



Housing Scrutiny Committee
27 July 2017

**Report from the Strategic Director
for Community Wellbeing**

**Update on Transition back to the Council and the BHP
Transformation programme**

1. Summary

This paper provides the Housing Scrutiny Committee with an overview of the:

- 1.1 Transition of the Housing Management function, currently provided by Brent Housing Partnership (BHP) to Brent Council, following the decision relating to the Options Review carried out last year.
- 1.2 Housing Operations Transformation programme, which is a fundamental review of the service's operating model which was required irrespective of the decision to bring the service back to the Council.

2. Recommendation/s

The board is asked to note progress and comment on:

- 2.1 Transition plan and activity, and
- 2.2 The aspirations and scope of the Transformation programme, and achievements to date.

3. Transition

Within the transition plan there are three key streams of work:

- 3.1 Governance – the Council working with the BHP Board to deliver a smooth transition
- 3.2 Contractual issues – legal changes to BHP's status, and resolution of any contractual issues in order to ensure continuity of services to residents
- 3.3 Staffing – the TUPE transfer of staff from BHP into the Council

4. Governance

The Council and the BHP Board are working towards a transition date of 2 October 2017, which will trigger two key changes:

- 4.1 The housing management service for the 11,000 council properties will move back to the Council, and
- 4.2 The changes to BHP the company to allow it to carry out the significantly reduced responsibilities for the 329 properties that BHP manage which are not council properties. This is as a consequence of the June 2017 Cabinet decision to retain this separate company in the short term and reassess as I4B develops as a company over the next 18 months.
- 4.3 In order to deliver these changes, the Council and the BHP Board are working closely together. The Council and the BHP board have agreed a variation agreement which formally sets out the governance arrangements and decision making powers of each party during the transition period. This contract formalises the strong commitment on both parties to work closely together during the transition period, and includes agreement to second an officer (Hakeem Osinaike) into BHP on a part-time basis during the transition period.
- 4.4 The BHP board retains the right to take decisions regarding service delivery, as it remains legally responsible for delivering services up until 2nd October 2017. However, the legal agreement does prevent specific decisions such as the disposal of stock, and does include provision for ensuring that the Council is given the opportunity to give its view on decisions, which the BHP Board have committed to giving due regard to. In practice, there is only one contract that requires a procurement decision during this period, which is being carried out in partnership with the Council, and for which the recommendation will be to extend the contract for a period of 12 months so that a longer term view can be taken once the service has been fully embedded within the Council.
- 4.5 The two parties are also working closely on the changes required to terminate the management agreement (the agreement under which BHP managed the Council's housing) and to change the articles of association of the retained company.
- 4.6 In addition to the formal mechanisms, and the continuation of existing governance (from the BHP Board to resident engagement and scrutiny) there are also a range of practical measures in place to ensure that the focus is on service improvement and a smooth transition, including:
 - Joint supervision for the Managing Director with the BHP Board Chair and the Strategic Director Community Wellbeing
 - The Housing Operations Transformation Board, which is chaired by the Council's Chief Executive and includes senior reps from the Council and BHP
 - Resident and Member Panel, which is an informal panel providing Councillors and Resident Board Members oversight and input into the

transition with a particular focus on communication and engagement of residents.

5. Contractual Issues

5.1 To enable continuity of provision to BHP tenants, the intention is to novate or assign any relevant BHP contracts. This will ensure the Council is able to utilise these contracts pending any re-procurement of contracts by the Council itself. Prior to agreeing to the novation or assignment of contracts to the Council, Officers will undertake relevant due diligence work to assess the risks and appropriateness of any novation or assignment

5.2 Where possible, contracts that were due to be reviewed during the transition period have been extended to enable the Council to take a longer term view of them once the transfer has taken place.

5.3 Following transfer, BHPs contracts will be mainstreamed with the Council's, with contracts being extended or break clauses exercised to align contract end dates to enable joint procurement.

5.4 Following the transfer date, all contracts will be let according to the Council's Standing Orders.

5.5 In June 2017, Cabinet took the decision to retain BHP in revised form, as a Registered Provider (RP) of housing. As such the 329 properties within its portfolio will continue to be owned by BHP, and following the transfer date, a reverse SLA will be put in place between BHP and the Council in order to enable to Council to provide services to BHP tenants and ensure continuity of services for these residents.

5.6 In addition to the core management agreement, BHP is also contracted by the Council and by I4B as a provider of some other services, and this will require alternative arrangements to be put in place:

- I4B – BHP provides refurbishment and some management services to I4B. The existing contract will be ended and a new one put in place between I4B and the Council's Housing Management team.
- Brent Direct Lettings (BDL) – BHP leases properties from private landlords and manages them as temporary accommodation on the Council's behalf. As the properties are leased to BHP, only BHP can issue tenancies to these properties, the most sensible approach appears to be to maintain the existing contract, and put in place an SLA from BHP to the Council to cover provision of management services. The legal team are working through the detail of Legal are checking the contracts around BDL to ensure that this solution is viable.

6. Staffing

6.1 There have been monthly briefings with all staff through 2017, including a full briefing after the Cabinet decision on 25 April 2017. A variety of communications activities are ongoing, including fortnightly drop-ins for staff to ask questions, regular updates via email and team briefings, and

an intranet page on both the Brent and BHP intranets to provide updates on both the transformation programme as a whole, and the specifics of the transition process. The Council and BHP will continue to work together to ensure that staff remain informed, are consulted and feel supported as the transition and transfer processes take shape and are implemented. This is vital to promote staff engagement and ensure business continuity during the transition and transfer. The same consultative approach will be adopted for integration of functions into the council once the transfer has taken place.

- 6.2 The transfer of staff that are currently employees of BHP i.e. those on permanent or fixed term contracts, will constitute a “relevant transfer” under the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 2006. Those currently engaged as interims or agency workers by BHP do not have the right to transfer under TUPE, however, the Council and BHP are considering the potential options to provide additional security for these staff in order to stabilise service delivery during this period.
- 6.3 There is a statutory requirement to consult with recognised trade unions and staff about the transfer for a minimum of 30 days before any TUPE transfer takes place, but given the timing of the consultation over the school summer holidays, the intention is to begin formal consultation on the TUPE transfer began on 4th July with a Trade Union consultation meeting and staff briefings, and it will continue for a period of two months. Staff will then be issued individual transfer letters in September for a proposed “lift and shift” from BHP to the Council on 2nd October 2017.
- 6.4 The council intends to, where practicable, establish and recruit to the most senior roles required within the council's housing management structure to manage the integration of the housing management functions into the Council. This approach will ensure continuity, stability and assist with the integration of BHP staff into the council once a transfer has taken place. The process for recruiting to the two Heads of Service (Customer Services and Property) for the new service is now almost complete and it expected that the posts will be appointed to by the end of July.

7. Transformation Programme

7.1 The Housing Operations Transformation programme seeks to ensure the Housing Operations Management function, hitherto managed by Brent Housing Partnership, but due in October 2017 to transfer back to the Council, is a service which is fit for purpose and fit for the future.

8. Vision

- 8.1 The overarching vision for the programme is to deliver:
“Contemporary, digital, seamless services which really work for customers, delivered by professionals who are equipped, engaged and efficient”

9. The current environment

9.1 A review of customer feedback, performance data and complaints, would suggest that the current operating environment is sub optimal.

Fundamental gaps in systems provision, fragmented information, and limited insight about the nature of demand means that the service is very manually intensive and accordingly more erratic and costly than it needs to be.

9.2 Based on extensive analysis of the current operating environment, it is clear that staff currently have to work extremely hard, and excessively manually, to deliver in an environment which is not adequately supported by systems, and where data is harder than necessary to get hold of, and oftentimes is only available via other people (costly double handling of work). This has a direct impact on the customer experience, in terms of:

- difficulty in accessing services
- how long things take to get done
- scope for missed deadlines, and
- things falling through the cracks

9.3 Culture (supported by training of staff and contractors to achieve the desired behaviours and attitudes) and evidence based performance management are also key areas to ensure operational rigour and success.

10. A new 'target operating model' for Housing

10.1 The programme is an opportunity to optimise people, process and technology into a robust operation which systematically:

- Delivers 'brilliant basics' by equipping and empowering staff to give the best service possible promptly and effectively
- listens to customers, acts on their feedback, and minimises (controllable) complaints
- engages residents far more broadly than today in scrutinising our services and quality assurance of our contracted services
- makes best use of modern technology to transform the customer experience, and to work more effectively with partners and contractors
- uses 'joined up' customer and/or property data as insight to efficiently to plan future services; setting strategy, maximising efficiency, reducing failure demand, driving channel shift and getting things right first time

11. What will the programme deliver?

The Transformation Programme will deliver the following products;

11.1 Analysis and design: Both the current and desired future states will be documented, and options put forward for organisational design. Once a preferred structure has been selected, the detailed documentation to support implementation of the new operating model will be produced.

11.2 IT work stream : This will implement a new Customer Relationship Management system that provides the whole organisation with case management, contact management, remote working and rapid access to data that is currently spread across the 18 separate systems in use today at BHP

11.3 Process work stream: All processes will be identified, mapped and information sources gathered in order to be able to implement the new system across all Housing functions. Performance indicators, service levels, and management reporting will be clarified and specified so that process automation and escalation can be achieved

11.3 People Work stream: This covers all the change management activity to help us to take staff with us on the transformation journey. It covers everything from writing the JDs for the new structure, to culture change, communications, capacity planning, training and management development

11.4 Customer Work stream: This includes everything that impacts on the customer experience, from service standards, to customer strategy, to the design, testing and implementation and promotion of the new customer portal

The specific deliverables are listed in the high level project plan in Appendix B

12. What will the programme not deliver?

12.1 All core housing functions (Housing Management, Repairs, Asset Management Investment /Planned Works, Compliance, Income , Rent Accounting, and Home Ownership, Resident Engagement, Customer Service, and Complaints) are included within the scope of this transformation, except for the Development, which is likely to transition to the Council's Development team. Out of scope also are the support services such as BHPs HR, Finance and Communications functions as these will be TUPE transferred to the corporate support services teams in October 2017.

13. What has been achieved to date?

13.1 Achievements to date have been principally about programme set up:

- A Housing Operations Transformation Board has been operating since January 2017, with the CEO as the Chair
- The programme has been fully scoped (Programme Mandate, Programme PID)
- Resources have been funded and recruited internally (a case was made for 3.5 resources at a cost of £250K).
- Detailed IT Analysis has been commissioned from the Councils Digital Strategy consultants at a cost of £50k

- This analysis has led to development of a business case for a new Customer Relationship Management (CRM) system which integrates with the 18 systems in use across BHP. The £700k project has been approved by the Transformation Board, and the procurement has commenced

13.2 The programme has also almost completed its Discovery/ Analysis phase.

13.3 Staff have been actively engaged throughout this phase of the programme. 94% of all BHP staff have attended one or more of the 40 plus workshops that have been conducted between March and June, with a view to understanding what works well and what needs to be improved. A total of 800 suggestions have been put forward by staff across all areas of BHP, and these are being reviewed by the programme team and service managers.

13.4 The active engagement of staff in transformation not only encourages high levels of buy in from staff, but also makes the most of their expertise and experience in terms of where the barriers are to excellent customer service.

14. Costs and Benefits

14.1 The investment on Transformation is £1m (£700k in IT, £50k on IT analysis and £250k on programme resources, as stated above). Whilst the primary driver for the transformation is service improvement, and not savings in the immediate short term, it is envisaged that the new operating model will enable future savings to be delivered, addressing the Housing Management contribution of £1.m to the current £3.6m ' gap' in the HRA every year from 19/20 onwards.

15. The impact of shared services on residents

15.1 Bringing the Housing service back into the council will not impact on residents at all in the short term. The same people will be delivering the same service, and there will be no material change. This organisational change is should be a seamless transition for residents.

15.2 With Transformation, we have already seen the benefits of closer working with the council – notably in respect of IT, where our process of selecting and procuring a Customer Relationship Management system has been accelerated by aligning with the Council's Digital Board.

15.3 We have also started some joint projects with other council directorates, for example in resolving a long standing estate parking enforcement, and we expect this type of collaboration to increase as the service beds back into the council.

15.4 In terms of resident engagement in particular, the plan is to continue with exactly the same fora that are in place today, and the same publications, from now, through transition and until the new operating

model is delivered. There will be opportunities for residents to participate in co-design of our web portal, development of our customer strategy, and clarification of our service standards through usability testing, surveys and focus groups respectively, during the last 6 months of this year.

15.5 As part of Transformation, a new approach to resident engagement is being developed which has far wider reach than is possible through traditional means and which actively involves residents in monitoring the services we, and our contractor partners provide.

15.6 The current emphasis is on face to face involvement and engagement, and the intention is to maximise the use of digital to reach far more people through a variety of means – surveys, real time satisfaction ratings, straw polls and the like, and in so doing raise the voice of the currently ‘silent majority’.

16. What happens next?

16.1 The high level project plan in Appendix A maps out deliverables and milestones for the full programme lifecycle. In summary, the analysis phase will be completed in July, and the design phase will commence in August with some high level designs for the new operating model. When a preferred model is selected (in October) detailed design will commence and be completed by the end of the calendar year. It is expected that staff consultation for the new operating model and structure will run from January to March 2018, ahead of the planned implementation of the new operating model in June/July 2018.

The CRM project (on the critical path for the programme) is due to commence in late October.

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