) The section on tenant management organisations has been deleted as it is of little relevance locally, although a new clause has been added relating to resident involvement, reflecting current arrangements (clause 15). Related to this is the insertion, under clause 35, of a section requiring ALMO management agreements to contain a break clause to facilitate tenants' Right to Manage.
- (xiii) The text in relation to financial arrangements has been updated (clause 19 and schedule 6)
- (xix) The clause regarding procurement obligations on SHP has been reviewed and updated by the Council's Head of Procurement (clause 20).

4.2 In addition to the above, a few minor amendments have been made to other clauses to update the position, simplify or clarify the wording. Finally, a new schedule has been added at the end of the document covering SHP's obligations in relation to data protection.

5. Options Considered

5.1 Not applicable.

6. Impacts and Implications

Financial

- 6.1 SHP is paid a management fee to undertake the services included within the Management Agreement. The method of calculating the fee is as per previous years and is based on the available funding within the HRA.
- 6.2 In addition to the annual management fee, SHP receive a fee to cover the costs of managing the capital programme on behalf of the Council. This is calculated annually and will reflect the level of capital spend for the forthcoming year.
- 6.3 The management fee paid to SHP in 2019/20 will be £14,048,000 and the fee for managing the capital programme will be £626,000.

Legal

- 6.4 This report notes the submission of a revised document governing the relationship between the Council and Sutton Housing Partnership to continue as the Council's ALMO under a revised management agreement. It is required under section 27 of the Housing Act 1985 and provides that the making or variation of management agreements such as those referred to in this report are subject to the approval of the Secretary of State.
- 6.5 The agreement submitted for approval to the Secretary of State has taken into account the legislation referred to above and also relevant legislation requiring the incorporation of relevant break clauses as required by legislation including the Housing Management Agreements (Break Clause) (England) Regulations 2010, SI 2010/663 and the Housing (Right to Manage) (England) Regulations 2012, SI 2012/1821.
- 6.6 South London Legal Partnership shall continue to assist the Council through the application process for approval of the management agreement and finalisation of the final management agreement.

Equality Impact Assessment

- 6.7 No negative impacts of the proposed amendments to the management agreement have been identified.

7. Appendices and Background Documents

Appendix Letter	Title
A	Draft revised agreement between the Council and Sutton Housing Partnership for the provision of housing management and other services

Background Documents
None

Audit Trail		
Version	Final	Date: 5 March 2019
Consultation with other officers		
Finance	Yes	Steve Watts
Legal	Yes	Jonathan Miller
Equality Impact Assessment required?	No	See 6.7

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