

**Manchester City Council  
Report for Resolution**

**Report to:** Economy Scrutiny Committee - 3 September 2020  
Executive - 9 September 2020

**Subject:** Housing Revenue Account Delivery model- Northwards ALMO Review

**Report of:** The Chief Executive

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## **Summary**

To inform the Executive of the outcome of the recent “due diligence” review of the Arms Length Management Organisation (AMLO), Northwards Housing, undertaken by Campbell Tickell. The report provides a summary of the findings. It is proposed to develop a service offer to tenants in light of the findings in order to move to a full consultation and “test of opinion” of tenants and leaseholders to the service being brought in-house.

## **Recommendations**

Economy Scrutiny Committee is asked to comment on and endorse the recommendations to the Executive.

Executive is asked to:

1. Note the review concludes:
    - doing nothing is not an option;
    - that there is an opportunity to achieve savings of at least £77m over the 30-year business plan by ending the current arrangements under which the Council’s housing stock is managed by Northwards Housing Limited (NHL). Savings can be achieved by the removal of duplicated costs and service improvements. Savings would support the viability of the HRA and allow continued investment in the housing stock, work to include achieving a zero carbon City and new build projects.
  2. Confirm that insourcing the service remains the preferred option and the intention to take over direct management of the Housing Service into the Council from 5 July 2021 subject to a “test of opinion” involving all tenants and leaseholders.
  3. Note the proposals contained within the report about how the new council controlled service offer will be developed and how, in future, tenants will be involved and empowered in the decision making about services to homes and communities.
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## Wards Affected:

Higher Blackley, Charlestown, Crumpsall, Harpurhey, Moston, Cheetham, Collyhurst, Miles Platting and Newton Heath and Piccadilly

**Environmental Impact Assessment** - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The retrofitting of existing homes managed by Northwards is one of the key aspects of this proposal. The HRA cannot currently support the level of investment required to achieve a number of investment objectives including the level of retro-fit to meet Zero Carbon. Measures need to be taken to manage the projected deficit in the HRA in order to meet Zero carbon and other policy aspirations.

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	As the largest single landlord in the City the Housing service is a major source of contracts and supplies that ideally are sourced locally. Options under consideration will seek to maximise the community wide benefits and impact in North Manchester.
A highly skilled city: world class and home grown talent sustaining the city's economic success	A major employer the Housing services for the council stock currently employs c350 people and supports apprenticeships and wider skills development.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The housing service is the largest single community influencer in North Manchester alongside the City Council.
A liveable and low carbon city: a destination of choice to live, visit, work	Central to this report is the investment needed to retrofit existing homes in order to achieve a zero carbon housing stock. .
A connected city: world class infrastructure and connectivity to drive growth	The housing service is a major contributor to the North Manchester infrastructure.

## Financial Consequences

The “due diligence” exercise has provided robust and externally validated financial analysis of the available options. Indications of the revised HRA budget position is included in the report.

The budget to conclude the prices and transfer the service into the Council is £1.4m. This can be funded using HRA reserves.

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**Background documents (available for public inspection):**

- Housing Revenue Account 2016/17 to 2018/19, Executive, 17th February 2016;
- Housing Revenue Account 2016/17 to 2018/19, Finance Scrutiny, 25th February 2016;
- Housing Revenue Account and the Council's Housing Management Contracts, Executive, 11th January 2017
- Housing Revenue Account Delivery model- Northwards ALMO Review, Executive 3 June 2020

## 1.0 Introduction

- 1.1 Manchester City Council owns nearly 16,000 council homes. These are managed on behalf of the council by a mix of delivery methods:
- The majority of the homes (13,300) are managed by Northwards Housing Limited (NHL);
  - 527 homes in Ardwick are managed by Grove Village Limited;
  - 1,469 homes in Miles Platting and Newton Heath are managed by Renaissance Miles Platting Ltd;
  - 741 homes in Brunswick are managed by Solutions for Brunswick (S4B); and
  - Guinness Partnership - manage 171 Council properties in West Gorton
  - Peaks and Plains Housing Association - manage 11 bungalows in Alderley Edge
  - Avro Hollows Tenant Management Organisation (TMO) - manage 312 properties in Newton Heath
  - Shout Tenant Management Organisation - manage 94 properties in Harpurhey
- 1.2 The Council established Northwards Housing Limited (NHL) in 2005 with the primary objective of securing government funding to deliver the Decent Homes standard. Although the decent homes funding has now ceased, the Council has retained NHL and continues to commission housing and additional services including the City wide allocations scheme, Manchester Move and the delivery of the capital investment programme for Council housing.
- 1.3 On 3 June 2020 Executive considered the position of the delivery of the Housing service in the context of the Housing Revenue account (HRA). The current HRA business plan shows that reserves fall below the c£60m level required to avoid having to pay increased interest charges on debt in 2027/28, and the reserves are forecast to be exhausted by the end of the 30-year business plan leaving a deficit of over £11m. The current plan is primarily aimed at maintaining decent homes.
- 1.4 The June report reflected that there is additional pressure and demands on the HRA including enhanced fire safety works, new build schemes and retro-fitting to achieve full Zero carbon of existing homes by 2038. Combined these areas lead to a projected deficit in excess of £400m by the end of the 30-year business plan.
- 1.5 Following consideration of the issues and options Executive agreed to:

- approve consultation on the preferred option (insourcing) identified as part of the HRA review to bring the ALMO back in-house with a recommendation for the decision to be made in September 2020;
- approve the commission of a due-diligence exercise of the Northwards ALMO, including consultation with staff, unions, tenants and local stakeholders, and review the costs of options that will assist the HRA and develop a business case; and
- approve that Northwards be asked to make interim arrangements for a suitably qualified Interim Chair and defer any recruitment until the consultation and due diligence exercise is concluded.

1.6 It is confirmed that Northwards agreed to recruit an Interim Chairman and have duly made an appointment. In regard to a “due diligence” review, Campbell Tickell was appointed and has conducted the review which is reported here.

## **2.0 Campbell Tickell Review of the HRA and the Northwards ALMO**

### **2.1 Methodology**

2.1.1 The review conducted by the consultancy Campbell Tickell has involved extensive review and interviews:

- Survey of all tenants, including option to complete hard copy or online.
- Webinars for tenants
- Direct dial number for tenants
- Meetings with “Tenants View” representative group and tenant Board members
- Interviews with community stakeholders identified by Northwards and MCC
- Interviews with staff and Board members within the ALMO and Corporate leaders within the Council.
- Interviews with several groups of Board members
- Extensive document review including accounts, structure charts, Board and Council papers, previous reviews
- Meeting with North Manchester members.
- Interview with Executive Member for Housing and Regeneration
- Financial Analysis of options to retain the ALMO; insource management into the Council; and stock transfer.

2.1.2 Over 3000 responses were received from tenants and leaseholders constituting around 23% response rate. Participants were asked to rate their opinion of the service in seven areas;

- Overall rating of the service
- Ease of accessing the service
- How well they think their views are taken into account
- Quality of repairs service
- Communal areas
- Dealing with anti-social behaviour
- Value for money

These themes were selected as they are traditionally the main influencers of tenants overall satisfaction with their landlord. Participants were asked a final free text question “What are your priorities for the Housing service in the future?”

2.1.3 The review exercise commenced on 1 June with the survey being issued from early July. The closing date for responses was 31 July and the final report was received on 24 August.

2.1.4 The financial and non financial benefits of all three options have been evaluated against six criteria:

- Potential to add-value to North Manchester tenants and communities
- Cost of delivering a high quality housing management service
- Cost of management
- Sustainability of the HRA and General Fund (revenue and capital)
- Deliverability within the legislative context and at an acceptable level of risk
- Potential to deliver wider Council outcomes

## **2.2 Main findings.**

2.2.1 Campbell Tickell has assessed the current service baseline, the challenges that need to be addressed for the service and HRA; and reviewed the three options of retention of the ALMO; insourcing management into the council; and stock transfer.

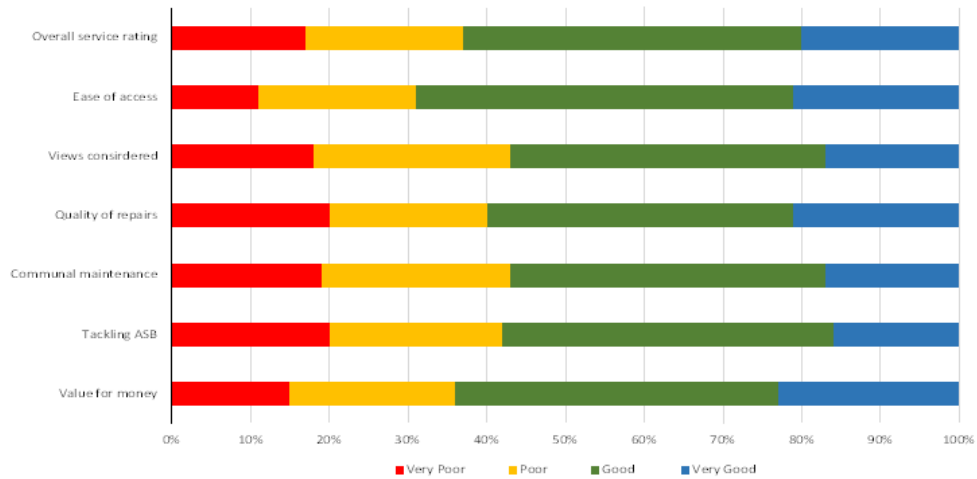
2.2.2 Current service baseline

- Campbell Tickell concludes Northwards has operated relatively effectively at relative arms-length within the terms of its original management agreement (renewed and extended in 2013) over the last fifteen years.
- It is a focused housing management organisation with a committed frontline team that is widely perceived by stakeholders as delivering effectively on the ground in a challenging operating environment.
- Its relative strengths lie in income collection, tenancy sustainment and in the community partnerships built to support vulnerable residents through close alignment with Manchester Move and YES (the employment and training Community Interest Company) .
- Neighbourhood services are responsive and work well within the Council’s neighbourhood framework, but there is a sense of parallel working with the Council in areas such as tackling ASB. Demarcation issues caused by a patchwork of estate management service arrangements do not help in providing a seamless service across neighbourhoods.
- MCC officers highlight the need for Northwards to provide greater support in delivering strategic priorities and in delivering wider community solutions.

- With regards to efficiency, annual operating surpluses had been made year-on-year, but there have been deficit budgets in the current and previous financial years that are being met by use of reserves.
- However, overhead costs are high compared with other providers, though these do include the charges of services provided by the Council that are not market-tested, as well as the cost of operating from Hexagon Tower.
- The major works service has not responded effectively to the upscaling of complex, whole system works needed to deliver fire-safety works, and the service needs restructuring and re-equipping to improve its delivery capacity and cost effectiveness. Consequently, benchmarks for major works and cyclical maintenance are weak, reflecting the high fixed-cost within the service relative to the level of works delivered.
- Governance arrangements need attention, as highlighted by an earlier Governance review, and further amplified by this review. The Board requires reshaping and re-equipping to enable it to lead the organisation and respond to the priorities of the Council.
- The survey undertaken as part of this review has received feedback from over 3,000 tenants. It is recognised that whilst not systematically conducted, and run at a point three months into lockdown when service delivery has been severely impacted, it does provide some level of insight into how tenants view services provided to them.
- Analysis shows that tenants rate services Good over Poor on a 2:1 ratio, however 30-40% of tenants are not satisfied with the service provided to some extent. Collating and acting upon this type of insight is essential in understanding and responding to tenants' needs and aspirations, and it must be recognised that this apparent level of dissatisfaction with some services indicates some problems. At the same time though, it should be recognised that this was an exercise to collate views, rather than a comprehensive STAR survey.

## Tenant Feedback

### *Feedback across seven aspects of service delivery*



### 2.2.3 Challenges to be addressed

- In common with every other local authority and social housing landlord, MCC has experienced a significantly tougher regulatory and operating environment over recent years. The impact of the four-year rent reduction has reduced expected levels of income, and the ongoing response to the Grenfell tragedy with significant investment being made in life-saving fire-safety improvements.
- However complex these challenges may be, the impact of the Covid-19 pandemic is system threatening, and has forced a full reset of operating environment priorities and working models for everyone delivering public services, currently operating in little more than safe mode.
- In assessing the relative merits of the future options for managing the housing service, it is to set and assess each of them within current and emerging contexts, both strategic and operational, so that risks, opportunities and achievability can be correctly assessed, and informed decisions made.
- Whilst Northwards has demonstrably achieved what the council has expected of it over time, faced with an unforeseen and stark operating reality, it is an opportune moment to ask whether an ALMO represents the best vehicle to deliver the housing service for the Council on behalf of its tenants.
- Not unsurprisingly, at fifteen years old, the Management Agreement which was renewed in 2013 is in need of review as in many respects it does not



meet the needs of either party in optimising efficiency, making the best use of resources or in raising the quality of services:

2.2.4 Campbell Tickell concluded that staying as we are is not an option. That the ALMO, whilst having had some successes, currently has too many weaknesses in terms of Governance, performance, structure and delivery that need to be addressed. Whatever option is chosen will have to be in the context of a significant service delivery improvement programme.

### **3.0 Option appraisal**

The financial and non financial benefits of three options have been evaluated. The three options are:

1. Retention of the ALMO
2. Return of the Housing service to MCC
3. Stock transfer.

#### **3.1 Retention of the ALMO**

3.1.1 Northwards Board and management have submitted a business case for retention as part of this review process. The Northwards retention case has been evaluated by Campbell Tickell and analysed alongside Campbell Tickell's own independent consideration. In the NHL business case they make it clear that they believe that they can offer up significant savings whilst improving services and customer satisfaction.

3.1.2 For Northwards to be considered as a fully credible delivery vehicle for the housing service moving forward, a re-focusing of its remit and operational transformation is needed, to create a cost effective delivery service and fully aligned partner capable of delivering the Council's wider objectives across North Manchester. It requires:

- A renewed remit set-out within a refreshed Management Agreement;
- A Business Plan reflecting the Council's vision and values, strategic ambitions, housing strategy and cross-working objectives;
- A sustainable service offer negotiated with tenants that it will be measured against
- A reinvigorated Board to provide strong leadership and challenge, and an intelligent clienting framework that will enable an effective partnership to flourish;
- A holistic operating model that maximises the potential of digital self-service and delivery processes, effective field-based working, and shared service opportunities;

- An agreed Value-Add proposition that will enable Northwards to use its position within the local community to help support a whole system approach to service delivery in North Manchester;
- A Transformation Plan to deliver the above and an agreed efficiency savings programme over a 12 to 18 month period.

3.1.3 Campbell Tickell estimated the annual operational savings achievable through adopting this model to be worth at least £1,532k pa and along with management savings worth £273k pa. A cumulative saving of £60m could be realised over the 30-year HRA business plan. This would be delivered by a number of operational savings and managerial efficiencies. This includes new ways of work, enhanced digitisation, reducing tiers of management and right sizing some delivery areas.

3.1.4 The cost of transition to the new operating model is estimated at £858k, covering the cost of rewriting the Management Agreement, legal fees and restructuring costs, which would be chargeable to the HRA and funded out of the current operational surplus.

3.1.5 The strength of this option is that it maintains continuity and avoids any possible loss of focus, whilst building on the service strengths and community connections promoted by Northwards. The risk inherent within the ALMO model is the additional layer of management cost of running a separate company and that the Council is dependent on the effectiveness and quality of the relationship to deliver the change necessary and to achieve key service objectives moving forward.

## **3.2 Return the service to the council option**

The option to manage the service in-house appears to have the optimum financial benefits. It also has a number of strategic benefits.

3.2.1 Our Manchester. Whilst NHL have contributed to the Our Manchester agenda, the direct management of the housing service would allow us to more closely align the service with our vision for the future.

3.2.2 Accountability and transparency. By bringing the service back into direct management we enhance the accountability to the democratic structure. This will allow tenants to have a relationship with their landlord and not a third-party agency.

3.2.3 Excellent services and customer access. Upon re-integration it would be proposed to develop a service charter with tenants and leaseholders. This would allow us to offer a whole council service through our Bringing Services Together (BST) framework as well as a single point of access to the service.

3.2.4 Value for money. By aligning service delivery with council operational and “back-office” functions we will save money which will directly benefit tenants.

- 3.2.5 Growth and place. Using housing as an agency for growth and neighbourhood regeneration we can contribute significantly to the major projects in North Manchester.
- 3.2.6 In the event that the service were to be brought in house the council has a clear view of how it would be run and structured. The framework would be designed to maintain maximum continuity of service, and to exploit the benefits of the existing Neighbourhood structures and principles of Bringing Services Together.
- 3.2.7 The initial changes upon transfer that would take place would primarily affect the corporate and governance level of NHL. The impact on tenants would be minor, with the confidence that MCC corporate functions can maintain the necessary support to ensure effective delivery of housing front line services.
- 3.2.8 The council would use the opportunity of insourcing to strengthen tenants engagement processes and to provide opportunities for influence and empowerment. Importantly tenants would be engaging directly with the landlord and not a third party.
- 3.2.9 A robust and appropriately resourced transition plan will be required to manage the transition process. In outline the activities that would be required are covered below.
- 3.2.10 Bringing the service in-house will remove the ALMO management overhead and potentially save £591k p.a., in addition to realising the £1,805k saving achievable under the *Retain* case, giving a total of £2,396k pa. This would result in a full savings total of £77m, over the 30-year HRA business plan.
- 3.2.11 The process of Return must be carefully managed, with both tenant and staff engagement essential in achieving a smooth transition and realising the anticipated outcomes. To be successful it will require:
- An Offer to tenants that is clear about the purpose of the change, a vision for the service and how it will benefit them and their communities, how service quality will be sustained, and the opportunities for more accessible engagement and scrutiny;
  - An organisational design that will optimise the capacity and capability of the Council to deliver the new service model and inherent efficiency savings;
  - An senior management-led change programme and plan that will support all staff through the transition process and ensure continuity of service is maintained.
- 3.2.12 The strength of returning the service to the Council is that it gives back direct control of the service at a time of considerable operating challenge and a background of uncertainty. The main risk with returning the service to Council control is the loss the momentum gained by Northwards and loss of focus when the service demonstrably needs to achieve more.

3.2.13 The cost of returning the ALMO to the council is estimated as £1,482, covering the legal costs of closing the ALMO, administering the inward transfer of staff including their TUPE, pension arrangements, and management of change costs, which would be chargeable to the HRA, with retained surpluses used to meet these costs.

### **3.3 Stock transfer**

3.3.1 The scale and complexity of fully assessing the viability of any form of stock transfer was not commissioned within the scope of this report. Campbell Tickell was asked to consider the option for completeness and at a strategic level.

3.3.2 There were a number of factors that they considered that confirmed that this was not an option at the present time:

- There is no Government supported programme in place or associated debt write-off facility, and in any event the structure of the debt in the HRA means that it cannot be written off;
- There is a need for a detailed condition survey of the stock. Stock values are low and carbon retro-fit costs high, relative to the level of HRA debt;
- A transfer programme would be complex to deliver, would divert attention and resources from improving services, would be high cost and with a high level of associated risk;
- There is no evidence of support from stakeholders at the present time;
- Tenants would need to support the transfer of their homes, which could be divisive

3.3.3 A full review and costed business case would be required to assess the potential cost and benefits of transfer, before it could be meaningfully compared with the Retain and Return options, using the assessment criteria.

3.3.4 However, Government is continually developing and the possibility of transfer must always be considered, especially if there are changes in legislation or funding which substantially change the current situation.

3.3.5 There is also significant inward investment being attracted by the Northern Gateway that could be used to facilitate stock transfer and regeneration of estates. With record low interest rates, housing-led projects with sustainable levels of long-term rental income could attract a wider range of investors.

### **3.4 Summary and conclusion**

- 3.4.1 Analysis of Options 1: Retain Northwards and 2: Return the service to Council Control, confirms that both are valid paths to select, but each has strengths and weaknesses, opportunities and risks associated with it, that need careful consideration. As a whole-stock solution, Option 3: Stock Transfer does not appear to be a viable option in the short term, but would have the potential for securing investment to drive estate-based regeneration. In either option significant change to how the service operates is required. ie structure, governance, management agreement etc. In addition in either option there is scope for a lot more integration with how services are delivered including for contact centre, capital delivery and neighbourhood management. There are a range of issues, benefits and risks to either option e.g. is it useful to have a separate vehicle?; but on balance bringing back in could give the higher savings and control.
- 3.4.2 Retaining Northwards in its current form is not an option, meaning retain or return has to be considered. Its remit needs to align with and clearly deliver to meet Council's priorities, with strengthened oversight delivered through refreshed governance and clienting arrangements. However, building on its current strengths and community positioning, it could make a significant contribution to delivering value-add services that address the Council's wider service priorities. A realistic set of annual operational efficiency savings worth at least £1,532k and management savings worth £273k will yield £60m over the 30-year HRA business plan. Consideration has to be given whether Northwards have the capacity to deliver the required improvement programme.
- 3.4.3 Returning the service to Council control offers the greatest financial benefit and arguably the greatest non-financial benefits. This option would enable the Council to reshape services more widely and enable more efficient, joined-up delivery across North Manchester. It will also potentially yield an additional management saving of £577k p.a., in addition to the £1,805k savings achievable under the Retain case total, making a full savings total of at least £77m, over the 30-year HRA business plan. Due consideration must be given to creating the optimum service model, how the transition will be managed, and how residents would be engaged in the process.

### **4.0 Next steps**

- 4.1 Developing the tenants offer is a critical part of moving to the test of opinion ballot. Utilising the significant level of responses received from tenants and leaseholders as well as the free text responses from the question posed "What are your priorities for the Housing service in the future?" an offer will be made that responds to service users' identified priority issues.

- 4.2 The council teams that would potentially take over the delivery of the service will develop a detailed tenants offer. This will describe how the service will be managed and accessed, how it will be delivered within the neighbourhoods and how we plan to move the service from a “slightly above median” performing service to a top quartile performer.
- 4.3 A further component of the offer to tenants is how we will improve their opportunities to be engaged with and influence their services. This will include how governance oversight will work. An important opportunity on offer is that tenants will engage directly with their landlord rather than a third party as is currently the case. By having that role directly with the council tenants will be able to impact not only housing services but all community based services.
- 4.4 The offer document will be brought back to the Executive before commencing the wider consultation and test of opinion.

## **5.0 Consultation**

- 5.1 There is a statutory requirement under section 105 of the Housing Act 1985, to consult with tenants about proposals that relate to the management of their homes. Specifically the act states:

*(1) A landlord authority shall maintain such arrangements as it considers appropriate to enable those of its secure tenants who are likely to be substantially affected by a matter of housing management to which this section applies:*

- (a) to be informed of the authority’s proposals in respect of the matter, and*
- (b) to make their views known to the authority within a specified period; and the authority shall, before making any decision on the matter, consider any representations made to it in accordance with those arrangements.*

*(2) For the purposes of this section, a matter is one of housing management if, in the opinion of the landlord authority, it relates to;*

- (a) the management, maintenance, improvement or demolition of dwelling-houses let by the authority under secure tenancies, or*
- (b) the provision of services or amenities in connection with such dwelling-houses;*

- 5.2 If the Executive supports the principle that we dis-establish the ALMO and bring services in-house, then formal consultation on that proposal will be the next step.
- 5.3 This will take the form of a “test of opinion” to establish the views of tenants and leaseholders.

- 5.4 A test of opinion would take the form of correspondence to every tenant and leaseholder outlining the council's proposals, including what other options were considered and details of the evidence behind the proposal e.g. estimates of savings and efficiencies. It would include a reply form for tenants and leaseholders to express their view. It will be supplemented with information on the websites of the council and Northwards with information and Frequently Asked Questions (FAQ's).
- 5.5 The test of opinion will be conducted by an independent agency qualified in this type of consultation and will be required to take measures to ensure maximum possible opportunity for tenants to express their views.
- 5.6 We will employ a "tenants friend" to provide independent support and advice to assist tenants and advise them about the issues and implications of the proposal. Any such advisory service will be restricted to advise on the issues under consideration. It is not their role to advocate alternative solutions or options.

## **6.0 Timescales**

- 6.1 If the Executive supports the development of a tenants offer this will be undertaken between mid-September and October and presented to members at the November Executive.
- 6.2 Subject to approval there will then be a consultation with a view to insourcing of the service. The "test of opinion" consultation, against a clearly stated tenants offer, would commence in mid-November and conclude mid-December. The consultation would be concluded and the outcome reported to the Executive at its meeting in January 2021.
- 6.3 If the consultation supported the proposal the intended date of the service commencing from Council delivery would be 5 July 2021. This transfer date is later than the original estimated date of April. This is to reflect time lost during the COVID lockdown, the need to develop a meaningful and realistic offer to tenants and to allow tenants a reasonable time to consider the options.
- 6.4 If the proposal was not supported by tenants then the position would need to be reviewed as the HRA deficits would still need to be addressed.
- 6.5 In those circumstances retaining the ALMO would require a combination of much more efficient working on their part or a transfer of additional council services to the ALMO to gain a better level of economies of scale, or both as outlined in the retention option.

## **7.0 Contributing to a Zero-Carbon City**

- 7.1 The retrofitting of existing homes to meet zero carbon objectives is at the heart of the revision of the HRA. The investment calculations by Savills

are based on a programme of decarbonising the fabric of the homes assuming no carbon neutral energy network source.

## **8.0 Contributing to the Our Manchester Strategy**

### **(a) A thriving and sustainable city**

8.1 As the largest landlord in the City it is critical that the Council's own tenants get as good as, if not better, service and investment, as any other social housing tenant.

### **(b) A highly skilled city**

8.2 As a major employer we can ensure that the housing management and maintenance service provides work and training opportunities to the Manchester community.

### **(c) A progressive and equitable city**

8.3 The investment programme taking account of new and emerging programmes and projects.

### **(d) A liveable and low carbon city**

8.4 The presumption of a large scale fabric based retrofitting programme is featured in the revision of the 30-year business plan.

### **(e) A connected city**

8.5 The housing service is a major contributor to the North Manchester infrastructure.

## **9.0 Key Policies and Considerations**

### **(a) Equal Opportunities**

9.1 None at this stage

### **(b) Risk Management**

9.2 As outlined in the report.

### **(c) Legal Considerations**

The HRA is a highly regulated entity, and Northwards Housing is a fully constituted legal entity, and consequently there are a number of considerations in completing this business appraisal, whichever option is adopted.



The next break clause for the Management agreement is April 2023. The Board of Northwards would need to support the mutually agreed termination of the management agreement.

If the service transfers to direct provision staff in NHL will be affected by the Transfer of Undertakings (Protection of Employment) regulations 2006 ("TUPE")

If the service transfers and we process the closure of NHL then the Council, as the sole shareholder, will accept the transfer of all assets and liabilities. A robust due diligence exercise will be undertaken which will include the termination or novation of contracts for services or supplies.