

	<p style="text-align: center;"><b>Performance And Finance Select Committee</b> 9<sup>th</sup> November 2005</p> <p style="text-align: center;"><b>Report from the Director of Housing and Community Care</b></p>
<p>For Information <span style="float: right;">Wards Affected: ALL</span></p>	
<p><b>Report Title: BHP Performance Report</b></p>	

Forward Plan Ref:

## 1.0 Summary

**1.1** This report looks at the operation of Brent Housing Partnership (BHP), the Council's wholly owned Arms Length Housing Management Organisation in the period since the last report (12<sup>th</sup> April 2005 to the Executive Committee) to the end of the second quarter of the financial year 2005/06. Brent Housing Partnership is a company limited by guarantee and wholly owned by Brent Council. It was established in October 2002 as an "Arms Length Management Organisation" (ALMO) by transfer of the responsibilities for management and maintenance of the Council's housing properties, along with the relevant council staff who worked on those functions. The relationship between Brent Housing Partnership (BHP) and Brent Council is governed by a Management Agreement, initially for five years, and an Annual Development Plan.

**1.2** The report looks at the performance of BHP in Key Performance areas and the progress it has made in achieving its long term aims of achieving "Decent Homes" for the properties under its control. It also considers

progress that has been achieved in securing improved ratings through the external inspection process.

## **2.0 Recommendations**

- 2.1** Members to note the progress made by BHP in delivering the decent homes programme, as well as on other significant performance indicators.
- 2.2** Members to note performance reports will be produced at six monthly intervals i.e. half yearly performance.

## **3.0 Detail: Performance Monitoring Details**

- 3.1** BHP performance is measured against key performance indicators. They consist of both Best Value as well as local agreed performance indicators. These provide regular information that enables effective monitoring to take place. Furthermore, external inspections and benchmarking ensure the process is rigorous, in line with other ALMO's and according to National requirements and guidelines. Quarterly monitoring of BHP takes place through the Housing Services Report, a review of performance in 2003/04, 2004/05 and 2005/06 (to date) is outlined in **Appendix 1**. This measures BHP's performance against the Service Operational Plan targets, Best Value performance indicators (BVPI) and local performance indicators.
- 3.2** Graphs depicting performance improvement on a number of performance indicators are shown in **Appendix 2**. For the current financial year this information is shown covering the first two quarters. BHP has shown consistent and steady improvement in its performance. For comparison, information on these indicators is also shown for the year prior to setting up the ALMO.
- 3.3** National developments with regards Performance, in particular the CPA change - move from quartiles to target based performance

measurement (i.e. thresholds) – means there will be amendments to the performance management framework. BHP and the Housing Services have begun to incorporate these changes into the delivery plan for 2005/06.

- 3.4** The average number of days taken to complete non-urgent repairs currently stands at 12 days in the 2nd quarter 2005/06 (graph 1, Appendix 2). This matches its set target in the annual delivery plan. However, this is just below the upper threshold of figure of 11 days set by the audit commission in October 2005.<sup>1</sup> The lower threshold for this indicator is 24 days. BHP has over the first two quarters of this financial year demonstrated its ability to remain within the target set in its delivery plan.<sup>2</sup>
- 3.5** The ‘percentage of rent loss through dwellings becoming vacant’ for the first two quarters of 2005/06 is 0.57% (graph 2, Appendix 2), which compares favourably with the target of 1.30% and shows an improvement in performance over the first two quarter figures when compared with previous years. With regards to the ‘rent arrears of current tenants as a proportion of the rent roll’ (graph 3, Appendix 2) BHP has shown consistent improvements over the years and the performance in this area is well within the target. Additionally, with regard to the indicator ‘a tenant with more than 13 weeks in arrears’, BHP is continuing to exceed the set target.
- 3.6** Repair appointments kept’ were 97% (2004/05), which again compared favourably with the upper quartile figure of 95.27%. With the introduction of the CPA thresholds, the upper threshold has decreased from the quartile figure and is set at 85.60%. BHP’s performance over the first two quarters (97%) has far exceeded this target. Historically, this was an area that has generated a high level of complaints and

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<sup>1</sup> CPA – The Harder Test, Audit Commission, [October 2005]

<sup>2</sup> Following the Housing Inspection process in 2003 BHP altered its monitoring systems as previous performance data did not include time taken to carry out surveys of properties prior to works orders being raised. This accounts for the increase in the number of days between 2002/03 and 2003/04.

tenant dissatisfaction. However, BHP's introduction of a range of initiatives to improve performance and customer service in this area is demonstrated the results. To compliment this, BHP has also been improving its performance on the 'percentage of repairs finished on first visit' to stand at 91% in Quarter 2, 2005/06 (graph 4, Appendix 2).

### **3.7 Progress on Delivering Decent Homes**

3.7.1 Setting up BHP was only the first stage of the process of securing additional funds. Since then much progress has been made. BHP are currently just over half way through a 4 year investment programme to achieve the decent homes standard in all Council homes by April 2007. As was reported in April 05, BHP have secured;

- A 3 star rating from the Housing Inspectorate (June '03)
- £53.9M ALMO borrowing for the Round 2 ALMO stock
- A £24M investment programme for the South Kilburn ALMO extension

3.7.2 Significant progress has been made towards attaining the decent homes standard for all Council tenants, At the start of programme the number of non decent properties in the ALMO stock was 4891 of these 2807 have been made decent (2<sup>nd</sup> quarter figures 05/06). Although it was reported in April 05 that BHP had revised its yearly target from 29.7% to 41% (in light of improved performance), a revision of the calculation methodology meant changes to the way this figure is reported. The outturn for 2004/05 hence, is -29.6%. The estimated percentage of change in the proportion of non-decent local authority homes at the end of the 2<sup>nd</sup> quarter is 18.5% [i.e. since the end of 2004/05].

3.7.3 In addition to its own decent homes performance targets, which are set by BHP, it is striving to achieve the Local Public Service Agreement targets agreed by the Council and the Government. The new target will

require BHP to bring another 200 properties up to the decent homes standard by year ending 31<sup>st</sup> March 2006.<sup>3</sup>

3.7.4 The Council and BHP are in the process of finalising the third phase of the capital programme and are looking at options for bringing works forward for those properties not in the current programme.

3.7.5 Brent Housing Partnership let four partnering contracts in year 2 of the Round 2 ALMO Decent Homes Programme which have delivered significant savings in unit costs compared to the traditional contracts that operated in year 1. BHP has also let partnering contracts for the South Kilburn ALMO extension where internal refurbishments are currently on site.

#### **4.0 Financial Implications**

4.1 Whilst BHP is a limited company (albeit owned by Brent Council) its expenditure forms part of the Council's statutory Housing Revenue Account (HRA) directly through spending HRA resources on items such as repairs and maintenance or indirectly through the fee paid to BHP for managing the dwelling stock.

4.2 BHP has its own board which oversees BHP's operations and policies. BHPs the delivery vehicle for the management, maintenance and implementation of the 'Decent Homes' programme. The national ALMO programme assumes a high level of delegation to the delivery vehicle and this model has been adopted by Brent; this does necessitate the Council needing to consider the most appropriate means of ensuring that the ALMO undertakes its work in an appropriate manner, offers 'Value for Money' (VFM) and spends its money with regards to standards expected of the public sector.

4.3 High level budgetary control is undertaken by the Housing Finance Manager who is also responsible for the co-ordination and compilation

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<sup>3</sup> Local Public Service Agreement

of the overall HRA (including the completion of the Housing Revenue Account Subsidy (HRAS) claim.

4.4 Regular meetings are held between the Housing Finance Manager and BHP and the flow of financial information is formalised. As regards budgetary control there is nothing arising in the financial year that concern officers at present.

4.5 It is noted that the Executive (14 February 2005) agreed a joint review process for HRA/BHP expenditure during 2005/06.

4.6 It should be clearly understood that whilst BHP is responsible for the management and maintenance of the stock and rent collection, the tenants remain council tenants and the Council retains responsibility for setting rents and maintaining the HRA.

## **5.0 Legal Implications**

5.1 No legal implications foreseen

## **6.0 Diversity Implications**

6.1 A review of BHP's Equalities Scheme in 2004 by the Housing Quality Network (HQN) found that BHP had made significant progress in implementing year 1 of the scheme relating to repairs, human resources, governance, neighbour relations management, tenancy management, right to buy, procurement and customer satisfaction.

6.2 Equalities Impact Assessment training was carried out in December by HQN for relevant managers of services covered by years 2 and 3 of the Equalities Scheme.

6.3 The HQN report also recommended further equalities training for members of the Equalities/Diversity Sub Committee and the BHP board has agreed that this will be made available to all board members

6.4 BHP has made significant progress in the exercise to improve record keeping of the ethnicity of tenants. Tenancy records on the 1st Housing database now include ethnicity data on 76% of households, compared to 44% in 2003-04.

## **7.0 Staffing/Accommodation Implications (if appropriate)**

There are no staffing implications arising from the report.

### **Background Papers**

Audit Commission Inspection Report Summary

BHP Business Plan 2003 - 2008

Housing Services Performance Reports

Local Public Service Agreement

Vital Signs

### **Contact Officers**

Martin Cheeseman - Director of Housing and Community Care