



One Council Overview & Scrutiny Committee

22nd November 2011

Report from the Director of Regeneration & Major Projects

For Action/Information

Wards affected:
ALL

Report Title: Arrangements for the future of Brent Housing Partnership

1.0 Summary

- 1.1 This report summarises the progress made on implementing the recommendations agreed at the Executive on 18th July 2011 in relation to the future arrangements for the ownership, investment and management of the Council's housing stock.
- 1.2 Specifically the report updates members on the nature of the relationship that will develop between the proposed 'optimised ALMO' and the Council moving forward. In discussing these issues it is important to remember that the proposals for an optimised ALMO will be the subject of a statutory tenant consultation early in the New Year.
- 1.3 In progressing this work, the Council continues to work collaboratively with BHP senior management and Board members, in an effort to reach joint conclusions and a shared view of the recommended future arrangements.

2.0 Recommendations

- 2.1 That members of the One Council Overview and Scrutiny Committee note and endorse the progress being made towards the implementation of the proposed new housing management arrangements in Brent.

3.0 Detail

3.1 In July 2011 the Council's Executive considered the findings of an independent review into the future options for ownership, investment and management of the Council's housing stock. The review was triggered by two key events, namely the forthcoming implementation of the self-financing arrangements for the Housing Revenue Account (HRA) from 2013, and the end of the current management agreement with Brent Housing Partnership, which expires in August 2012.

3.2 The Executive made the following decisions in July:

- That in the light of the recent Housing Revenue Account settlement, the Council retains ownership of its existing housing stock.
- That in the light of the recent Independent Review of Housing Management, the Council consults tenants and residents on a preferred option to manage the housing stock through Brent Housing Partnership, as an Optimised Arms Length Management Organisation focusing strongly on housing management.
- That a new management agreement between the Council and Brent Housing Partnership is drafted, with full heads of terms to be completed by October 2011.
- That in considering how best to optimise BHP, a full review is undertaken of the following functions, with a view to delivering improvements and efficiencies:
 - human resources
 - finance processing
 - communications
 - legal
 - procurement
 - contract alignment
 - rent accounting
 - rent collection
 - aids & adaptations
- That a joint governance review is undertaken between the Council and Brent Housing Partnership, which will review both the BHP Board structure and the relationship between the Council and BHP, with a view to ensuring that BHP is fit for purpose for the duration of the proposed new management agreement.
- That following the outcome of the consultation a report is presented to the Executive in early 2012 regarding a final decision on the future role

of BHP and the management of the Council's housing stock after the current BHP Management Agreement expires in September 2012.

- 3.3 The proposed 'optimised' ALMO will be an arms length vehicle which will focus exclusively on housing management. The organisation will be 'optimised' in the sense that it will strive to become a top quartile performer in terms of the delivery of housing management services and a top quartile performer in terms of the value for money for those services, when compared to other housing management organisations including housing associations. The organisation will build on its strong track record of tenant and resident involvement, and will continue to find ways of placing tenants at the heart of the housing management process.
- 3.4 Critical to the future success of this model will be a redefined relationship between BHP and the Council. In redefining this relationship, it is important to be absolutely clear that ultimately the Council remains responsible and accountable for housing management. BHP will effectively deliver the housing management service on behalf of the Council, and will need to be absolutely accountable to the Council for the performance of the service.
- 3.5 Three pieces of work are currently being undertaken which will provide clarity on how this relationship will work going forward:
- A governance review – this is considering proposals for the ongoing governance arrangements within BHP. It is being independently undertaken and has reached the final draft stage.
 - An efficiency review – this is considering how efficiencies can be delivered within BHP and through closer collaboration with the Council, both to ensure that the outstanding HRA debt can be paid off as quickly as possible and to work towards BHP becoming a top quartile performer in relation to value for money. The review is at a draft stage.
 - The review of the Management Agreement between the Council and BHP which will set out the performance standards required by the Council and the legal mechanisms for ensuring accountability in relation to the delivery of these. This will need to be complete by August 2012, although the ambition is for an earlier completion. Work will begin on this document in the New Year.
- 3.6 In relation to the governance review, draft findings have been presented to the Lead Member for Housing and the BHP Board. The review identifies the strengths and weaknesses of the existing governance arrangements, benchmarks these against best practice, and arrives at a series of recommendations for improvements.
- 3.7 The review has identified a considerable number of strengths in the governance arrangements, but it's also fair to say that there are a number of structural weaknesses that have developed in the relationship between BHP and the Council over a number of years. Many of these relate to a lack of

clarity around the Council's expectations of what BHP has been expected to deliver.

3.8 Critical improvements proposed include:

- Clear delineation of responsibilities between the Council and BHP
- BHP Board to take absolute responsibility for performance
- BHP Board to be accountable directly to the Council for performance
- More formal arrangements for regular collaborative planning, performance and progress meetings between the Council and BHP
- Slight reduction in Board size and rationalisation of sub committees
- New appointment process for the Board chair
- Introduction of a resident champion role, to promote tenant and resident engagement
- Revised arrangements for the appointment of Council representatives to the Board

3.9 The efficiency review is charged with making 15% savings in back office costs within BHP over a four year period. Early indications are that this will be achievable over a reduced three year period. The savings figure is important as the current modelling of debt repayments in relation to HRA self financing assumes this saving is achieved. Further savings will be required over time in relation to the 'front end' service elements in order to deliver top quartile performance in relation to value for money for our housing management service.

3.10 BHP will be moving into the new Civic Centre in 2013, and the efficiencies work is also considering how the back office functions between the Council and BHP can be better integrated in anticipation of this move.

3.11 The findings of both of these reviews will be reported back to Executive following the resident consultation process, and subsequently incorporated into the final management agreement between the Council and BHP.

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