

## **Justification of BHP Growth Bid**

**Purpose of Paper/Introduction:** The purpose of this paper is to outline BHP's case for additional resources for operational costs. These requirements have resulted from BHP's experience over the past year of operating under 'arms length' principles. Clearly these issues were not apparent at the time when the management fee was agreed between BHP and the Council. BHP invites the Council and its officers to give due consideration to the request for additional resources.

### **Additional Resources:**

Policy Development -£80K (2 posts)

BHP is increasingly being required to examine policy issues that relate to wider housing issues and their relationship to the operational activities of BHP and its services to tenants leaseholders.

BHP's Management fee does not include any resources for policy development; housing policy resources has remained with the council's housing service. BHP has found that the absence of a policy team has proved a hindrance to the management and development of the organisation. The practice of using the Housing Services' Policy Team has been challenging due to pressures on that team to deliver research on Council priorities that understandably are not always conterminous with those of BHP. It is therefore considered necessary that BHP has its own policy resource.

Equalities and Diversity - £35K (1 post)

BHP has adopted an Equalities Scheme on the same basis as other public sector bodies. Following extensive consultation with residents and board members, an Equality Scheme was launched in August 2003 and work is currently in progress on the Year 1 tasks. Year 1 includes:

- The Repairs Service
- Tenancy Management
- Neighbour Relations
- Right to Buy.

Progress on the Equalities Scheme is reported to BHP's Equalities & Diversity sub-committee every 6 months. A dedicated officer with responsibility for Equalities & Diversity issues would enable BHP to provide an effective level of support to all parts of BHP in implementing the tasks set out in the Equalities Scheme and ensuring that time scales are met. Without additional support in this area, the pressures of meeting operational deadlines e.g. rent collection, routine repairs and major repairs are likely to limit the resources available for Equalities initiatives with the result that BHP and ultimately the Council are unable to demonstrate that all parts of the service to residents is delivered in accordance with Equality principles. In addition to the Equalities Scheme, a dedicated officer would support other relevant areas of BHP activity such as advising on good practice in service delivery and staffing issues and checking Equalities compliance in all BHP board reports, which are required to state Equalities considerations.

Increased Costs associated with running a limited company - £53K

BHP received an increase in its fee in 2003/4 to cover the costs associated with running a limited company (Company secretary, Directors salaries, Board Costs and costs of meeting statutory requirements). The increase in the fee received has not met the full cost. The council is reminded that it has always been clear that there would be increased costs in running an ALMO but this was necessary in order to acquire the capital funding. By achieving three stars BHP has shown that this increase in cost has demonstrated value for money.

**Request:** That the Council considers an increase in BHP's management fee of £168K in support of the above.