

Economic Growth Scrutiny Panel

Agenda
Item:

A.4

Meeting Date: 19 July 2018
Portfolio: Economy, Enterprise and Housing
Key Decision: No
Within Policy and Budget Framework YES
Public / Private Public

Title: OPTIONS FOR REPLACEMENT OF RIVERSIDE DIVISIONAL BOARD
Report of: Corporate Director of Economic Development
Report Number: ED 21/18

Purpose / Summary:

Joint Management Team has invited feedback from Economic Growth Scrutiny Panel, regarding two options for replacing the Riverside Divisional Board:-

- Replacing the Divisional Board with a new Regional Liaison Group;
- Withdrawing from any formal board arrangements with Riverside.

A follow-up report will then be prepared for Executive.

Recommendations:

It is recommended that the Panel considers the two options for replacement of the Divisional Board and provides feedback on both options to help inform Executive's decision regarding the direction of the Council's future strategic relationship with Riverside.

Tracking

Executive:	20 August 2018
Scrutiny:	
Council:	

1. BACKGROUND

- 1.1 Carlisle City Council's housing stock was transferred to Riverside through a Large Scale Voluntary Transfer (LSVT) in December 2002. At that time the housing stock comprised approximately 7,500 properties; however, due to a large number of Right to Buy sales shortly after stock transfer, and selective demolition (particularly the regeneration of Raffles) Riverside's stock in the District is now nearer 6,000 homes.
- 1.2 In April 2018, the Riverside Group's Regional Director for the North Region formally wrote to the Council's Corporate Director of Governance and Regulatory Services, requesting the Council's approval to vary the stock transfer arrangement, by dissolving the Divisional Board, and replacing it with a new 'Regional Liaison Group'. Riverside's rationale is that due to a reorganisation of their internal governance arrangements, they no longer operate a Divisional Structure, and their stock in Carlisle has now been amalgamated within a larger North Region (covering an area including Gateshead in the North East and as far South as Hull). A copy of the letter from Riverside's Regional Director is included as *Appendix 1*, and Riverside's proposals for the proposed Regional Liaison Group, taken from a draft Deed of Variation provided by Riverside's solicitors, is included in paragraph 2.1.
- 1.3 Members of the Executive, together with the Senior Management Team, consider that there are two possible options for the Council's future strategic working relationship with Riverside:-
- Approve the replacement of the Divisional Board with a new Regional Liaison Group;
 - Withdraw from any formal board arrangements with Riverside;

Both options are considered in greater detail in section 2 of this report.

A third option, to re-instate the Divisional Board, was discounted, due to new measures recently introduced by the Government through: '*The Regulation of Social Housing (Influence of Local Authorities) (England) Regulations 2017*'. These updated protocols are particularly challenging for stock transfer Councils, such as Carlisle, as the new regulations:-

- Remove local authority voting rights at general meetings and any rights of veto over RP constitutional changes, whether in the rules or elsewhere; and

- Reduce the proportion of places on a board that a local authority can fill to a cap of 24% with some related consequential provisions.

The spirit and purpose of the new Regulations are to ensure that Social Landlords, such as Riverside, are truly independent organisations, free from Local Authority control.

2. PROPOSALS

2.1 Replacement of the Divisional Board with a new Regional Liaison Group

The following text has been provided by Riverside's legal team in respect of the proposed Regional Liaison Group:-

“To establish a Regional Liaison Group, comprising a Regional Director for the Association (or such other officer as the Association deems appropriate from time to time) together with representatives of the Council to meet at least twice a year in the Council's offices to discuss issues and agree recommendations relating to the operation of the Association within Carlisle.

To provide the Council with a copy of the Association's complaints policy (as amended from time to time) and to work with the Council, primarily through the Regional Liaison Group or more directly where required due to the urgency of an issue, to address and resolve (in accordance with the Association's complaints policy and usual policies and procedures) any issues raised by residents within Carlisle or members of the Council.

To designate a named officer and deputy to act as the primary liaison officers of the Association with the Council, and to promptly notify the Council of any changes to the details of these officers (including their replacement officers) from time to time.

To ensure that a Regional Director (or other sufficiently senior officer) of the Association attends meetings of the Council's relevant Scrutiny Panel regularly, with the objective of updating the EGSP of developments relating to the Association and, where relevant, the wider social housing sector.

To consult with the Council on any significant proposals by the Association to change the services it provides to Qualifying Tenants and act reasonably in considering any representations made by the Council in relation to such consultation."

in respect of the remit of the proposed Regional Liaison Group within Riverside's wider group structure, their Regional Director has confirmed the following:-

"The Regional Liaison Group would not have a place in Riverside's governance structure because we wish to move to a 'business activity' based approach rather than a geographic approach. The group would be a two way means of communication to tackle shared issues, particularly those of our customers."

2.2 Withdraw from any Formal Board Arrangements with Riverside

Some councils have voluntarily decided to withdraw from the Board of their stock transfer landlords. Apart from Barrow, all of the district councils in Cumbria have transferred their stock to a Housing Association via a Large Scale Voluntary Transfer. The local authority or stock transfer landlord has been contacted in all four of these Districts, and only one retains seats on their stock transfer Housing Association's board. A summary of their responses is detailed below:-

Allerdale: Allerdale Borough Council's legal department have confirmed that: "ABC do not have any right to a seat on the board of Castles & Coasts". (Allerdale's stock transfer landlord, Derwent & Solway, merged with Two Castles in 2017 to form the new Castles & Coasts Housing Association).

Copeland: Copeland Borough Council's Housing Manager has confirmed that: "CBC are not on the Board of Home Group (stock transfer landlord) and our formal

transfer agreement has expired but we retain a framework of formal strategic meetings. We meet with them quarterly through a strategic partnership review meeting, attended by the Housing Portfolio Holder, Director and myself – other staff e.g. Environmental Health attend as and when required.”

Eden: The Chief Executive of Eden Housing Association (stock transfer landlord) has advised that: “Eden District Council decided it did not need to have places on our Board, over 10 years ago. We saw that as EDC having confidence in the governance and leadership of the organisation. We do though continue to have strong strategic links with EDC”.

South Lakeland: South Lakeland District Council’s Housing Strategy and Delivery Manager has confirmed: “We only had a 5-year post-LSVT agreement with South Lakes Housing which expired in 2017. In terms of governance we have two SLDC Members on their board (it used to be more but we agreed to reduce the number).”

This less formalised approach, reflecting the fact it is now over fifteen years since stock transfer, would still require a strong strategic relationship to be maintained between the Council and Riverside, including regular joint high level meetings. Riverside’s Regional Director has confirmed the following arrangements would still exist in the absence of a formalised group.

“Our success depends on working with local authorities to understand and respond to their priorities and those of local residents and communities whether that’s formally or day to day as we do now.

A large amount of our stock and therefore assets are in Carlisle and so it is inconceivable that we would think that we don’t need to work with Carlisle City Council, whether we have a group or not. A strong strategic relationship and local contacts would still be maintained.”

3. CONSULTATION

- 3.1** A workshop for all Members, to discuss the Council’s future working arrangements with Riverside, was hosted by the former Community Overview and Scrutiny Panel (COSP) on 1 March 2017, with a follow-up report (ED 29.17) provided for its successor, the Economic Growth Scrutiny Panel (EGSP) on 5 September 2017. The minutes to the EGSP meeting indicated: “That the Panel agree in principle the proposals to vary the transfer agreement as detailed in report ED 29.17 subject to robust and strong Terms of Reference.” An extract from this report, comprising a

table summarising the key outcomes from the COSP workshop, including Riverside's responses, is included as *Appendix 3*.

- 3.2** Further discussion on some of these issues was held with Riverside's Regional Director at the April 2018 EGSP meeting. The Panel expressed a wish to be consulted on the final version of any proposal to vary the stock transfer agreement, which was approved through a Portfolio Holder decision notice.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

Members of the Panel are requested to consider the two potential options, and provide constructive feedback on each option, to help inform Executive's decision in respect of the direction of the Council's future strategic relationship with Riverside.

4.1 Replace the Divisional Board with a new Regional Liaison Group

This option would provide the opportunity to address shared issues through a formalised group structure, with clearly defined Terms of Reference (a proposed draft is set out in Appendix 2). However, it is worth noting, in respect of the new Group's powers and remit, that it would not be part of Riverside's governance structure.

4.2 Withdraw from any Formal Board Arrangements with Riverside

A number of stock transfer local authorities, including Allerdale, Eden and Copeland, no longer retain seats on the Board of their LSVT landlord. However, these Councils have verified that they maintain strong strategic links with these landlords, and Riverside have confirmed they would continue to work proactively with the Council to our mutual benefit, in the event this should be the Council's preferred approach.

It is also worth considering that it is now well over fifteen years since stock transfer, and the Council does not have any such arrangement with other larger Housing Associations operating in Carlisle District, such as Castles & Coasts or Home Group. Furthermore, the Council maintains a number of key strategic partnerships without operating any formal board arrangements.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 5.1** “Address current and future housing needs to protect and improve residents’ quality of life.”

Contact Officer: Jeremy Hewitson

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Appendices attached to report: *Appendix 1: Written Request from Riverside to vary the Stock Transfer Agreement (3 April 2018)*
Appendix 2: Regional Liaison Group (Draft) Terms of Reference
Appendix 3: Summary of Outcomes from COSP Workshop, held 1 March 2017, reported to EGSP, 5 September 2017.

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS/RISKS:

LEGAL – The Report references the Regulation of Social Housing (Influence of Local Authorities) (England) (Regulations) 2017 which remove local authority voting rights at general meetings and also any rights of veto over constitutional changes. The proportion of places on a Board that a local authority may fill is capped at 24%, which is lower than that which we have previously had. It is important to note that the LSVT contract does require that Riverside continue to work ‘in partnership’ with the Council and this obligation is not proposed to be changed by the proposals discussed in this report.

FINANCE – None.

EQUALITY – None.

INFORMATION GOVERNANCE – None.

Appendix 1: Written Request from Riverside to vary the Stock Transfer Agreement

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Riverside
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Sarah.paton@riverside.org.uk

3 April 2018

Dear Mark

Request to Vary Stock Transfer Agreement

I am writing to formally request a variation to the stock transfer agreement entered into between Carlisle Housing Association Limited and the Council of the City of Carlisle (the "Council") dated 9 December 2002 (the "Transfer Agreement").

The Transfer Agreement was varied by way of a Deed of Variation dated 31 March 2009, to reflect the amalgamation of Carlisle Housing Association Limited into The Riverside Group Limited ("Riverside"). By virtue of that amalgamation, Riverside took on the obligations and rights of Carlisle Housing Association Limited under the Transfer Agreement.

This letter follows on from conversations between officers of Riverside and the Council over the last 14 months and relates, principally, to the requirement under the Transfer Agreement (as amended) for Riverside to continue to have a Carlisle Divisional Board.

Background

Under the 2009 Deed of Variation, it was agreed that Riverside would maintain a separate operating division for Carlisle, which would operate under the Riverside Carlisle Divisional Board. The Carlisle Divisional Board was comprised of nominees of the Council, residents and independent persons.

Since 2009, Riverside has reorganised its operating structure and no longer operates a separate operating division for Carlisle.

In 2016, Riverside commissioned a review of governance arrangements. The outcome of this was a recommendation to move to a 'business activity' based approach rather than a geographic approach.

Whilst the benefits of the geographic approach to governance were recognised in terms of involvement of local stakeholders and local accountability, these were outweighed by the

advantages of consistency, fairness and value for money in the 'business activity' based approach.

In line with this, Riverside wishes to remove the obligation to have a separate Divisional Board in place in respect of the Carlisle operating division.

We remain committed to involving local stakeholders and local accountability and we want to continue to work with the Council in a way which allows effective and meaningful communication and contribution by both parties. The new proposals have been formulated to ensure involvement of the Council's officers and members, and that the Council's concerns about local accountability can be satisfied.

Changes requested

Riverside therefore wishes to amend the Transfer Agreement, to remove the obligation to have a Carlisle Divisional Board, in order to reflect the revised operating structure for Riverside and to put in place a more meaningful structure through which the Council and Riverside can continue to engage about key issues in Carlisle.

A draft deed of variation has been provided to the Council, setting out the proposed changes to the Transfer Agreement. In summary these are:

- The removal of references to a separate operating division of Riverside, known as Riverside Carlisle, to reflect the changes to Riverside's operating structure.
- The replacement of the obligation to operate a Carlisle Divisional Board with the requirement to establish and operate a Regional Liaison Group, which will comprise a Regional Director for Riverside (or another appropriate officer) together with representatives of the Council. The Regional Liaison Group will meet at least twice a year, to discuss issues and agree recommendations relating to the operation of Riverside within Carlisle.
- Riverside will enter into an obligation to consult with the Council in relation to any significant proposals by Riverside to change the services it provides to tenants which transferred from the Council, and to consider any representations made by the Council in relation to any such proposals.
- The replacement of the requirement to have a "divisional headquarters office" with an obligation to maintain an office within Carlisle. This office will operate as one of Riverside's three "hub" offices nationally.

In order to address some specific concerns raised by the Council during discussions over the proposed variation to the Transfer Agreement, it is also proposed that:

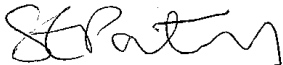
- Riverside is keen to work more closely with the Council to address and resolve any issues raised by customers or the Council. Riverside proposes to include an obligation that it will provide the Council with a copy of Riverside's complaints policy and work with the Council (primarily through the Regional Liaison Group, but also more directly where required) to address and resolve issues raised by residents within Carlisle or by members of the Council.

- Riverside wants to build upon and grow its relationship with the Council – to this end it will designate a named officer and a deputy to act as primarily liaison officers in Riverside for the Council.
- To ensure the Council continues to be informed, Riverside will ensure that a Regional Director (or other appropriately senior officer) attends meetings of the relevant Scrutiny Panel when required, with the objective of updating the Panel of developments relating to Riverside and the wider sector. Riverside will also maintain arrangements for consulting with and involving local residents in relation to matters of management, repair and improvements of Riverside's properties within Carlisle.

Next steps

I would be happy to address any queries or concerns in relation to this letter. I would be grateful if you could confirm if you are happy with the proposals contained within this letter, to allow us to finalise the Deed of Variation and put the new arrangements in place as soon as possible.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'SPaton', written in a cursive style.

Sarah Paton
Regional Director (North)

Appendix 2:

Carlisle City Council and The Riverside Group

Regional Liaison Group

(Draft) Terms of Reference

The Purpose

The establishment of a Regional Liaison Group, comprising representatives from Carlisle City Council (the Council) and The Riverside Group (Riverside), to discuss issues and solutions to current or topical housing-related issues in Carlisle, and make recommendations to Riverside, relating to its operations within Carlisle.

The Regional Liaison Group will replace the former Divisional Board and will have the remit set out below.

Meetings and Membership

- The Group will meet at least twice a year (more frequent meetings may be agreed if there are pressing issues that need to be addressed).
- Meetings will be held at the Council's offices.
- Agendas and minutes will be agreed between the Council and Riverside.
- Representation from the Council will consist of the Portfolio Holder with responsibility for Housing, three nominated additional Councillors, and supporting Officers.
- Representation from Riverside will comprise a Regional Director for the Association (and such other officer as the Association deems appropriate from time to time).
- In agreeing on recommendations, the Regional Liaison Group will seek to reach consensus. Any matter on which consensus cannot be reached shall not be presented to Riverside as a recommendation of the Regional Liaison Group.

Remit

The Regional Liaison Group will enable Riverside to hold meaningful consultation with the Council in respect of any significant proposals by Riverside to change the services it provides to qualifying tenants in Carlisle and allow Riverside and the Council to discuss any representations made by the Council in relation to such proposals.

Riverside will work with the Council, primarily through the Regional Liaison Group or more directly where required due to the urgency of an issue, to address and resolve (in

accordance with Riverside's complaints policy and usual policies and procedures) any issues raised by Riverside's qualifying tenants within Carlisle or members of the Council.

Riverside will designate a named officer and deputy to act as the primary liaison officers of Riverside with the Council, and to promptly notify the Council of any changes to the details of these officers (including their replacement officers) from time to time.

Areas of Operation

The Regional Liaison Group will discuss and monitor a range of operational issues in relation to Riverside's operations in Carlisle including (but not restricted to) the following:-

- Tenant and resident consultation, participation and involvement
- Customer engagement, including complaints procedures
- Service standards
- Anti-social behaviour
- Neighbourhood plans
- Environmental issues
- Neighbourhood patch walks and inspections
- Promoting successful partnerships and opportunities for collaborative working.

Monitoring Progress

Riverside will additionally ensure that a Regional Director (or other sufficiently senior officer) of Riverside attends meetings of the Council's relevant Scrutiny Panel regularly (as required), with the objective of updating the Panel of developments relating to Riverside and, where relevant, the wider social housing sector.

Minutes of meetings will be distributed to all Carlisle City Councillors and within Riverside, as appropriate.

Terms of Reference

The Regional Liaison Group shall review these terms of reference at least once every three years, and amendments may be made by agreement of the Council and Riverside.

The Regional Liaison Group will become operational from date to be confirmed.

Appendix 3: Summary of Outcomes from Community Overview and Scrutiny Panel Workshop, held 1 March 2017, reported in EGSP report ED 29.17, 5 September 2017

COSP Working Group Priorities		Riverside Proposals	Comments
1.	Any new arrangement should be covered by a legal agreement	Riverside agree to a Deed of Variation to the existing stock transfer agreement, which Riverside will ask their solicitors to draft once the key points are agreed.	Will require approval from the Council's Legal Services team.
2.	The new Board (or alternative structure) should have genuine influence, and Riverside's national Board should discuss strategic plans for Carlisle with local representatives	<p>Proposal to establish a 'Regional Liaison Group' with the Regional Director or Riverside and Carlisle CC officers and elected Members to meet on an agreed frequency and with an agreed agenda and terms of reference.</p> <p>Riverside also undertake to consult Carlisle City Council on any significant changes in services to residents in Carlisle and consider any representations made by them in response.</p>	<p>The proposed Regional Liaison Group would provide a regular meeting structure and agreed terms of reference.</p> <p>This is a positive step as Councillors have previously complained about finding out about local changes affecting Carlisle in the local media.</p>
3.	A strong relationship between the Council and Riverside was required, with regular joint meetings including Riverside's Regional Director	See point 2 (above).	Regular joint meetings, enhancing a two-way information exchange would help to build stronger relationships.
4.	Local representation was important	Riverside will maintain a tenants' scrutiny panel or other arrangement for the same purpose locally to ensure that Carlisle residents can scrutinise and influence services.	COSP have previously stressed the importance they place on tenant involvement and participation, so this represents a welcome commitment from

		Riverside will make reasonable efforts to recruit residents in Carlisle to get involved in customer involvement opportunities – Riverside will engage with involved customers on any changes in services.	Riverside.
5.	Transparency/ clarity was needed re Riverside complaints procedure – local Board could investigate complaints	Riverside are keen to work with the Council to address and resolve any issues raised by customers or local Councillors. Riverside will supply them with a copy of the Group's complaints policy and keep people updated.	Transparency is essential in addressing complaints in a clear and open manner.
6.	It would be helpful if Riverside had a designated member of staff who could act as a Councillor Liaison Officer, and also a generic e-mail address for Councillor enquiries	Riverside will designate a named officer and deputy to receive enquiries from Council Members.	This proposal would be beneficial in respect of Councillor enquiries to Riverside regarding complaints.
7.	Regular updates from Riverside's Regional Director at COSP	The Regional Director will attend COSP regularly.	Regular attendance at COSP will help to keep the Panel up to date with the latest developments relating to Riverside and the Housing Association sector.
8.	Appropriate structures were needed to disseminate information – also necessary to look at this within the Council	Riverside are happy to agree arrangements to ensure communications reach the right people.	It is important that an appropriate information sharing protocol is in place so that the appropriate people in both organisations are kept informed.