

BRECKLAND COUNCIL

Report of the Executive Member for Planning, Health and Housing to Cabinet 11th January 2011

Flagship Housing Group – 1Future Proposal

1. Purpose of Report

- 1.1 To consider the proposal by parent company Flagship Housing Group to amalgamate its three component housing associations to form a single new entity 'Flagship'. This proposal is called 1Future.

2. Recommendations

It is recommended that members :

- 2.2 Consent to Flagship Housing Group's request to amalgamate its group structure and concomitant deregulation of Flagship Peddars Way subject to the requirements set out at 3.2.3 and 5.2

Note: In preparing this report, due regard has been had to equality of opportunity, human rights, prevention of crime and disorder, environmental and risk management considerations as appropriate. Relevant officers have been consulted in relation to any legal, financial or human resources implications and comments received are reflected in the report.

3. Information, Issues and Options

3.1 Background

- 3.1.2 Flagship Housing Group is made up of the parent company Flagship and three housing associations, Flagship Peddars Way, Flagship Suffolk Heritage and Flagship Kings Forest. The Flagship Group was formed in 1998 following the joining together of Suffolk Heritage and Peddars Way.
- 3.1.3 Although part of a group, each organisation is legally a separate organisation, with its own properties, staff and board. Flagship Housing Group currently has 40 paid board members.
- 3.1.4 Flagship Peddars Way, or Peddars Way Housing Association as it was then known, was created as part of the Large Scale Voluntary Transfer (LSVT) of Breckland Council's Housing Stock in 1993. A stock transfer agreement was signed between the Council and the new organisation as to the obligations of the respective parties going forward.
- 3.1.5 1Future is based on five specific aims: To position and strengthen the group in times of economic uncertainty, to organise the group more efficiently, to improve the way the organisation is run and how they consult with their customers, to be more accessible at the local level to customers and to invest more in front line staff and services from savings achieved.
- 3.1.6 The 1Future proposal is forecast to achieve an initial cost saving of £800,000, increasing to over £1m per annum in future years which is to be reinvested into front line services. These new services include: a 24 hour, 7 day a week free phone number, 15 new community rangers, new customer service stations/hubs and a new community improvement fund.
- 3.1.7 Flagship Housing Group believe that if they do not progress 1Future then in the current economic climate there is a serious risk that the organisation will be less efficient and less competitive than other registered housing providers.

- 3.1.8 Customer feedback, including those residents from the Breckland district, has been positive on the whole and in support of the proposal.
- 3.1.9 The proposal is at present that the existing offices in Thetford and Dereham remain.
- 3.1.10 For the avoidance of doubt, members should be clear that consenting to an amalgamation would result in the deregulation of Breckland's stock transfer organisation, Peddars Way Housing Association.

3.2 Issues

- 3.2.1 In respect of the underlying principles of 1future i.e. realising efficiencies to reinvest in front line, locally focused services, members would probably find little to challenge in the logic of Flagship's proposed approach.
- 3.2.2 As Flagship Peddars Way are however the Council's stock transfer organisation and largest (and often monopoly) social landlord in certain parts of the district, officers would request that should consent be forthcoming that this structured accordingly to allow for the relationship with the new organisation to develop in such a way as to protect the Council's existing and future interests, whilst exploring new opportunities for partnership working.
- 3.2.3 Officers would request that any consent forthcoming reflect:
- The need to ensure that the obligations/rights contained with the stock transfer agreement remain and are transferred to the newly created single entity.
 - The need for the new organisation to demonstrate its ongoing strategic commitment to the growth and rural housing agendas and the local offer to tenants/leaseholders in the Breckland District
 - The need to agree an asset disposal strategy with the Council
 - The need for Flagship to actively demonstrate how the positive strategic and operational relationships that now exist can be maintained at non executive director/member level and how we ensure that a 'one size fits all' approach will not emanate from the new organisation. A suggestion in this regards is that rather than securing a place on the new board, Breckland are engaged on a 'scrutiny' level.
- 3.2.4 The formation of the new organisation post election and post Comprehensive Spending Review also presents new opportunities for the partnership. In developing the localism and shared service agenda, the Council is considering new ways of delivering services and there are some potential future opportunities inherent in the Flagship proposal.
- 3.2.5 A letter detailing Flagship's ongoing commitment to its relationship with Breckland Council is attached at Appendix A.

3.3 Options

- 3.3.1 To consent to Flagship Housing Group's request to amalgamate the existing group structure and in doing so deregulate Flagship Peddars Way.
- 3.3.2 To not consent to Flagship Housing Group's request.

4. Risk and Financial Implications

4.1 Risk

- 4.1.1 The risk of this proposal has been considered and providing the consent contains

the necessary caveats as advised, any substantial risks to the Council's ability to perform its statutory functions and to sustain a positive relationship with the new entity should be sufficiently mitigated as to represent a very low risk.

4.1.2 Should the Council not agree to the proposal, then there is a risk of loss of opportunity for those Breckland residents who may gain in terms of improved service delivery

4.1.3 Should the proposal not proceed, there would also be a risk to the future development of affordable housing within the Breckland district as the organisation moves away from a development role, in a bid to deliver necessary efficiencies.

4.2 Financial

4.2.1 There are no direct financial implications should the Council consent to Flagship's request, apart from receipts from preserved right to buy sales.

4.2.2 The Council should seek to ensure that any obligations in this respect set out within the existing stock transfer agreement are transferred to the newly created entity.

5. Legal Implications

5.1 The Council is advised that any statutory rights conferred under the stock transfer process, such as the preserved right to buy will be unaffected.

5.2 Breckland Legal Services comment is that 'Breckland Council's consent should be subject to the proviso that the successor body to Peddars Way Housing Association enters into a formal Deed of Novation to Breckland Council. Thereby ensuring that all Peddars Way Housing Associations contractual obligations arising from the Large Scale Voluntary Transfer are preserved.

6. Other Implications

- a) Equalities: The Council should be keen to ensure that the proposal improves the equality of service delivery to its residents.
- b) Section 17, Crime & Disorder Act 1998: None
- c) Section 40, Natural Environment & Rural Communities Act 2006: None
- d) Human Resources: None
- e) Human Rights: No direct implications, but the Council should ensure that it is a consultee on any policy changes with direct implications for the Breckland District going forward.
- f) Other: [e.g. Children's Act 2004] Flagship has a responsibility to address issues arising from the Children's Act and the Homelessness Act 2004 and to work in partnership with Local Authority partners.

7. Alignment to Council Priorities

7.1 The matters raised in this report falls within the following Council priorities:

- Prosperous Communities
- Building Safer and Stronger Communities

8. Ward/Community Affected

8.1 All

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Key Decision Status (Executive Decisions only): Yes

Appendices – letter from Executive Director – Flagship Housing Group.