

**Leeds City Council**  
**Review of Housing Management**

November 2005



KPMG LLP

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# 1 Executive Summary

## 1.1 Introduction

To improve housing standards by 2010, as required by the decent homes standard, Leeds City Council (the Council) agreed that the best option was to set up six Arms Length Management Organisations (ALMOs) with the ownership of the properties remaining with the Council. Six ALMOs were set up on 1st February 2003 each operating with its own board and governance arrangements.

Responsibility for the day-to-day management of the 68,000 homes and repair and maintenance now rests with the ALMOs. The achievement of the housing standard and delivery of the Housing Strategy Community Leadership however rests with the Council. With the change in roles for the Council and the need to work in partnership with the six ALMOs it is important that Leeds is clear on its arrangements to govern the relationship, manage change and deliver improvements. Private sector housing is also an important part of the Council's key goals for the regeneration of the City. There should be a cross tenure and corporate approach to housing that contributes in developing and delivery of the vision of Leeds Council and the Local Strategic Partnership (LSP).

Following preliminary discussions with the Director of Housing we agreed as part of our audit plan for 2004/05 to review the arrangements.

## 1.2 Overall Conclusions

The key conclusions from our review are that:

- The strategies of the Local Strategic Partnership (LSP), Leeds City Council (LCC) and the ALMOs are aligned and further work is being undertaken to ensure they address the regional issues.

- The strategic landlords monitoring of the ALMOs is well established but could be further enhanced through monitoring capital spend and work in progress (wip) throughout the year.
- There are arrangements in place setting out the role of Members and these are well established and clear. Both the ALMOs and the strategic landlord feel that their relationship with each other has developed over the last year and they should continue to build on this.

### **1.3 Key findings**

Working arrangements with ALMOs have improved since they were established. Our review identified that strategies are aligned with a joined up approach by the ALMOs, the Council and the LSP. The Council now need to ensure these continue be aligned down through the District Housing Partnerships and Area Committees.

The Council's structure of its Neighbourhoods Directorate ensures responsibilities are defined and lines of reporting clearly identified. This helps to facilitate relationships both within the Council and with external parties, ensuring cohesion in service delivery.

Key to the delivery of the Council's priorities and services are its effective arrangements for working with partners. This is demonstrated through the Leeds Housing Partnership involving the housing department, private landlords, Registered Social Landlords, ALMOs and voluntary organisations.

The housing department sets the wider strategic agenda including the Housing Strategy. The Council are further developing this strategy which should encompass the wider regional agenda.

The Council has introduced a protocol for Members. From our knowledge of the sector we believe this to be good practice and will help to ensure Members are clear of their role.

There is currently substantial investment in council housing and private sector housing stock. This links in with the Housing Strategy and a long term view of council housing and the regeneration of the City. The Council needs to ensure residents are aware and willing to accept the types of support available to them.

More robust arrangements need to be put in place by the strategic landlord to ensure the ALMOs are regularly monitoring their work in progress to assist the Council in its reporting and ensure decent homes funding is being spent within the required timescales.

#### **1.4 Key learning points**

- The Leeds Housing Strategy should also reflect regional priorities.
- The Council should ensure that the ALMO, District Housing Partnerships and Area Committee strategies and objectives are linked and that there are effective performance management systems in place to determine whether these are being achieved.
- The Council should ensure that there are improvements in the monitoring arrangements for work in progress. This should include arrangements with the ALMOs for ensuring all of the decent homes funding is spent within the required timescale.

#### **1.5 Way forward**

We will discuss the findings of the review and recommendations in our report with officers to agree an action plan to address the key issues going forward.

## 2 Introduction

### 2.1 Background

This review forms part of our 2004/05 audit and inspection plan and has been scoped to ensure it excludes the areas reviewed by the Audit Commission Housing Inspection team in their review of the Council's strategic landlord function.

### 2.2 Objectives and scope of the review

The objective of the review is to ensure that Leeds City Council (LCC) as the Strategic Landlord has effective joint arrangements in place across the city. We will consider the strategic and control issues that need to be addressed to ensure the proper control of the housing partnership, whilst also considering the practical management issues raised.

Our review will assess how the Council is:

- ensuring the housing strategies and agenda's of the ALMOs are joined up with those of the Strategic Landlord and the LSP encompassing housing, regeneration and development; (Section 3)
- setting out a strategic role linked to the wider agendas of neighbourhood management, regeneration, homelessness, private sector housing, social inclusion and the introduction of 'Supporting People'; (Section 4)
- aligning funding priorities and capital funding streams to meet the decent homes standard; and (Section 5)
- ensuring clarity over the role of Members and the robustness of monitoring and scrutiny arrangements of the ALMOs. (Section 6)

### **2.3 Audit Approach**

Our approach has been to:

- Interview key officers from both the strategic landlord and East Leeds and South East ALMOs;
- Interview Members and partnering organisations; and
- Review relevant documentation and reports.

### **2.4 Acknowledgements**

We would like to take this opportunity to thank all those involved who have supported this review.



### 3.3 Aligning strategies

To deliver the Councils and the LSP's strategies it is essential the strategies of all parties involved in delivering these are aligned. Therefore when each party establishes its objectives they need to take into account their interdependencies with each other. For this reason the approaches used in setting and aligning strategies, objectives and goals is a top down and bottom up approach.

The LSP (Leeds Initiative) set the strategic direction for Leeds and this was done in conjunction with the City Council. The Council then set their own strategic objectives, the Corporate Plan, which reflects the input from the five service directorates. This process is then continued within the Neighbourhoods Directorate through the Neighbourhoods and Housing Directorate plan and the HRA business plan down to the ALMOs, the District Housing Partnerships (DHP) and the Area Committees (AC) whose aim it is to deliver the services to the people of Leeds. The aim of all parties is to achieve the strategy of the LSP.

In the context of housing at a Council level Leeds is very much involved in and takes its lead not only from the Corporate Plan and LSP but also from the regional and sub regional housing boards. At a city wide level the Government Office regularly reviews the Leeds Housing Strategy and in 2004 assessed it as being 'Fit for Purpose' (previously this was 'Well above Average.'). This has prompted the Leeds Housing Partnership to integrate further with the regional and sub regional boards to reflect and address regional priorities going forward.

The HRA Business Plan at a contextual level links in well with both the regional and sub regional priorities at a strategic level whilst also addressing the operational issues of delivering an improved service to the population of Leeds through the ALMOs, DHP's and AC's.

To ensure that the ALMOs are contributing and focusing their attention towards delivering on both the wider and their own agendas the strategic landlord is involved, to a small degree, in the formulation of their business plans. To achieve this the strategic landlord has the overarching power to ensure the ALMO business plan address all the big and small

pictures before they are approved and adopted by their respective boards.

Our review looked at the following documents to assess whether the strategies of all parties, from those at a high strategic level to those delivering services, to establish whether they were joined up:

- Leeds Strategic Partnership 'Vision for Leeds';
- Neighbourhoods and Housing Department Plan 2004/05 including HRA Business Plan;
- South East Leeds ALMO Business Plan; and
- East Leeds ALMO Business Plan.

The table below demonstrates from our review of the above documents that the strategies of the LSP through to the ALMOs are joined up and focused on delivering similar themes and objectives.

OBJECTIVE/GOAL	LSP 'Vision for Leeds'	Neighbourhoods and Housing Departmental plan 2004/05	SE ALMO Business Plan	E ALMO Business Plan
To achieve the decent Homes standard	✓	✓	✓	✓
Regenerate areas of E & SE Leeds (EASEL)	✓	✓	✓	✓
Aire Valley regeneration	✓	✓	✓	N/A
Prevent and reduce crime	✓	✓	✓	✓

### **3.4 The way forward**

Management recognise that the regional priorities facing the Yorkshire region and West Yorkshire sub region are important and to a degree similar to those priorities in areas of Leeds and these need to be addressed within the Leeds Housing Strategy. A revised strategy is currently being produced and this should reflect regional priorities and issues.

Our review of partnership arrangements has confirmed that the action plans of DHP's are integrated and demonstrate good links with those of the Leeds Initiative.

## 4 Strategies and the wider agenda

### 4.1 Introduction

The Neighbourhoods Directorate not only manage services historically included within the Housing Revenue Account (HRA) but also provide additional services including neighbourhood management, regeneration; homelessness, private sector housing, social inclusion and 'Supporting People'.

### 4.2 Background

This section details how the Council and partners deliver related housing services. Many of the above services have been retained by the neighbourhoods directorate, others are delivered in partnership with the ALMOs or under service level agreements with the ALMOs. The functions retained by the Council include:

- Housing strategy and enabling;
- Supporting people including sheltered housing;
- Homelessness, housing advice and money advice; and
- Administration of the housing register.

At a city wide level the Leeds Housing Partnership is reviewing the Leeds Housing Strategy prior to the next assessment from the Government Office for Yorkshire and the Humber. This is being undertaken to ensure the strategy reflects the regional priorities; supports the Leeds Neighbourhood Renewal Strategy and the emerging Leeds and District Regeneration Plans; incorporates the development of housing strategies aimed at the requirements of older people and BME communities and the revised Private Sector Investment and Homelessness strategies and takes into account the 2\* ratings achieved by the Leeds ALMOs from the Audit Commission.

### 4.3 Neighbourhood management

The approach adopted by the Council is not just one of wanting to achieving decency but goes beyond that to cover the wider issues of Neighbourhood management with the aim being to be a “place where people want to live.”

From discussions with the ALMOs, Members, and management from the Neighbourhoods directorate the approach has clearly been to address the each area individually through the DHP’s rather than applying a ‘one solution fits all’ approach. To address this issue the HRA business plan tries to link the Vision for Leeds’ strategic objective of “sustainable places where people want to live” through the key theme’s of ‘Narrowing the Gap’ and ‘Thriving places’

In achieving this agenda the council has undertaken a fundamental organisational review to ensure closer working between services by developing a more localised approach to delivering performance managing services. To achieve this in July 2004 the Council established Area Committees. The initial agenda is to focus on delivery of services related to neighbourhood management including Streetscene, young people and community safety. All of which will hopefully achieve the desired outcome of improving the general appearance of neighbourhoods with a hope that this encourages investment and generates pride from the residents in the surroundings making the area a desirable place to live.

Delivery on the key strategies of the Council and Neighbourhoods Directorate, as mentioned earlier in this report, are linked. The Council has established a number of ACs and DHP’s in order to deliver its own and joined up services to the people of Leeds. There are ten ACs within Leeds and these are the Councils response to deliver council services to the people living within those areas. The DHP’s were established in Summer 2004 and incorporate at a local level the delivery of a broad range services provided by bodies including the Council, Health through PCT’s, the Police and the ALMO. For the Council to deliver its own objectives requires the ALMOs to be linked with the DHP’s. Our review of partnership arrangements has confirmed that the action plans of DHP’s are integrated and demonstrate good links with those of the Leeds Initiative. As the DHP’s are still in their infancy it is too early to establish whether there is any duplication of effort in achieving objectives and how effective they are in delivering the required level of services.

#### **Recommendation 1**

The Council should ensure that there are effective systems in place to enable the effective monitoring of service levels and ensuring that there is no duplication of action to achieve objectives. There should also be effective performance management systems to allow assessment of whether arrangements are being successful in delivering objectives across the ALMOs, DHP’s and AC’s.

#### 4.4 Regeneration

The City Council is undertaking a number of regeneration schemes with a view towards achieving the following objectives set out in the Vision for Leeds:

- Going up a league as a city – making Leeds an internationally competitive city, the best place in the country to live, work and learn, with a high quality of life for everyone.
- Narrowing the gap between the most disadvantaged people and communities and the rest of the city.
- Developing Leeds' role as the regional capital, contributing to the national economy as a competitive European city, supporting and supported by an increasingly prosperous region.

One major regeneration project which we have reviewed at a high level and discussed with a number of partners is the East and South East Leeds Regeneration Area (EASEL). There are a number of issues affecting this area including:

- Low level of inward investment;
- Higher than average crime rates; and
- Out dated schools.

The area covered by the project covers the eastern sector of the city to the north and south of the A64 and consists mainly of the large social housing estates of Burmantofts, Halton Moor, Richmond Hill and Gipton and mixed tenure properties in the East End Park and Harehills areas. At the time of our review the project was in the process of selecting a preferred bidder.

This EASEL strategy involves a number of different bodies and agencies with a view to regenerating this area of Leeds and tackling some of the problems faced. Imaginative ideas to draw inward investment through land deals and land swaps whilst enhancing services provided by the Council including new schools with better facilities itself and making the general environment look tidy will all help to encourage people to want to live in this area. This should help to generate further investment and improve the local economy.

Our high level review of the strategies of the LSP, the Council and the ALMOs all indicated this was an issue which was high on their respective agendas. From discussions with the Head of Regeneration and representatives from both East and South East ALMOs the outcome was very encouraging as all parties felt that they had the appropriate level of input and influence in the overall process.

As the project moves forward and a partner is selected it will be essential that the Council maintain a significant amount of influence at a strategic level in order to ensure it is delivering its objectives.

#### **4.5 Homelessness**

Managing the position and financial input required from the Council on Homelessness is a fine balancing act with a number of other key priorities. The strategic landlord requires a certain level of performance from the ALMOs in areas such as rent collection and arrears management whilst also actively trying to reduce the level of homelessness.

From a financial perspective it is more costly for the Council to house an individual who is homeless than for a resident to build up a certain level of arrears in a property managed by an ALMO. There has been a concerted effort from the both the Council and the ALMOs in managing this through preventative measures. The council has reduced the number of people being housed in the relatively expensive B&B accommodation and is looking more towards temporary accommodation ideally provided by the ALMOs or RSL's but invariably this is tending to be more in private sector rented accommodation. This in itself can cause problems in achieving certain goals as some private landlords will not accept tenants who claim benefits.

Management will need to carefully manage a number of priorities which include making areas available for redevelopment and regeneration, improving the existing housing stock to achieve the decent homes standard whilst ensuring there is the capacity within the housing market to provide reasonably priced accommodation for the those people who find themselves homeless. The Council is already considering this and it should continue to ensure that it is implemented.

#### **4.6 Private sector housing**

The HRA Business plan states *"The dept will continue to work with partners to maximise funding opportunities to tackle low demand and achieve decency within the private sector so as to attain the wider corporate objective of sustainable communities."*

The strategy reflects the issue that it needs to take into account the objectives of the Vision for Leeds and the targeting of resources within the Neighbourhood Renewal Strategy. The Council has taken steps to address these neighbourhood issues at an operational level through the DHP's but the effectiveness of these is not yet evident.

To achieve the above the Council has adopted an approach which provides an end to the dependency upon grants and has moved to provide support to private owners through providing loans and, where possible, advice on equity release schemes to fund improvements of owner occupied properties.

The Council still offers grants but has moved away from this type of funding and is providing alternatives such as loans and releasing the equity in owner occupied properties. In the longer term the recent rise in house prices may not be sustainable and some property prices may fall leaving owners in a position of negative equity. This method of providing support may not continue to be as viable in the medium to long term.

The support available under the umbrella of the Private Sector Renewal Support Programme (PSRSP) is detailed and focused on a number of key areas with clear links to the Leeds Housing Strategy but focus is on:

- ensuring the owners and tenants aware of the support available; and
- assessing on whether they are likely to accept the types of assistance, in its current form, on offer to them.

#### **4.7 Social Inclusion**

The inclusion and integration of asylum seekers and refugees into existing communities can be a problematic issue. Leeds lead on behalf of ten Councils in the Yorkshire and Humberside Consortium. The consortium has a contract with the Home Office until October 2005.

In Leeds this contract includes properties managed by five of the six ALMOs across the city. For Leeds to deliver this contract effective partnerships with the ALMOs are essential. Following the dispersal of asylum seekers to Leeds and the granting of refugee status there is increased demand from the refugee population for affordable social housing across the city and away from the traditional asylum seeker cluster areas. It is believed that this will help ensure the refugees feel more a part of the communities in which they live and also help to achieve the Council objective in creating mixed and sustainable communities.

If the council is to achieve sustainable communities with mix of ethnicities the fact that the Council has only a contract with five of the six ALMOs appears to conflict with the Councils objective and the choice based letting policy as this may preclude any asylum seeker or refugee from being housed in property managed by the sixth ALMO in that area of the city.

#### **4.8 Supporting people**

Supporting People was introduced in April 2003 with the main aim of providing good quality housing related support services to vulnerable people to enable them to live at home independently.

Work is about to commence on a review of older peoples housing and it is linked to the production of an Older Peoples' Housing Strategy and includes engagement from both health and social services.

Supporting people funding is likely to be reduced by the government in the future and the Council will need to ensure resources are aligned to deliver on key priorities and closely monitored to ensuring they are delivering a service which provides value for money.

## 5 Housing Investment

### 5.1 Introduction

In 2000 the government introduced an initiative to ensure the residents of the UK, particularly those in social housing, were being housed in properties in a decent state of repair and providing modern amenities. In establishing the decent homes standard it required all local authorities to ensure their properties achieved this standard by 2010.

### 5.2 Background

As a vehicle towards achieving the decency standard Leeds City Council set up its six ALMOs on 1 February 2003. In doing so it delegated its responsibility for providing housing management and maintenance services. Delivering the stock improvement programme is a key CPA target that ties in with the Councils housing strategy and long term sustainability of its neighbourhoods.

In 2003, the Audit Commission inspected all six ALMOs looking at the services provided by the individual ALMOs, their governance arrangements and relationships with the council. Initially only two, Leeds West Homes and Leeds North East Homes, achieved a 2\* rating. Following a round of re-inspections during the summer of 2004 the remaining four ALMOs were all awarded 2\* status.

A 2\* rating is required by ALMOs to unlock additional finances through supplementary credit approvals (SCA) to deliver the stock improvement programme. Following the initial approval by the Office of the Deputy Prime Minister (ODPM) to release funding the six ALMOs have submitted bids for further drawdown of funding. The Council is due to receive £349m, between 2003/04 and 2010, in decent homes funding.

### 5.3 Funding arrangements

The City Council as the accountable body for the decent homes funding is responsible for ensuring adequate arrangements are in place over the stewardship of the funds and that they are being used for the purpose for which they were intended. Both the Councils and the ALMOs revenue positions are finely balanced and there is a risk that expenditure is inappropriately categorised as capital rather than revenue to ensure a breakeven revenue position. Any material misclassification could impact upon the Councils Use of Resources and CPA rating. CIPFA's Capital Financing Manual sets out the criteria that must be achieved if expenditure is deemed to be capital in nature in order to justify its inclusion within the Councils Balance sheet.

#### Recommendation 2

The Council should ensure all capital expenditure incurred by the ALMOs meet the criteria set out in CIPFA's Capital Financing Manual.

Leeds has estimated their total budget for achieving decency to be £828m, split as follows over the next ten years.

Year	MRA £000's	RTB Receipts £000's	Supported Capital Expenditure £000's	ALMO SCA £000's	Total Resources Available £000's
2004/05	31,766	10,478	10,063	56,167	108,475
2005/06	31,341	8,920	7,616	107,259	155,136
2006/07	30,924	8,576	7,616	91,648	138,764
2007/08	30,584	7,919	7,616	72,430	118,549
2008/09	30,447	7,810	7,616	19,532	65,405
2009/10	31,633	8,251	7,616	2,200	49,700
2010/11	31,554	8,405	7,616	-	47,575
2011/12	31,448	8,816	7,616	-	47,880
2012/13	31,353	9,073	7,616	-	48,042
2013/14	31,340	9,530	7,616	-	48,485
<b>TOTAL</b>	<b>312,390</b>	<b>87,778</b>	<b>78,607</b>	<b>349,236</b>	<b>828,011</b>

The Council plans to fund the decency programme with various sources of funding, including:

### **Major Repairs Allowance (MRA)**

Calculated on a number of criteria based on the housing properties from their age, size and type to the number of properties a Council makes available to let. The MRA is paid to the Council via the Housing Subsidy grant and can be used to repair and maintain properties for let. This funding is not time barred and can be carried forward and used in future years.

### **Supplementary Credit Approvals (SCA)**

Received from the ODPM and awarded to ALMOs achieving a two star rating or above. Funds are time bared and must be spent by 31 March in the year in which they were received. This has posed a number of issues for the Council and the ALMOs particularly those four not achieving a 2\* rating until late in 2003/04. To alleviate some of the pressure on the ALMOs the ODPM have allowed the initial 2003/04 allocations to be rolled forward until 31 March 2005.

### **Right to Buy Receipts**

Received from the sale of HRA properties. Capital accounting regulations now require authorities to disclose all capital receipts and pay these into a national pool. The ODPM will then ascertain how much of this money will be repaid back to the Council, which could be less than that paid in. The Council have agreed, subject to an approved business case, that the ALMOs can recycle the receipts and put this towards funding their decency programme. This could result in the Council having to withstand any shortfalls in receipts from the ODPM.

### **Supported Capital expenditure**

Funded by the Councils own reserves as part of the approved capital programme.

## 5.4 Capital monitoring arrangements

From discussions with South East and East ALMOs and the strategic landlords finance team, that monitor ALMO performance, it was ascertained that regular monitoring arrangements are in place to ensure funding is spent within the required timescales. To ensure this doesn't happen the following actions can be taken:

- Reprofile the timing of projects between ALMOs;
- Alternating the type of funds being used to fund projects e.g switching from MRA to SCA; and
- Even reprofiling the drawdown of funds, subject to ODPM approval.

Due to the levels of expenditure required to bring the housing stock up to the decency standard it remains unlikely that funding will be lost. We understand that Leeds may well be asked to receive funding earlier than set out in the funding allocations budget due to other local authorities struggling to put arrangements in place to spend the money as quickly as first thought. In doing so the Council will help to ensure that the ODPM is meeting its own spending targets, otherwise the Treasury may choose to reallocate funds away from the housing sector.

For 2005/06 the Council is due to receive £107m of SCA monies. If Leeds receive additional funding from the ODPM then greater emphasis will need to be put on the monitoring arrangements as there could well be an increased risk of all SCA funds not being spent by 31 March 2006 which may trigger the ODPM to clawback funds.

Monitoring of the capital programme is the responsibility of the Strategic Landlord but requires information to be processed and reported promptly by the ALMOs. Our review highlighted that for South East ALMO as at 14 March 2004 the capital expenditure incurred only amounted to £7.4m or 51% of the years capital programme. Following a further review on 2 April 2005 the level of expenditure has increased to £11.2m, with more due to be posted. This gave the strategic landlord comfort that SE ALMO would achieve their capital programme for the year.

*Extract of Leeds South East Homes/Budget Information Summary Sheet*

	14 March 2005			2 April 2005		
	Spend £m	Budget £m	%	Spend £m	Budget £m	%
Non SCA schemes	2.6	6.2	42	N/A	6.2	N/A
SCA Schemes	4.8	8.4	57	N/A	8.4	N/A
<b>TOTAL</b>	<b>7.4</b>	<b>14.6</b>	<b>51</b>	<b>11.2</b>	<b>14.6</b>	<b>77</b>

Despite only spending £11.2m by 2 April 2005 SE ALMO has spent over and above their 2004/05 SCA allocation thereby ensuring funds are unlikely to be clawed back. Any underspend on the non SCA schemes can be carried forward into 2005/06.

The nature and timing of the capital work is such that historically much of the information is not available until the year end but this does not and will not provide sufficient assurance going forward that the capital budget is likely to be achieved. Periodic monitoring of work in progress should be undertaken throughout the year.

**Recommendation 3**

The Council should monitor capital expenditure on a monthly basis to ensure WIP is accurately measured and funding is being spent within the required timescales.

**5.5 Revenue monitoring arrangements**

With an emphasis on capital funding and increased pressure on the ALMOs to agree partnering agreements with developers in order to achieve the decency standards there is a risk that the ALMOs management team take their eye off the everyday housing management issues such as collecting rents and managing arrears which could have a detrimental impact upon the HRA.

We understand one of the ALMOs is in financial difficulties and, as a wholly owned subsidiary of the Council, has sought assurance from the Council to underwrite its financial position and continue as a going concern. This could have implications for the Council in terms of the support required from HRA and General Fund which may not be fully reflected in the Councils financial projections.

**Recommendation 4**

The strategic landlord team should closely monitor the day to day performance of the ALMOs and promptly report any concerns to management with the Section 151 officer notified of any wider financial implications for the council.

## 6 The role of Members

### 6.1 Introduction

This section of our review considers the clarity over the role of Members and the robustness of monitoring and scrutiny arrangements.

### 6.2 Background

The ALMOs are companies limited by guarantee with the Council the only member. Management agreements are in place regulating how the ALMOs carry out their housing management functions. The Council as the ultimate member of the company has the ability to remove any member of the board.

The process for selecting members for ALMO boards is governed by the Appointments to Outside Bodies procedures. The ALMOs are categorised as Community and Local Engagement Bodies, and so the relevant Area Committees make these appointments. ALMO Boards comprise with equal representation:

- Members, appointed by the Area Committees;
- Tenants members, appointed through tenant elections; and
- Independent members, selected by the rest of the Board.

Leeds in comparison with other local authorities has had more experience than most in providing services through subsidiaries, the monitoring these and the role of Members in that process. Education Leeds is a prime example and as a result of this the City Council are well placed to learn from the experiences of Education Leeds in monitoring the ALMOs and the role of appointing Members to ALMO boards.

### **6.3 Role of Members**

A policy on the role of Members in the ALMO process was approved by the Standards Committee in 2004. This sets out Members roles and responsibilities on issues such as conduct and declaration of interests when dealing with conflicting arrangements. This will be particularly informative for those Members who are not familiar with these arrangements.

From discussions with Members who also sit on the Boards of ALMOs it was evident that they were perfectly clear on their role and level of conduct required from holding both positions. It was encouraging to hear that if a member felt there was any interest in a particular issue whether whilst representing either the Council or the ALMO they would make a declaration of interest and no longer take part in the debate or cast a vote on the issue concerned.

### **6.4 Monitoring arrangements**

To ensure the ALMOs are performing to the levels required by the strategic landlord, as set out in the management agreement, the Council have put in place the following monitoring arrangements:

- Regular visits to discuss issues and performance with the ALMO by the strategic landlord;
- Monthly visits from lead Members and senior management of the strategic landlord; and
- Quarterly strategic landlord reports on ALMO performance to the Executive and Scrutiny.

From discussions with representatives from both the ALMO and the strategic landlord the consensus of opinion is that despite initial teething troubles the relationship has improved and the current arrangements are working well. The ALMOs were encouraged that they had opportunity not only to speak to the strategic landlord about issues they were facing but also the lead and portfolio members for Neighbourhoods. The strategic landlord was assured that the ALMOs were delivering the services expected by the tenants. Members were assured that the ALMOs and the strategic landlord were working together for the benefit of the tenants.

From a review of the overall arrangements in place over the ALMOs the Council has one unique power in that Scrutiny has the power to require Officers of the six ALMOs to attend scrutiny by virtue of the Agreements. From our experience elsewhere of ALMO / Council relationships this power is only extended to the strategic landlord not the ALMOs.

We understand to date this has not as yet been exercised although they have attended on a voluntary basis.

# Appendix 1

## Recommendations and Action Plan

***	<i>Significant residual risk</i>	**	<i>Some residual risk</i>	*	<i>Little residual risk</i>
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<b>Recommendation</b>	<b>Priority</b>	<b>Management response</b>	<b>Responsibility and timescale</b>
1 The Council should ensure that there are effective systems in place to enable the effective monitoring of service levels and ensuring that there is not a duplication. There should also be effective performance management systems to allow assessment of whether arrangements are being successful in delivering objectives across the ALMOs, DHP's and AC's	**	<p>The director currently meets chief officers within the department individually to discuss performance against targets on a monthly basis.</p> <p>The service planning process identifies individual responsibility for service delivery and is monitored quarterly by individual divisions.</p> <p>This process needs to be reviewed to ensure that performance is not looked at in silos and that there is read across between the different divisions.</p>	Divisional Management Team 31 <sup>st</sup> March 2006

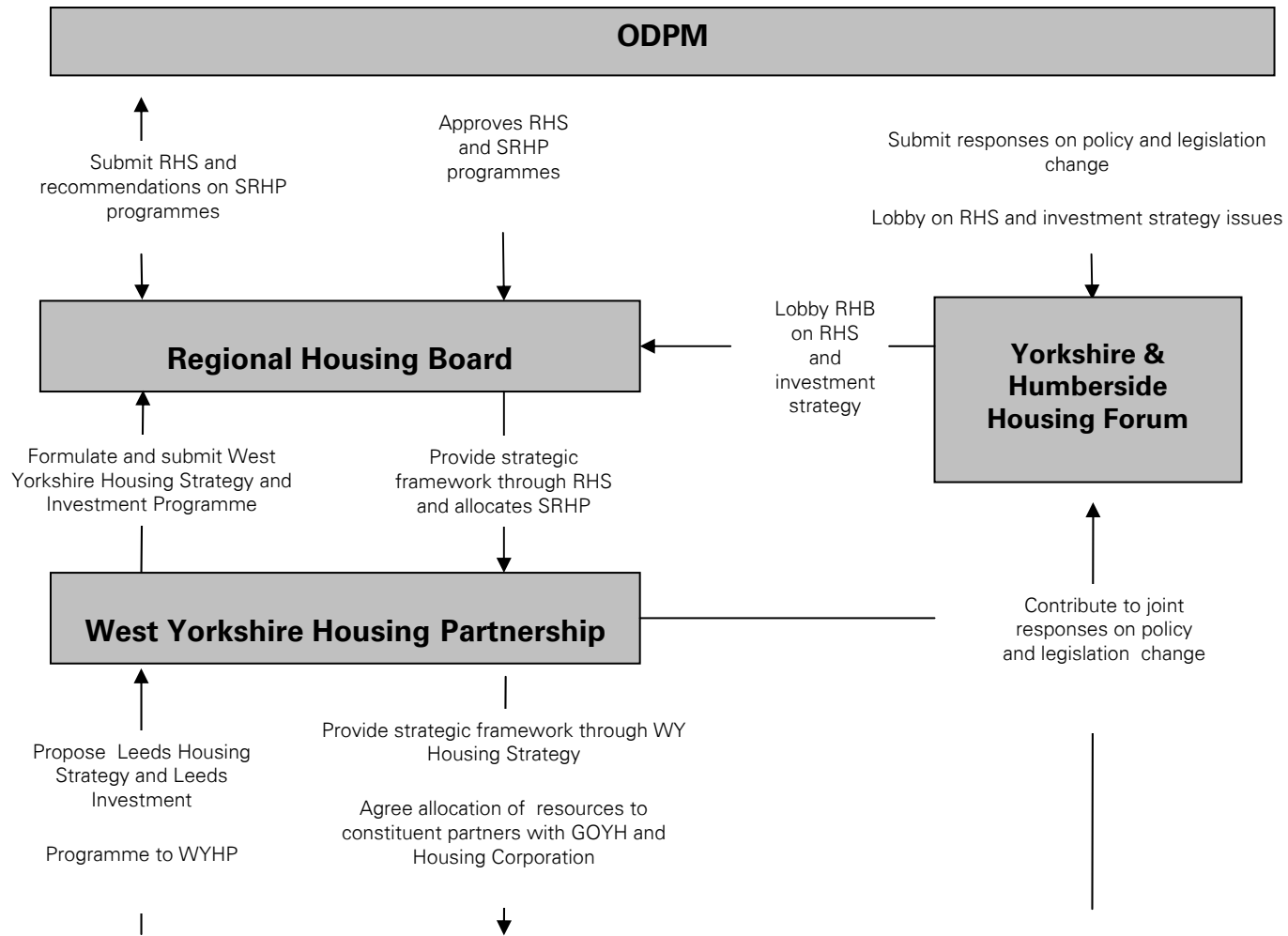
Recommendation	Priority	Management response	Responsibility and timescale
<p>2 The Council should ensure all capital expenditure incurred by the ALMOs meet the criteria set out in CIPFA's Capital Financing Manual.</p>	<p>**</p>	<p>The department recognises the need to maximise its spend and to ensure that as a minimum the Supplementary Borrowing is spent each year.</p> <p>The department looks at capitalisation issues with the ALMOs on an ongoing basis and seeks direction from Auditors as necessary.</p> <p>The department will ensure that all the ALMOs adhere to the CIPFA guidance.</p>	<p>Finance Manager 31<sup>st</sup> March 2006</p>

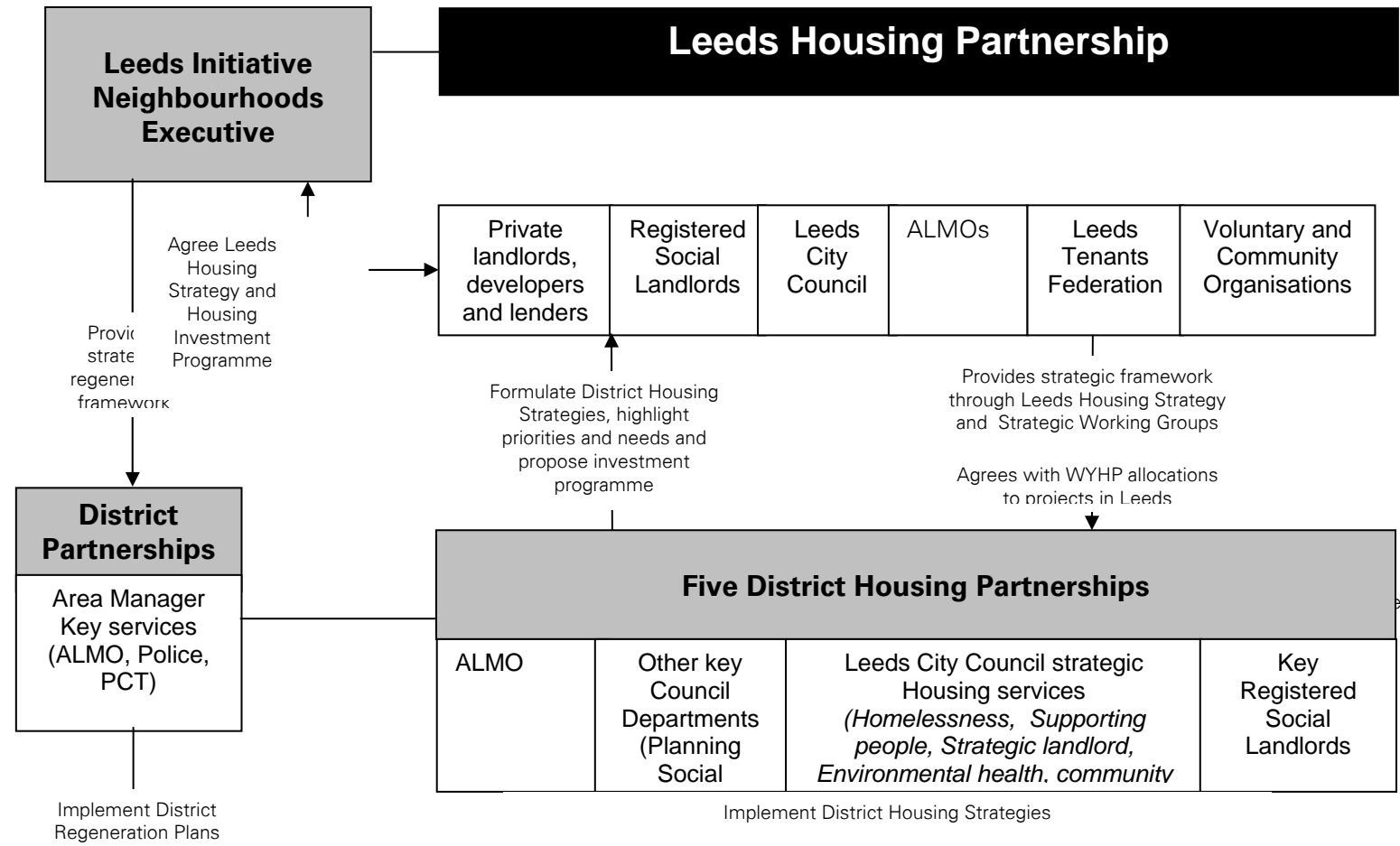
Recommendation	Priority	Management response	Responsibility and timescale
3 The Council should monitor capital expenditure on a monthly basis to ensure WIP is accurately measured and funding is being spent within the required timescales.	**	Capital expenditure is monitored centrally by the department. In addition quarterly meetings up to September are held with the ALMOs and monthly meetings thereafter to monitor expenditure. These meetings have been reviewed and there is now attendance from Finance staff as well as Strategic Landlord staff. WIP figures are requested from all the ALMOs. However, more work needs to be done to ensure WIP figures are accurate.	Strategic Landlord Finance 31 <sup>st</sup> March 2006

Recommendation	Priority	Management response	Responsibility and timescale
4 The strategic landlord team should continue to closely monitor the day to day performance of the ALMOs.	**	There is a Performance Management Framework between the Strategic Landlord and the ALMOs. Monthly reports on performance are produced and quarterly meetings held with the ALMOs. These need to be reviewed to become more specific to driving up performance levels.	Strategic Landlord 31 <sup>st</sup> March 2006

## **Appendix 2**

### **Housing Partnerships Flowchart**





## **Appendix 3**

### **Glossary of Terms**

Arms Length Management Organisation (ALMO)	A wholly owned subsidiary of the Council established with the aim to provide housing related services
Housing decency standard	A government initiative for all social housing to meet certain basic standard
Vision for Leeds	A community strategy for Leeds established by the Local strategic Partnership
Local Strategic Partnership (LSP) 'Leeds Initiative'	A combination of public, private, community and voluntary sectors, know as the Leeds Initiative
Strategic Landlord	A department within the neighbourhood directorate of the Council responsible for monitoring the performance of the ALMOs and providing other related housing services to the people of Leeds
District Housing Partnership (DHP)	A vehicle through which services are delivered by the Council, the Primary Care Trusts, Police and ALMOs to the people of Leeds.
Area Committees (AC)	A vehicle through which all council services are delivered to the people of Leeds.
Leeds Housing partnership	A partnership providing housing services to the tenants of Leeds involving the Council, private landlords, RSL's and other providers.
Regional Housing Board	A consortium across Yorkshire and the Humber delivering housing services including the Councils, RSL's and ALMOs
West Yorkshire Housing Partnership (WYHP)	As above but for West Yorkshire
Corporate Plan	The Councils Business plan detailing the Councils aims and the strategies it adopts to achieve those aims
Neighbourhoods and Housing Department plan	As above but for the Neighbourhoods and Housing department
Leeds Neighbourhood Renewal Strategy	A strategy which aims to integrate all functions from inclusion to business support and community cohesion
Leeds and District Regeneration Plans	Regeneration plans for the Leeds area
BME Communities	Black, Minority and Ethnic Communities
Steetscene	The Councils service to maintain the appearance Leeds
East and South East Leeds Regeneration Plan (EASEL)	An initiative set up to regenerate parts of east and south east Leeds
Private Sector Renewal Support Programme (PSRSP)	An initiative for home owners and private sector tenants to assist with home improvements
Yorkshire and Humber consortium for refugee and asylum seekers	A consortium of Councils brought together to address the needs of refugees and asylum seekers across Yorkshire and the Humber.