

## BRENT HOUSING PARTNERSHIP BOARD

<b>Meeting:</b> Andy Donald	<b>Date:</b> 13 December
<b>Report Author:</b> Gerry Doherty	<b>Title:</b>
<b>Contact Officer:</b> Gerry Doherty	<b>Classification:</b>
	<b>For Information</b>
<b>Contains Private and Confidential Information:</b>	<b>YES/NO</b>

### Introduction to Assessment

#### 1 Process

- 1.1 A working group was set up chaired by Eamonn Mccarroll, Assistant Director of Finance (Brent) including Gerry Doherty, Chief Executive BHP, Ian Warner Interim Director of Finance and Danie Van Zyl BHP Management Accountant. Four meetings were held over the course of October and November. Managers from BHP prepared reports (see attached appendix) on the arguments for retaining particular areas of service within BHP which were discussed and debated in detail during the working group meetings. Several meetings were also held with Brent's Director of IT, Stephan Conoway to look at what efficiencies are possible in IT.
- 1.2 Process review meetings have been held with Celia Henry and Eamonn Mccarroll to examine in detail how Brent's Finance Processing Team could streamline BHP's Finance Processing. BHP's meetings have also been held with Sue Emery from Brent's Health Safety and Licensing Team. Senior Management team discussed alternative strategies for making further efficiencies including individual post deletions. The proposed findings of the working group were presented to a special board meeting on Saturday 19<sup>th</sup> November 2011. (Presentation slides are included in appendix B)
- 1.3 Further discussions with Brent are to be undertaken in January 2012, in relation to efficiencies that are possible on the existing service level agreements and the current non BHP HRA expenditure. A separate review is to be undertaken by Brent to consider options for the Aids and Adaptations Services in Brent.

#### 2 Objectives of the Review

- 2.1 The following were the objectives of the Efficiency Review;
  - To deliver top quartile financial performance in relation to both London ALMOs and other London housing providers
  - To achieve a minimum 13.6% reduction in the housing management budget over a five year period

- To achieve a minimum 10% budget reduction for all other special services including repairs and maintenance over a 5 year period, based on a 2.5 percentage point increments from year 2 onwards
- To maximise the efficiencies associated with the co-location of the ALMO with the Council in the new Civic Centre from 2013 onwards.
- To achieve these efficiencies without having a negative effect on service quality and customer satisfaction.

### **3 Areas for Review**

3.1 The Council's Executive and BHP's board have specifically agreed a number of areas for review and consideration of optimisation, based on a joint working group between the two parties;

- Finance Processing
- Health and Safety
- Legal
- Human Resources
- IT
- Communications
- Contract Alignment
- Procurement
- Aids and Adaptations
- Rent Collection and Rent Accounting
- Anti social behaviour

Finance	
Current Arrangements	Proposals
<p>BHP currently manages all functions in relation to finance processing and management accounting. The Director of Finance has specific responsibilities under BHP's Standing orders and reports to the Finance and Audit Sub Committee.</p>	<p>The working group felt that as BHP is a separate company and is responsible for managing significant budgets on behalf of the Council, i.e. operational, services, capital plus BHP owns over 240 properties for which has loans with the Council at approximately £40-50 million that it needs to retain appropriate financial independence and expertise going forward. However, this is an area where with shared services with the Council could lead to significant efficiency savings especially in the area of Finance Processing. Meetings are being held with BHP's Interim Director of Finance and Brent's Assistant Director of Finance to review BHP's processes. It is estimated that sharing services with Brent could lead to a net reduction in five finance posts with BHP.</p> <p>It is also proposed to delete the post of a BHP Financial Controller. Currently BHP has an interim Director of Finance in post. It is proposed to either continue with an interim Director of Finance or recruit to a fixed term contract of 12 to 18 months so that further consideration of greater integration with Brent Finance to maximise the opportunities of moving to the civic centre.</p>

#### 4 Findings: and Proposals

Health and Safety	
Current Arrangements	Proposals
<p>BHP currently has a dedicated Health and Safety Officer in post.</p>	<p>Health and Safety of both BHP staff and Brent tenants is of paramount importance to BHP. There are monthly strategic H+S meetings with the SMT and quarterly H+S meetings held with other managers. A quarterly progress report is prepared for each BHP Service Delivery Committee and H+S is one of BHP's top 10 risks in the risk management update report which is presented at all board meetings. H+S is integral to the culture at BHP from the top to the bottom of the organisation. However, this does not mean responsibilities for this area fall on the shoulders of the dedicated H+S Officer. Gerry Doherty has therefore had meetings with Sue Emery, Brent's Health Safety and Licensing and agreed that BHP would shared services with Brent. It is proposed that Brent would employ an H+S Officer who would then spend 50% of their time within BHP's offices prior to the move to the civic centre.</p>

<b>Legal</b>	
<b>Current Arrangements</b>	<b>Proposals</b>
<p>BHP currently employs a dedicated officer with legal expertise to manage Brent's commercial property portfolio, deal with BHP disrepair cases, Leasehold Valuation Tribunals and other miscellaneous legal type works.</p> <p>The vast majority of legal work undertaken for BHP is however currently undertaken by Brent' Legal Department under a service level agreement.</p>	<p>It is proposed that the dedicated officer in BHP would be shared with Brent Council working 2 to 3 days per week in each location prior to the move to the civic centre.</p> <p>Further meetings are to be held with Brent legal to discuss what efficiency savings are possible under the current service level agreement.</p>
<b>Contract Alignment</b>	
<b>Current Arrangements</b>	<b>Proposals</b>
<p>It is acknowledged that there has little contract alignment / joint procurement with Brent and BHP in recent years. However BHP is a founder member of the London Area Procurement Network (LAPN now changed to CYNTR). This organisation was set up by the participating ALMO's to jointly procure services to make significant efficiency savings through joint procurement. BHP has used these arrangements to deliver some decent homes contracts and the recently completed digital TV aerial upgrade programme which undertook works in over 4000 properties.</p>	<p>It is agreed that BHP and Brent in future should take all available opportunities for exploring joint procurement. BHP has been in the first wave of Brent's new printer programme. Currently officers are working with Brent on joint procurement of Insurance Services, parking control services and tree management. Meetings have taken place to explore opportunities for joint procurement of grounds maintenance services.</p>
<b>Procurement</b>	
<b>Current Arrangements</b>	<b>Proposals</b>
<p>BHP currently has three dedicated procurement officers</p>	<p>BHP undertook a re-structure in 2010 which resulted in net efficiency savings of 9%. As part of this review, BHP's procurement team was reduced from 5 officers to 3 officers. Effective and timely procurement of services is critical to BHP's aim of delivering top quartile performance and maintaining customer satisfaction. The Navigant review of BHP confirmed that the scale of the contracts that BHP procures is sufficient to achieve economies of scale in the market place. The procurement not only</p>

	<p>undertakes procurement of services but they carry out high level clienting of contracts and intervene with specialist advice and support for front line managers. BHP's team have also been highly successful in earning additional income for BHP by selling their services to other registered providers. It is therefore proposed that BHP retains its own dedicated procurement team but BHP and Brent work closer together in future to jointly procure services.</p>
<b>Human Resources</b>	
<b>Current Arrangements</b>	<b>Proposals</b>
<p>BHP currently employs two HR officers and one administrative assistant. BHP receives high level support via a service level agreement with Hounslow Homes, HR Manager. BHP also uses the support of Brent Council's employment lawyers as and when necessary.</p>	<p>BHP staffs are now on different terms and conditions to Brent employees having TUPE transferred from Brent in 2002. The HR team are responsible for organising BHP training requirements, union liaison and consultation and developing all BHP's policies in areas such as sickness management, Incapability and Disciplinary. BHP also has a Personal and Remuneration Sub Committee which meets quarterly to receive HR update reports.</p> <p>It is proposed to reduce the number of HR posts from 3 officers to 2 officers. BHP is to retain its HR function currently and there would be further consideration of shared services with Brent following the move to the civic centre.</p> <p>BHP is also to consider joining with the Councils arrangements for providing agency /temporary staff through its partner organisation MATRIX.</p>
<b>IT</b>	
<b>Current Arrangements</b>	<b>Proposals</b>
<p>BHP currently has two dedicated IT related staff. One member of staff is responsible for maintaining BHP's website and providing</p>	<p>Meetings have been held with Brent's Head of IT Stephan Conoway to discuss benefits of optimisation. It was felt that</p>

training and support on “how to” user support to use the Councils IT systems such as Northgate. The other officer post is the Head of IT and Business Support. This role is responsible for clienting / liaising with Brent’s IT in relation to the current service level agreement. 50% of BHP’s IT budget is spent via the service level agreement as unlike other ALMO’s BHP is reliant on the councils core IT system i.e. NORTHGATE. The other 50% of the budget is spent on directly procured IT services in response to service level reviews and improvements in processes.	<p>there was limited scope for further integration at this time as BHP are currently using all the Councils core systems and BHP requires ongoing website support, “How to” user support and project management of new IT systems. BHP’s IT strategy report (appendix attached) identifies all the areas where BHP aims to develop IT over the forthcoming 12 months.</p> <p>It is therefore proposed that BHP / Brent revisit the issue of further optimisation following the move to the new civic centre.</p>
<b>Communications</b>	
Current Arrangements	Proposals
BHP has currently one dedicated Communications Officer.	<p>It is proposed that BHP retains the dedicated communications officer post and this is reviewed following the move to the new civic centre.</p> <p>BHP’s communications officer produces all of BHP’s public material including regular tenant newsletters, BHP pamphlets and leaflets etc. The officer leads an editorial group of residents who produce the quarterly newsletters, there is also a Youth Editorial Board. BHP produces detailed ward update newsletters for all councillors on a quarterly basis which have been well received. This officer is also leading on new areas of service such as new media i.e. Twitter and Facebook. Another area this officer is responsible for is organising and facilitating bi monthly meetings where BHP Chair and CEO hold meetings / surgeries with Brent residents.</p>
<b>Rent Collection and Rent Accounting</b>	
Current Arrangements	Proposals

<p>BHP currently has dedicated rent collection officers and rent accounting teams.</p>	<p>The working group felt that rent collection / rent accounting was a fundamental /integral part of a housing management organisation. The challenges posed by the recent benefit changes and future changes to welfare plus the tough economic conditions currently pose one of the biggest challenges to both BHP and the Council in the next couple of years. The working group did not feel that there were sufficient similarities between the challenges of collecting council tax and rent to warrant an optimisation between the two teams.</p> <p>BHP's rent collection teams will need to work more closely with other Brent teams in order to face the challenges ahead including Regeneration, Housing Benefit and Adult Social Care. BHP is identifying new techniques and practices to collect rent including visiting tenants who are in arrears at the same time as they are having repairs undertaken etc. Due to the financial consequences of under collecting rent following the move to a self funding HRA this is an area where it may be necessary to add additional resources to meet the expected tougher rent collection climate following the introduction of direct HB payments in April 2013.</p>
<b>Anti Social Behaviour</b>	
<b>Current Arrangements</b>	<b>Proposals</b>
<p>BHP currently has a dedicated team of five officers undertaking Anti Social Behaviour Casework.</p>	<p>The working group looked at opportunities for optimising this area with the Council. Currently LBB has three dedicated strategic anti social behaviour officers covering all of the borough. BHP has legal responsibilities to tackle ASB so that residents have the ability to safely enjoy their homes. The ASB team have recently been through a Systems Thinking Lean Fundamental Review Process. This looked at scope</p>



	<p>there was to streamline processes. The project recommended more face to face contact between residents reporting low level ASB but there was very little system improvements that could be identified to deal with complex ASB cases often involving residents who are extremely vulnerable e.g. mental health issues etc. These cases often involve multi agency working between BHP, Housing, Legal, Adult Social Care etc. BHP is proposing that the dedicated ASB function remains within BHP but the service is developed to work with other RSL's in the borough and further work is undertaken to establish whether a multi agency team could be formed following the move to the new civic centre.</p>
Aids and Adaptations	
Current	Proposals
<p>BHP currently has no dedicated aids and adaptations staff. Works are managed via BHP's Major Works Team.</p>	<p>Responsibility for undertaking Aids and Adaptations in Brent's Housing Stock transferred from Brent Private Housing Services to BHP in 2009. This saved the council approximately £600,000 in the budget. BHP employed no additional staff to undertake these works and duties were therefore added to existing staff responsibilities. BHP procured a partnership contract with a special aids and adaptations contractor called Effectable. In BHP's view the service has dramatically improved since BHP assumed responsibility with the time taken to undertake works being significantly reduced plus the average cost of works being slashed. The Council is to undertake a further review of PHS adaptations service in order to consider in depth the way forward generally for aids and adaptations services in Brent.</p>

## 5 Summary

5.1 The Navigant review recommended that BHP save a minimum 13.6% over five years to be among top quartile financial performers. BHP is proposing to save a minimum of this amount over **four years** instead of five based on the following split;

- 2012- 2013 8-10%
- 2013- 2014 3%
- 2014 – 2015 3%

5.2 Senior Management Team members have identified 15 posts (see schedule below) across the organisation that would be deleted in 2012. These reductions together with the efficiencies achieved with shared services with the council could result in savings (minus redundancy costs) of between 8 -10%.

### Current BHP Staff Budget 2011/2012

**Approved 2011/2012 budget** **7,096,566**

<u>Positions</u>	<u>With On-cost</u>	<u>No of positions</u>
Director of Finance (Half a post)	54,783	0.5
Financial Controller (Half a post)	37,171	0.5
Directorate Support Officer	33,280	1.0
Interim People Services Manager	54,458	1.0
Corporate Services Officer	42,374	1.0
In-House Solicitor (Half a post)	25,565	0.5
HR Officer	41,866	1.0
Estate Officer	37,206	1.0
H&S Officer (Half a post)	20,933	0.5
Project Manager	85,335	1.0
ASB Admin Officer	37,206	1.0
Major Works Administrator	39,120	1.0
Voids Administration Officer	31,087	1.0
<b>Sub Total</b>	<b>540,386</b>	<b>11.00</b>
<b>New draft budget before Finance</b>	<b>6,556,180</b>	
<b>Saving %</b>	<b>8%</b>	
		<u><b>Number of positions</b></u>
	<u><b>5</b></u>	<u><b>4</b></u>
Finance Rent Officer	33,001	33,001
		<u><b>3</b></u>

Finance Officer P/L	34,277	34,277	34,277
Finance Officer P/L	34,277		
Finance Officer P/L	34,277	34,277	34,277
Finance Officer G/L	37,206	37,206	37,206
<b>Sub Total</b>	<b>173,038</b>	<b>138,761</b>	<b>105,760</b>
<b>Number of positions</b>	<b>16</b>	<b>15</b>	<b>14</b>
<b>Saving %</b>	<b>2%</b>	<b>2%</b>	<b>1%</b>
<b>Total Saving</b>	<b>713,423</b>	<b>679,147</b>	<b>646,145</b>
<b>New Draft budget</b>	<b>6,383,143</b>	<b>6,417,419</b>	<b>6,450,421</b>
<b>Combined saving %</b>	<b>10%</b>	<b>10%</b>	<b>9%</b>

5.3 Officers feel that this approach is currently the best way of maximising efficiency savings whilst protecting the quality of services received by Brent tenants. By undertaking a significant re-structure starting in February 2012, BHP as an organisation will regain stability and a degree of certainty going forward after several years of uncertain prospects.

5.4 Permanent recruitment has been suspended for several years in BHP and as a result there is a relatively high number of temporary staff employed i.e. 30 plus. This will therefore give some opportunity for redeploying staff from deleted posts. As BHP has consistently saved between 2 -3% each year since its inception in 2002, BHP should be able to make further efficiency savings in the next two years through a continuing process of not filling vacant posts, reducing the amount of temporary staff and systems thinking process improvements.

5.5 A formal report recommending a re-structure will be presented to a special BHP board meeting on Thursday 20<sup>th</sup> January 2012.

## 6 Other Efficiencies

6.1 BHP is aiming to achieve a minimum of 10% budget reduction for all other special services including repairs and maintenance over a 5 year period, based on 2.5 % increments from year 2 onwards.

- 6.2 With this in mind officers are focussing on achieving greater efficiencies as soon as possible. The Lean Fundamental System Thinking review of repairs undertaken in 2009 is increasing efficiency in this area. The estimated savings forecasted between 2010/2011 and 2011/2012 are 13%.
- 6.3 The Repairs and Voids team procured new sub contractor arrangements this year and managed to drive down costs by an average of 6.2%
- 6.4 BHP's Gas Servicing Contracts which account for 25-30% of the repairs budget are being re tendered in 2012 which gives BHP opportunity to drive down costs.
- 6.5 A formal report recommending a re-structure will be presented to a special BHP board meeting on Thursday 20<sup>th</sup> January 2012.