

**Manchester City Council
Report for Resolution**

Report to: Executive - 2 March 2016

Subject: Manchester Move (Social Housing Lettings System)
Collaboration Agreement and Services Agreement

Report of: Strategic Director - Strategic Development

Summary

This report seeks approval for the draft Collaboration Agreement and Services Agreement that are required to operate the Manchester Move Social Housing Allocation System with a greater degree of shared risk and funding with Registered Housing Provider partners.

Recommendations

The Executive is recommended to:

1. Approve the Manchester Move Collaboration Agreement.
 2. Approve the Manchester Move Services Agreement between the City Council and Northwards Housing.
 3. Authorise the Assistant Chief Executive (Growth) and City Treasurer in consultation with the Executive Member with responsibility for Housing to approve any future amendments to the Collaboration Agreement and Services Agreement.
 4. Authorise the City Solicitor to complete the legal documentation on behalf of the Council.
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Wards Affected:

All Wards

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The Manchester Move system ensures that access to the social housing register is available to everyone, contributing to ease of access to all forms of housing across the region and sub region.
Reaching full potential in education and employment	The Manchester Move system awards working households additional priority in the Part VI Allocations Scheme to contribute to reducing

Community Strategy Spine	Summary of the contribution to the strategy
	dependency and attracting and retaining economically active households.
Individual and collective self esteem – mutual respect	The Manchester Move system ensures that social housing is allocated according to assessed levels of need and to deliver Manchester’s strategic priorities in order to improve the quality of life for local people.
Neighbourhoods of Choice	The Manchester Move system ensures that the allocation of social housing is managed to maximise the housing choice within the city and contribute to the availability of neighbourhoods of choice.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The proposed changes to the Manchester Move agreement are being implemented to improve the VAT efficiency of the scheme. In order to do this it will require the City Council to assume responsibility for payment of the annual software maintenance costs and collection of the annual subscriptions from each of the Partners, along with any debt collection. The costs of undertaking these functions will be funded from the Manchester Move partnership subscriptions, along with the fees payable to Northwards for managing the Partnership on behalf of the Council in the with the agreed service level agreement. The City Council £50k annual fee for the Manchester Move Partnership is budgeted for within the Housing Revenue Account.

Financial Consequences – Capital

There are no capital issues arising from the proposals within this report.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

MCC Report for Resolution of Executive 10 March 2010 Allocations Scheme that includes a copy of the Allocation Scheme adopted by Executive.

MCC Report to Executive 12 September 2012 Review of the Outcomes of the First Year of Operation of the revised Council Part VI Allocations Scheme from April 2011 to March 2012 and request for minor amendments and clarifications to the Scheme

The Housing Act 1996 (as amended)

Allocation of Accommodation: Code of Guidance for Housing Authorities 2002

Allocation of Accommodation: Choice Based Lettings Code of Guidance for Housing Authorities 2008

Fair and Flexible: Statutory guidance on social housing allocations for local authorities in England 2009, issued by the Communities and Local Government Department.

Draft Manchester Move Collaboration Agreement

Draft Manchester Move Services Agreement

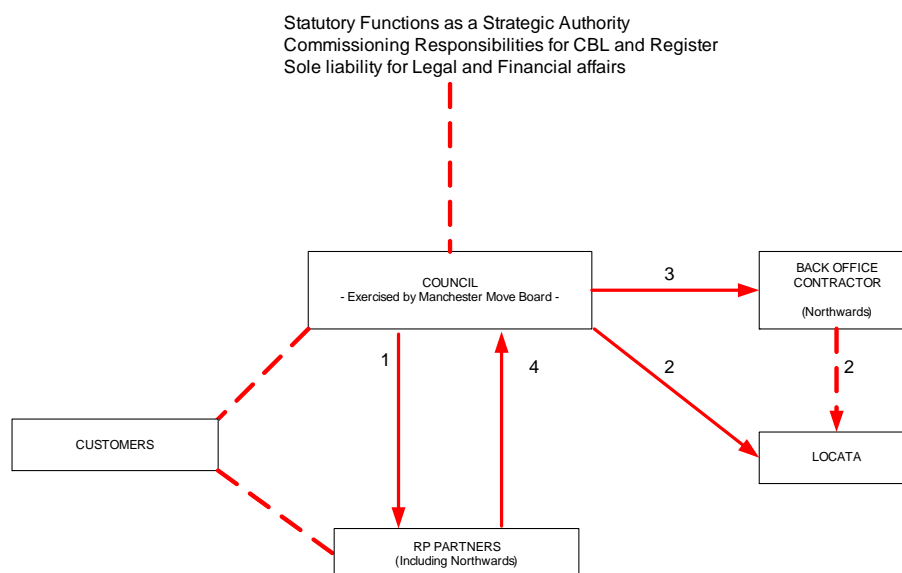
1.0 Introduction

- 1.1 Local housing authorities are required by Part VI of the Housing Act 1996 to have an allocation scheme for assessing and prioritising applications they receive for social housing. At its meeting in March 2010 Executive endorsed the Manchester City Council Housing Act Part VI Allocations Scheme
- 1.2 The Allocations scheme sets out the procedure that the authority follows when allocating housing. In Manchester this is managed through the Choice Based Lettings (CBL) system known as “Manchester Move” which is now the common housing register that the Council shares with the 19 largest Registered Providers (RP’s) in the city. It is a customer-friendly, web-based, self-service portal that has been ‘live’ on its new software platform since January 2013. It covers around 90% of all the social lettings made in Manchester, and of this number about 90% are prioritised and let in accordance with the Councils Allocation Scheme. The remainder is let directly by the RP in accordance with their own allocation criteria

2.0 Manchester Move – current structure

- 2.1 The participating RPs, the city councils Arms Length Management Organisation (ALMO) Northwards Housing and the city council together form the Manchester Move Partnership for purposes of operating the scheme. The partnership is currently governed by a Heads of Terms that has been operating during the introductory phase of establishing the Manchester Move CBL system as per diagram below.

Manchester Move Existing Structure

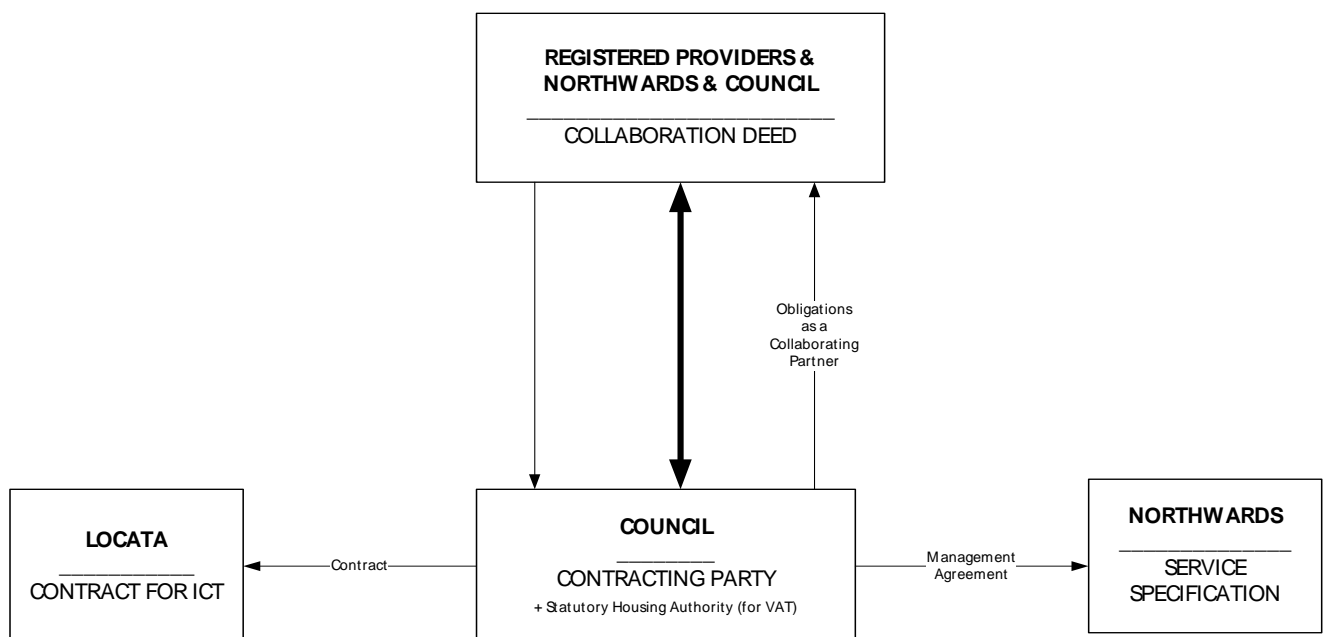


1. SLA / Heads of Terms
2. Contract for software and license
3. Contract for Back Office Service
4. Nominations Agreement

- 2.2 The annual cost for running the scheme is £500k and this is funded through a £50k contribution by the city council and the remaining £450k is shared by Northwards Housing and RP partners. This is based on their stockholding in Manchester and equates to approximately £7.75 per property.
- 2.3 Although the costs of operating the scheme are covered in this way the current contractual arrangements with Locata (the software provider) and Northwards Housing (back office function) are with the city council and with this comes the sole legal and financial liability for the system.
- 2.4 Her Majesty's Revenue and Customs (HMRC) have accepted as a matter of principle that certain delivery arrangements of a CBL system are zero rated in terms of VAT treatment. The current arrangements in place for Manchester Move do not appear to meet these criteria therefore participating RP's also have to pay VAT as part of their contribution to the overall running costs of the scheme.

3.0 Manchester Move – proposed structure

- 3.1 Manchester Move is now at a stage where the IT platform is operating successfully and it is appropriate to establish governance arrangements more formally. New arrangements would allow the Manchester Move partners to develop a more strategic role from where it can inform and advise the city's Strategic Housing Board and Manchester Housing Providers Partnership while still continuing to deliver a high-quality social housing allocation scheme.
- 3.2 The proposed arrangements are set out below:



- 3.3 The new arrangements establish a collaboration agreement between the city council, RP participants and Northwards Housing. The key elements of the agreement are:
- The City Council, Northwards and the participating RP members of Manchester Move wish to participate together to provide a Common Housing Register and choice based letting scheme for applicants for social housing across the City of Manchester.
 - Manchester Move will be the mechanism through which RPs and Northwards Housing can discharge their obligations under their general social rented nomination agreements, whether or not those RPs are members of Manchester Move.
 - Where properties are let through Manchester Move, the city council will consider that the relevant RP will have satisfied their obligations to the council under the relevant nomination agreement(s) between that RP and the council.
 - Participating RP Members will be those RPs who are the original signatories to the Collaboration Agreement together with any other RPs subsequently admitted as Participating RP Member(s) by entering into an accession agreement.
 - Being a Participating RP Member allows an RP to be involved in the decision making of Manchester Move.
- 3.4 The city council will maintain the contractual relationships with Locata (software provider) and Northwards Housing who will continue to provide the back office functions related to running the system. However, through the collaboration agreement any associated financial and legal liability and responsibility is shared between all of the partners that make up the Manchester Move partnership.
- 3.5 HMRC has confirmed that, under the proposed arrangements, participating RPs would be recognised as discharging the housing authority's statutory duties under Part VI of the Housing Act 1996 and therefore they would not pay VAT on Manchester Move participation fees, saving RPs approximately £100,000 p.a.

4.0 Manchester Move Governance

- 4.1 There are three levels of engagement for Participating RP Members. These are:
- **Reserved Matters:** these are fundamental decisions reserved to the whole membership. Because of the nature and significance of the Reserved Matters, changes or decisions involving Reserved Matters will require the approval of 75% of the Manchester Move Members (i.e. the city council, Northwards Housing and the Participating RP Members).
 - **Strategic governance:** this is ascribed to the Manchester Move governance board, known as the Manchester Housing Access Board. The functions of the Manchester Housing Access Board are set out in Schedule 5 of the Collaboration Agreement. The Manchester Housing Access Board

will be 12 representatives comprising representatives from the city council and Northwards Housing with the Participating RPs responsible for appointing the remaining 10 representatives. The Manchester Housing Access Board will meet at least 4 times each year. Quorum is 8 members (the city council and Northwards Housing must be in attendance).

- **Operational Matters:** these are ascribed to the Manchester Move Practitioners Group. The functions of the Practitioners Group are set out in Schedule 6 of the Collaboration Agreement. The Practitioners Group will comprise representatives of each of the participating RPs, the city council and Northwards Housing. The Group will meet at least quarterly.

5.0 Fees and funding for Manchester Move

5.1 Manchester Move will be funded through a combination of annual subscriptions paid by Manchester Move members and other fees payable by non-participating RPs. This is described in clause 6 of the Collaboration Agreement. In brief:

- The annual subscriptions payable by Northwards/each Participating RP will be calculated by reference to the number of social housing units owned or managed by Northwards/that Participating RP in the Manchester City region
- Manchester City Council will make an annual contribution limited to £50,000
- Fees payable by Non-Participating RPs will be set by the Manchester Housing Access Board based on the overall cost of operating Manchester Move
- The level of annual subscription and any fees payable by Non-Participating RPs will be set by the Manchester Housing Access Board and will include an amount intended to establish a contingency fund to meet planned and/or unexpected costs incurred. The Collaboration Agreement includes control arrangements to ensure that decisions concerning future developments are made transparently, with appropriate controls and in the fullest knowledge of the implications of the proposed changes.
- If there is a shortfall or anticipated shortfall, Manchester Move members will provide additional funding to cover the shortfall. Any surplus funds received but not spent will be applied in reducing the subscription fees for the following year or used to maintain the contingency fund. Manchester Housing Access Board is responsible for setting the level of additional funding required.

5.2 More detail on the main changes from the current to the proposed arrangements are in the table “summary of principal differences between current and proposed arrangements” included as Appendix 1 to this report.

6.0 Services Agreement

6.1 The Services Agreement between the council and Northwards Housing is an agreement that formalises the services to be provided by Northwards Housing in discharging the council’s statutory responsibilities under Part VI of the

Housing Act 1996. The council pays a fee to Northwards Housing to undertake this function. The fee payable to Northwards Housing is comprised entirely of the combination of annual subscriptions paid by Manchester Move members and other fees payable by non-participating RPs. This is described in clause 6 of the Collaboration Agreement and in section 5 above.

7.0 Consultation and Approvals required

7.1 The Collaboration Agreement requires the approval of the Executive and of the boards of management of each of the Participating RPs and Northwards Housing. Each of the participating RP's is obtaining the necessary approval from their Boards and this will be completed by the end of March 2016. There will then be a formal process undertaken where each of the Manchester Move partners will sign up to the collaboration agreement so the new governance arrangements will be in place for April 2016.

8.0 Conclusion

8.1 The council's statutory duties arising from Part VII of the Housing Act 1996 (as amended) is discharged through the provision of the Manchester Move Social Housing Choice-Based Lettings System. Manchester Move is recognised nationally as an effective and well-managed scheme.

8.2 Approving the proposed new Collaboration Agreement and Services Agreement will enable Manchester Move to achieve the aims of:

- Correctly treating VAT so that it is not payable by RPs delivering the statutory duty on behalf of the council
- Facilitating the development of the Manchester Move governance arrangements to allow a more strategic role from where it can inform and advise the city's Strategic Housing Board and Manchester Housing Providers Partnership in addition to continuing to provide a high-quality social housing lettings system.

8.3 The Executive is recommended to approve the Manchester Move Collaboration Agreement and the Manchester Move Services Agreement.

9.0 Contributing to the Community Strategy

(a) Performance of the economy of the region and sub region

The Manchester Move system ensures that access to the social housing register is available to everyone, contributing to ease of access to all forms of housing across the region and sub region.

(b) Reaching full potential in education and employment

The Manchester Move system awards working households additional priority in the Part VI Allocations Scheme to contribute to reducing dependency and attracting and retaining economically active households.

(c) Individual and collective self esteem – mutual respect

The Manchester Move system ensures that social housing is allocated according to assessed levels of need and to deliver Manchester's strategic priorities in order to improve the quality of life for local people.

(d) Neighbourhoods of Choice

The Manchester Move system ensures that the allocation of social housing is managed to maximise the housing choice within the city and contribute to the availability of neighbourhoods of choice.

10.0 Key Policies and Considerations

(a) Equal Opportunities

- 10.1 The Council has a duty to ensure equality of opportunity in line with current policies, including the Race Equality Scheme, Disability Equality Scheme and Gender Equality Scheme. The outcomes from the first year of use of the revised Part VI Allocations did not suggest that there were any issues of particular concern and allocations continue to reflect age, gender and ethnicity profiles of the city.

(b) Risk Management

- 10.2 Risks are shared by the Manchester Move member organisations. Manchester City Council's risk management policies and procedures will continue to be applied.

(c) Legal Considerations

- 10.3 The City Solicitor's department has reviewed this report and is satisfied that any legal considerations have been adequately addressed within the body of the report.

Appendix 1 - Summary of principal differences between current and proposed arrangements

Issue	Summary of current arrangement	Summary of proposed arrangements
Parties	<ul style="list-style-type: none"> • The Council of the City of Manchester (“MCC”); and • Various named RPs (note: whilst Northwards isn’t a RP, we understand Northwards is included within the category of RP members). 	<ul style="list-style-type: none"> • MCC; • Northwards; and • Participating RP Members – this includes both RPs who are a party to the Collaboration Deed when entered into and other RPs who join subsequently. • In addition, whilst not a party to the Collaboration Deed, the deed makes it clear that Non-Participating RPs who access nominations through Manchester Move may be asked to do so in return for paying a fee.
Duration	<p>The MoU runs for a minimum of three years and will, therefore, remain in force until the Collaboration Agreement is entered into</p>	<p>Runs from the date of the Collaboration Deed until either:</p> <ul style="list-style-type: none"> • The Parties agreeing (unanimously) that the deed should terminate; or • The last Participating RP Member ceasing to be a Participating RP Member
Nature of business	<p>To establish, maintain and develop “Manchester Move” as a platform to provide a common housing register and Choice Based Lettings scheme for applicants across the City of Manchester</p>	<p>The same as before but with the additional express task of developing the housing access agenda in the City as guided by MCC’s Strategic Housing Board</p>
Governance arrangements	<p>The current arrangements establish a Steering Group/Board on the following basis:</p> <ul style="list-style-type: none"> • one authorised representative from MCC and each RP • responsible for the strategic overview of Manchester Move • each board member has one equal vote • decisions made on simple majority • board to meet at least 4 times each year 	<ul style="list-style-type: none"> • The Collaboration Deed develops the current governance arrangements and, importantly, introduces the concept of Reserved Matters (see below) which will require prior approval of 75% of the Manchester Move Members. • There will be three levels of engagement for Participating RP Members. These are the fundamental decisions reserved to the whole membership (Reserved Matters); strategic governance (namely the responsibility ascribed to the Manchester Move governance board) and the operational matters (Practitioners Group).

	<p>4 times each year</p> <ul style="list-style-type: none"> able to establish sub-groups 	<ul style="list-style-type: none"> The Manchester Housing Access Board will be 12 representatives comprising representatives from MCC and Northwards with the Participating RPs responsible for appointing the remaining 10 representatives. Quorum will be 8. The Practitioners Group will comprise representatives of each of the participating RPs, MCC and Northwards.
Role of Northwards as agent of MCC	<ul style="list-style-type: none"> Administer scheme finances for so long as it holds responsibility as back office contractor 	<p>Collaboration Deed refers to the Manchester Move Services Agreement which will be entered into between (1) MCC; and (2) Northwards documenting the various administrative services to be provided by Northwards as agent of MCC.</p>
Funding and financial reserve	<ul style="list-style-type: none"> RPs pay an annual fee based on property they have in management within MCC boundary MCC set and pay an annual sum Reserve to be built up to ensure there are sufficient monies to fund additional IT development or replacement IT system is required in the future. Level of reserve to be agreed by the board. 	<p>Similar approach but with greater detail. In summary, Manchester Move will be funded:</p> <ul style="list-style-type: none"> annual subscriptions paid by Northwards and the Participating RPs - the annual subscriptions payable by Northwards/each Participating RP will be calculated by reference to the number of social housing units owned or managed by Northwards/that Participating RP in the Manchester City region; an annual contribution paid by MCC – this will be 10% of the total of all annual subscriptions; and fees may be payable by Non-Participating RPs – these will be set by the Manchester Housing Access Board based on the overall cost of operating Manchester Move. <p>The subscriptions will be calculated through an annual budget setting process (starting not less than 4 months before the end of the current financial year).</p> <ul style="list-style-type: none"> The level of annual subscription and any fees payable by Non-Participating RPs will be set by the Manchester Housing Access Board and will include an amount intended to establish a contingency fund. If there is a shortfall or anticipated shortfall, Manchester Move members

		<p>will provide additional funding to cover the shortfall. Any surplus funds received but not spent will be applied in reducing the subscription fees for the following year or used to maintain the contingency fund. Manchester Housing Access Board is responsible for setting the level of additional funding required.</p>
Dispute resolution	<ul style="list-style-type: none"> Mechanism for escalating disputes 	<p>Similar arrangements included but they specifically refer to mediation (in accordance with CEDR model mediation procedure). Ultimately, if the matter cannot be resolved, the matter will now be determined by the courts.</p>
Key additional provisions	N/A	<p>Indemnities</p> <ul style="list-style-type: none"> If the Manchester Housing Access Board forms the view that it would be in the best interest of Manchester Move to vary the level of “Third Party Services” (for example, the services provided by Locata), MCC will discuss with the relevant service provider varying the relevant third party service(s). Because neither Northwards nor the Participating RPs are parties to the Third Party Services, Northwards and the Participating RPs will indemnify MCC under the Collaboration Deed for any and all additional costs and expenses incurred by MCC (less 10% of those additional costs). <p>Responsibilities and undertakings of MCC, Northwards and the Participating RP Members</p> <ul style="list-style-type: none"> Whilst it may have intended to be implicit within the MoU that the parties would, for example, (i) work together through supporting the Manchester Move Board; (ii) pay their fees; and (iii) support and promote Manchester Move and to achieve the Key Objectives, these have been expressly included within the Collaboration Deed.