



## Community and Wellbeing Scrutiny Committee

**Wednesday 19 October 2016 at 7.00 pm**

Boardrooms 7&8 - Brent Civic Centre, Engineers Way,  
Wembley HA9 0FJ

### Membership:

#### Members

Councillors:

Ketan Sheth (Chair)  
Colwill (Vice-Chair)  
Conneely  
Hector  
Hoda-Benn  
Jones  
Nerva  
Shahzad

#### Substitute Members

Councillors:

Dixon, Moher, Pitruzzella, Stopp and Tatler

Councillors:

Kansagra and Maurice

#### Co-opted Members

Christine Cargill, Church of England Diocese schools  
Alloysius Frederick, Roman Catholic Diocese schools  
Siddika Gulamhusein, Muslim Faith Schools  
Dr Jeff Levison, Jewish Faith schools  
Iram Yaqub, Parent Governor Representative (Primary)

#### Observers

Harry Brown, Brent Teachers' Association  
Dilan Dattani, Brent Youth Parliament  
Lesley Gouldbourne, Brent Teachers' Association  
Sotira Michael, Brent Teachers' Association  
Jai Patel, Brent Youth Parliament  
Jean Roberts, Brent Teachers' Association  
Shivani Trivedi, Brent Youth Parliament  
Leesha Varsani, Brent Youth Parliament

**For further information contact:** Tom Welsh, Governance Officer  
020 8937 6607 Tom.welsh@brent.gov.uk

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**The press and public are welcome to attend this meeting**

# Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members.

Item	Page
<b>1 Declarations of interests</b>	
<b>2 Deputations (if any)</b>	
<b>3 Brent Housing Partnership and Housing Management Arrangements</b>	1 - 20

Members are invited to declare at this stage of the meeting, any relevant disclosable pecuniary, personal or prejudicial interests in the items on this agenda.


This report will discuss the three main options open to the council for the management of its housing. These are to continue with provision by Brent Housing Partnership, for the council to directly provide the service in-house, or to enter into a partnership arrangement with another organisation to provide these services. A formal review of housing management options for Brent Housing Partnership, including consultation with tenants and leaseholders, was agreed in June 2016.

**Date of the next meeting: Wednesday 23 November 2016**



- Please remember to **SWITCH OFF** your mobile phone during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public.

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 <p><b>Brent</b></p>	<p><b>Community and Wellbeing Scrutiny Committee</b></p> <p>19 October 2016</p> <p><b>Report from the Strategic Director, Community Wellbeing</b></p>
For Action	Wards affected: All
<p><b>Housing Management Options Review</b></p>	

## 1.0 Summary

- 1.1 This report sets out the progress of the Review of Housing Management Options for the council's housing stock. Cabinet is due to consider the conclusion of the review at its meeting on 15 November 2016. This report provides the context of the objectives in the revised Housing Strategy, describes the process undertaken to review the options, provides an overview of the options as currently described, and of the initial key findings from the evaluation of the options.

## 2.0 Recommendation

- 2.1 Members are asked to comment on the process, clarity of the options, and on the evaluation framework and content.

## 3. Background

- 3.1 In June 2016, the Cabinet decided to undertake a formal review of how to deliver housing management services for its housing stock with a focus on 3 core options

1. Continuation with BHP on a reformed basis
2. Bringing the service in-house
3. Service provision through partnership with another organisation

- 3.2 This work is taking place in the wider context of significant challenges and change in housing. In response to these changes, and providing the context for the review of housing management options are two key pieces of work:

- Review and consultation on the Council's Housing Strategy
- Strategic Business Planning for the HRA (Housing Revenue Account)

3.3 The revised Housing strategy is organised around 5 headings:

- **Housing Supply** – re-confirming the ambition set out in the original target of 5,000 affordable homes by 2019, refining this focus to ensure we get the right affordable housing, and signalling the need to adopt a wider range of delivery mechanisms if we are to deliver that target
- **Housing and wellbeing** (rather than housing and employment) – employment will still have a key role as this will recognise the importance of employment to sustaining housing and wellbeing
- **Private Sector** – building on the success of the licensing scheme and the work of the Housing OBR to deepen our relationship with the private sector to ensure that we are improving standards and doing everything possible to help residents, particularly the most vulnerable residents, find PRS accommodation
- **Homelessness** – the TA reform plan has been developed since the original housing strategy was written, therefore the revised strategy will update in line with the TA reform plan
- **Social Housing Improvement** – the focus in the original strategy was improving the Council's stock and this is one of the key areas that BHP has failed in. The revised strategy will re-confirm the objectives in terms of the Council's own stock, while also creating a clearer focus on the working with all social housing providers to not only improve housing quality, but also to deliver wide objectives for place and people.

3.5 Before the review started, finance and housing had already started work on HRA scenario planning. It was agreed that whatever the future management arrangements, the council needed to model potential implications of the Housing and Planning Act (even while further detail through regulations are still awaited). The initial work has been completed and a process to bring forward the proposals for change to the HRA are being aligned to the wider council budget process to be delivered over the next 4 months.

## 4. The Review process

4.1 The review is being led by the housing service, but has been supported by a cross Council group and CMT have provided a regular steer on the back of regular updates. The review has a number of core workstreams and deliverables, which are interdependent:

- a. Development of the options, informed by the principles arrived at through examination of a new target operating model.
- b. Development of an Evaluation framework (including financial assessment) and an evaluation of the options. This is the core of the project and is informed by the following workstreams.
- c. Resident engagement - customers (tenants and leaseholders) perspectives upon the current service and improvements and priorities for the service. This is not a consultation on the options, which will take place after the Cabinet recommends an option
- d. Stakeholder engagement, including Member Briefings (2 August and 17 October), BHP (the Board, management and staff) and meetings with a wide range of Housing Associations
- e. Analysis of the situation in other Local Authorities, including performance benchmarking (across ALMOs, in house services and RPs) and the approach taken under similar reviews by other London authorities, and
- f. Stock and demographic analysis, and
- g. Evaluation of BHP performance over the recovery period.

The review is still underway and will be completed in the next few weeks in readiness for reporting to Cabinet on 15 November 2016.

4.2 The following section (and Appendix 1) sets out an overview of the work that has been done in respect of resident engagement:

- Survey of up to 600 residents (500 tenants and up to 100 leaseholders) to clarify their experience of the service and their priorities for.
- Focus groups with a cross section of residents (e.g. leaseholders, older people, tenants living on estates etc.)
- Interviews with vulnerable tenants
- Workshop with residents currently involved in BHP's consultative structures or in Tenant and Resident Associations.

4.3 The first three elements were not focused on which of the options people preferred, they were focused on understanding levels of customer satisfaction and resident priorities for the housing management service. The work was done by BMG, an independent research organisation, and supported by BHP and the Council team to provide housing expertise.

## 5.0 The options

5.1 The full options paper, which underpins this review, describes the current service provision (section attached at Appendix 2), provides an initial overview of current strengths and weakness, sets out the changes that are required to services to address current weaknesses, to reflect the challenges presented by government policy, demographic change and to align with best practice in the sector, as the background to fully understanding the development of the options. The three options are then set out in more detail. The key changes from current service provision have been summarised in Appendix 3.

5.2 Before reading the individual options it is important to note all options:

- Focus of the options is the core housing management service. It is not on the wider services that BHP deliver
- Start from the same place – they all have to deal with the current level of performance, they will all need to recruit new leadership
- Recognise the existing extent of integration with the Council (e.g. Complaints, HR, etc) and assume more integration with the Council (public realm, ASB, adaptations and financial inclusion)
- Have been optimised to provide a level playing field. In other words, the Reformed ALMO outlines what an ALMO could achieve, not what BHP has achieved. This has a significant impact on the evaluation as it means that all options can work
- Are only a starting point. In order to deliver any of the optimised options, there will need to be further transformation. BHP has itself recognised that it is currently a traditionally organised services, so a key question becomes which option is most likely to deliver this transformation.

5.3 Although there are many similarities between the options, there are significant differences in the implementation of each option, which are set out below:

- The *Reformed ALMO* is the most straightforward option to implement. No consultation is required after Cabinet in November, and a new management team would be in place by April 2017. Therefore, by April 2017 the implementation of wider transformation should commence and be well advanced over the first half of 2017-18.
- *In-House* is the middle ranked option in terms of complexity. There will need to be a consultation (test of opinion) running from December to February before coming back to full

Council in March. If in light of the consultation, the Council then decides to proceed with this option, there will need to be a process to transfer the service to the council and the permanent recruitment of a new leadership team by October 2017.

- *Joint Venture* is the most complex option to setup. The first step would be to undertake consultation over 12 weeks on this preferred option and then report to full Council in March 2017. If Cabinet then decided to proceed with this option the process to select a partner and implementing the new JV would follow:
  - Consultation and Cabinet decision – March 2017
  - Partner Identification, selection and approval – 6 months
  - Negotiating Agreement with partner – 3 months
  - Implementation – 3 months
  - New organisation established – April 2018.

## **6.0 Draft Evaluation**

6.1 The evaluation is based on the criteria, set out in the June 2016 Cabinet report, against which each option is measured are:

1. Assures provision of modern, high-quality and continuously improving housing management services
2. Achieves significant efficiencies and savings to contribute to the financial sustainability of the council's housing revenue account
3. Maximises the value and performance of the council's housing stock through active asset management and new development – based on the previous CMT report, this is now only focused on asset management
4. Contributes to improved outcomes for tenants including in respect of people and place outcomes the Council is seeking to achieve
5. Contributes to the delivery of the council's priorities

6.2 The table attached at Appendix 4 summarises the initial evaluation findings, and it sets out the strengths and weaknesses of the different options. What it shows is that all of the options can deliver, and each has strengths and weaknesses. This then provides an additional focus for the evaluation: the confidence which the Council can have that the optimised version of the option can be delivered, and over what time period, and two things will be crucial in determining this:

- Leadership and Management – this is crucial to delivery and, therefore, in which option do we believe there will be right leadership and management
- Implementation – how long, difficult, risky is the implementation of the option, and does this reflect the gains that could be achieved?

## **7.0 Financial Implications**

7.1 There are no direct financial implications arising from this report. However, the financial evaluation does provide an initial assessment of the financial impact, which will be updated for the Cabinet report. In regard to the financial sustainability criteria Campbell Tickell, working with the council's finance team, have reviewed the HRA Business Plan. There are two key products from this work. The first is the savings that will need to be achieved in the HRA over the next 3 years – the estimate of this savings target is c.£3,6m. The second product is the calculation of immediate savings that each of the options could achieve upon implementation. These are the savings implicit in the initial implementation and would then need to be followed up by wider transformation to bridge the gap to the 3 year target. The current figures are provisional and are likely to be refined as the review concludes.



- Reformed ALMO – circa. £350k
- In-House – circa. £1m
- Joint venture – circa. £800k

7.2 This, then, reinforces the need for further transformation in all options as none of the options gets close to dealing with this financial gap.

## **8.0 Legal Implications**

8.1 Legal considerations are reflected in the report, and will be set out in more detail in the Cabinet report .

## **9.0 Diversity Implications**

9.1 There are no equalities implications directly arising from the matter under consideration at this stage but an EA is being prepared and will be included within the Cabinet report.

## **10.0 Staffing/Accommodation Implications**

10.1 There are potentially significant staffing implications for the council in the event that the service was brought in-house or if a JV is established.

## **Background Papers**

June 2016: Cabinet Report – Review of Housing Management Options

## **Contact Officers**

Operational Director, Housing & Culture: Jon Lloyd-Owen

Strategic Director, Community Wellbeing: Phil Porter, Strategic Director,

*PHIL PORTER*

Strategic Director, Community Wellbeing

## Appendix 1: Residents' opinions of the current service

To gain additional insight as part of the overall review the Council commissioned BMG research to undertake an opinion survey and a qualitative examination of residents' using focus groups and in-depth interviews.

For the survey 600 telephone interviews were conducted in August using a random sample of BHP residents (526 tenants and 74 leaseholders). There were 5 focus groups, as follows:

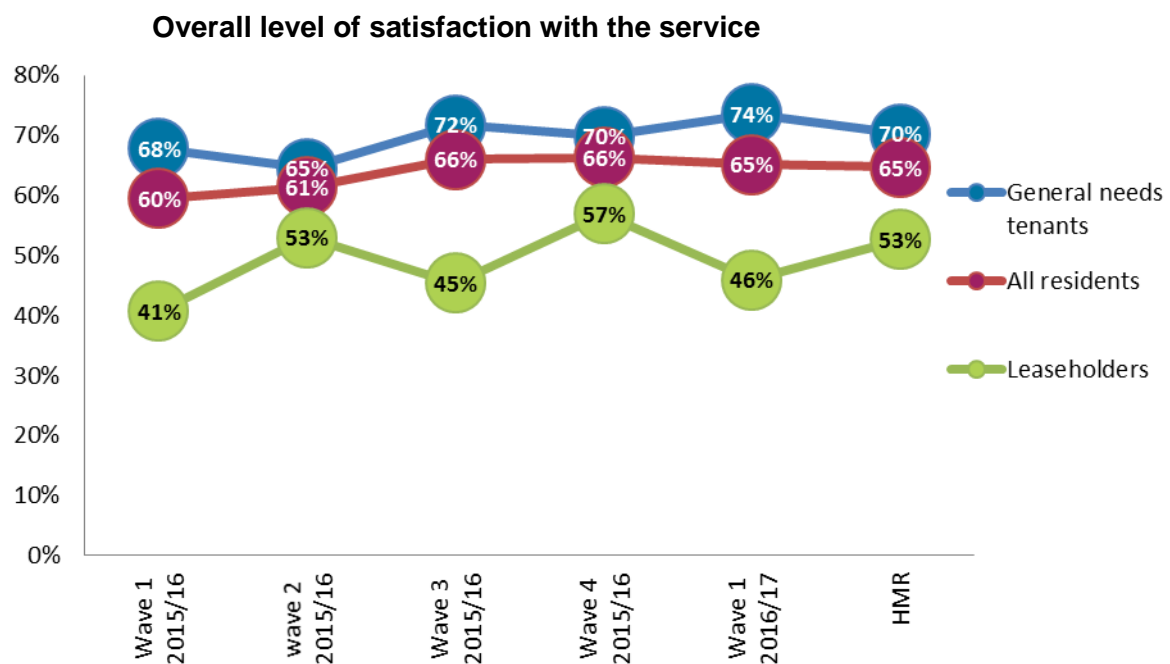
- Elderly tenants
- Tenants with a disability
- Tenants who live on estates
- Tenants who do not live on estates
- Leaseholders

In addition to the above, there were in-depth telephone interviews with younger persons and with persons known to have some form of vulnerability.

Set out below is a summary of the findings of this work – copies of the full report are available.

### Overall perceptions

The most important indicator is the level of satisfaction with the service and the figure below taken from the report shows the amount this has changed since these surveys were began.



The opinion survey findings show that the top service priority for tenants is the repairs and maintenance service, whilst for leaseholders this is split equally between the repairs service and dealing with anti-social behaviour.

**Service improvements** – the 3 services indicated by residents as most in need of improvement are:

- Repairs and maintenance;
- Dealing with Anti-social Behaviour; and
- Quality of homes

Similar areas of improvement were indicated in the qualitative activity with repairs and maintenance and quality of home being most frequently cited.

### **Repairs and maintenance service**

The opinion survey found that dissatisfaction with this service appears to be driven by residents having outstanding repair work needed or where it has taken multiple attempts to get repairs fixed or where there has been poor communication or where the quality of the work has been poor.

Improvements suggested echo the opinion survey with the majority saying the ease of reporting a repair, the quality of the repair work and keeping residents informed as to the progress of a repair are the areas most needing attention. The qualitative findings also indicated that there is an apparent lack of communication within BHP resulting in incorrect tradespeople turning up or them arriving with the wrong materials for the work resulting in multiple visits.

### **Keeping residents informed**

The opinion survey has shown that a majority of residents are of the view that BHP do not keep them informed with many saying they receive very little communication about what is going on in their area and that the level of communication has deteriorated over recent years.

A majority have also indicated some frustration at having never received communications from their housing officer.

### **Involving residents and acting upon their views**

Less than half of residents (48%) are satisfied that BHP listen to their views and act upon them with the level for leaseholders alone dropping to 38%. Residents feel it is important to be involved and listened to as residents.

### **Customer service**

Many residents were able to provide examples of good customer service that they had received from BHP whilst those who felt they had received a poor customer service were generally referring to the amount of time they had spent trying to get through to someone on the phone and chasing to progress their queries.

### **Estate Services**

Around six in ten residents were satisfied with the grounds maintenance service (62%), 58% with the overall estate service provided by BHP, and the same level of satisfaction with the cleaning of communal areas and the external communal areas.

### **Dealing with anti-social behaviour**

Around half (51%) of residents who stated that they had reported ASB to BHP in the last 12 months were dissatisfied with the way BHP had handled the case, whilst seven out of ten were dissatisfied with the outcome of their complaint.

## Appendix 2: Description of the Current Housing Management Service

### 1a. Introduction

LB Brent established Brent Housing Partnership (BHP) as an Arms Length Management Organisation (ALMO) in 2002 and agreed a new 10 year management agreement in 2013. 'Arms Length' means that, whilst it is wholly owned by the Council and that the tenants remain Council Tenants with the rents set by the Council, it has its own board of management and is expected to operate within the terms of the Management Agreement and achieve jointly agreed levels of performance.

The current arrangements and Management Agreement were established in 2013 following an independent review of housing management and stock ownership options. The Council's Executive decided to renew the agreement with BHP but on an 'optimised' basis. This optimisation took account of the planned co-location of BHP in the Civic Centre and required the increased provision of services, primarily support services, by the Council to BHP and these operate through SLAs. These arrangements were also designed to realise efficiency savings and reduce the cost of the service to the Council's HRA. It was also recognised at the time of renewal that there was potential for BHP in future to provide additional services to the Council. The one specific area where this has been realised is in respect of the provision of development services for a programme of new-build schemes.

The 2013 Management Agreement provides for the agreement of an annual Delivery Plan which BHP are required to implement, and for regular performance monitoring and partnership meetings to govern the relationship. Following renewal of the Management Agreement a Client-side function was established within the council to support the effective operation of the Management Agreement and provide strategic and performance oversight of BHP. Currently BHP provides housing management services to the Council's 8,000 tenants and 4,000 leaseholders plus to the 319 BHP homes owned by it directly. . The nature of these services is described in detail below.

Comparatively, this service is distinctive in that the 8,000 tenanted households each have an individual contractual relationship with the Council for the provision of their homes and this can have significant implications for their financial and social wellbeing in that a good home in a settled environment should provide one of the crucial corner stones of life.

This section is organised into the core areas of work:

- Core Landlord Services (customer services, tenancy management, leaseholder management, property services)
- Services BHP delivers for Brent Council (financial inclusion, clienting of Tenancy Management Organisations (TMOs) and Travellers Sites)
- Back office (Customer Services, ITU, finance and HR)
- Additional services (BHP Academy, management of PRS stock, HRA development)
- Governance and
- Finance.

### 1b. Core Landlord Services:

BHP delivers a full set of landlord services on behalf of the Council. Some services are provided directly by BHP and its staff; other services are provided by contractors who are contract managed by BHP and this is indicated where appropriate.

**Customer services.** BHP operates a call centre for all customer enquiries, and provides face-to-face services at the council's contact centre and where appropriate on estates. Around 90% of the telephone enquiries each month concern repairs.

**Tenancy Management.** These services are all delivered directly by BHP staff:

- Tenancy Conditions– handling all aspects concerning observance of the tenancy agreement – e.g. nuisance/ minor ASB; answering queries; unlawful occupation; etc.
- Voids and Lettings – Processing vacant properties for re-let and the sign-up of new tenants; processing of transfer requests from existing tenants, and dealing with tenancy succession; c.200 new tenancies are let each year.
- Rent collection and recovery – seeking to ensure prompt payment and pursuing cases where there are arrears – giving advice on welfare benefits and debt management. The total income sought is £52.9m of which £28m is paid through Housing Benefit
- Resident engagement – Consultation and involvement of tenants (and leaseholders) to inform service performance and improvement.
- Anti-Social Behaviour – dealing with the more complex and serious cases

**Leaseholder Management.**

- Handling landlord/leaseholder issues for these 4000 properties including dealing with absentee landlords that have sub-let. This includes:
- Communal services - Provision, charging and collection of service charges for communal services (such as block cleaning, grounds maintenance, communal repairs, etc.)
- Major works - Statutory consultation in respect of planned maintenance and major works and associated billing and collection.

**Property Services.** The majority of these services are contracted out:

- Estates Management – the management of contracts for grounds maintenance (part of the council contract with Veolia), communal cleaning (contracted out); refuse disposal arrangements (also contracted out); TV aerial systems & CCTV) etc.
- Repairs & Maintenance – the provision of a responsive repairs service communal and tenanted property repairs. BHP processes 35,000 repairs a year – all of which are carried out by Wates
- Void repairs - repairs to empty properties in readiness for their re-letting are undertaken by a small directly employed team but this is under review
- Planned Maintenance and Major works planning, procurement and contract management of a programme of planned maintenance and external decorations works and of major works to homes and estates, which are currently carried out by Wates. Management of other capital works programmes and their respective contractors for lift and heating renewal, electrical testing and upgrading, etc. This year works are programmed to over 1,600 units with a budget of £33m
- Health and Safety Compliance, and
- Commissioning Gas servicing and checks to all tenanted properties which have gas heating, communal water, fire safety and other H&S checks and compliance.

### 1c. Services provided by BHP for LBB:

BHP also delivers the following non-core services. These services could be delivered independently of Landlord Services by anyone, including by the Council. However, until this point, the Council has commissioned BHP to do them.

- **Financial inclusion.** The provision of advice and assistance to enable tenants to protect their income including welfare rights, this is commissioned by Brent Council Housing independently of the core financial inclusion Council offer and the BHP management agreement
- **Clienting of Tenant Management Organisations (TMOs).** There are 2 of these tenant run organisations who provide directly a full range of housing management services to about 500 tenants and leaseholders. These groups have their own management committees made up of residents who manage the housing services for residents in their area. The TMO's are responsible for the day-to-day running of services such as repairs and collecting rent.
- **Travellers' site.** BHP acts for the Council as the client with the service being delivered by Oxfordshire County Council
- **Right to Buy (RTB).** Processing RTB applications and sales, numbering around 60 per annum.

### 1d. Additional Services:

BHP also delivers a range of other services:

- **Community Fund and BHP Academy.** This covers BHP's investment in community development
- **PRS and property management.** This includes two main areas:
  - The refurbishment, letting and management of vacant regeneration properties at South Kilburn (c.100 units currently) and of a reducing number of private leased properties (c.50) which are used as temporary accommodation for homeless households, and
  - Council-owned, acquired and let properties (to families that the council has a homeless duty towards). BHP are providing the refurbishment and void repairs service (all properties) and housing management and responsive repairs service (Brent properties only) under a SLA. The target is 120 within the Borough by 2018.
- **(HRA) Development Agency.** There is a small team of 4 which manages the development of new-build homes for the council. The present programme will deliver c.200 new-build homes by 2018, mainly general needs housing with some NAIL provision.

### 1e. Back-office Services:

BHP provides the following services for itself internally:

- **Finance.** The provision of accountancy, financial planning and payment of suppliers for an organisation with a turnover of £55.6m
- **Performance management**
- **Complaints.** BHP currently deal with Stage 1 customer complaints (like Brent Council departments), and there is close working with the council's corporate complaint department
- **Customer contact centre.** The receiving, processing and progressing of 83,220 calls each year, many of which are resolved at that initial point of contact.
- **Communications.** - BHP has a small team, who are responsible for conveying information about the range of services and keeping residents

informed on progress and other news – this includes regular newsletters and the BHP annual report

- **HR.** The provision of the whole range of HR services for 178 employees
- **Other Support Services from LBB.** Currently BHP buys support services from the council. Some have already been outlined above but it should also be noted that this section also includes (through specific SLAs):
  - Accommodation
  - ITU services
  - Payroll
  - Some council legal services are provided to BHP (for example for possession proceedings, RTB conveyancing) and
  - Internal audit and investigations.

### **1f. Governance**

The Board of Management of BHP is both responsible and accountable for the operation and financial management of BHP to the Council. The current Chair is an independent member and the Vice-Chair is a resident member. The BHP Board consists of 13 directors:

- Three Councillors – appointed by the Council
- Four independent members – appointed by the Board
- Six resident members – chosen with extensive resident involvement

The interim Executive Leadership Team, which was restructured as part of the Recovery Plan, currently consists of the:

- Managing Director (interim appointment but holds the substantive post of Director of Finance of BHP)
- Director of Transformation (interim appointment)
- Director of Property Services (interim appointment)

Under the Management Agreement the Council and BHP operate a partnership arrangement for general liaison, direction, monitoring and advice. The Council, through its Housing Partnership team performs the client role for BHP. In addition to the Operational Director and Head of Housing Partnerships (who have other responsibilities) there is one dedicated officer to support this function.

### **1g. Finance**

The BHP management fee, funded from the Housing Revenue Account (HRA) for 2016-17 is £7.5m. This is exclusive of the £1.3m provided to BHP from the HRA to fund the services provided to BHP by the council under SLAs.

### Appendix 3: Summary Description of the Housing Management Options

There are three options under consideration:

1. A reformed BHP service
2. An in-house service
3. A Joint venture service

Whichever option is chosen, all will begin from a common starting point in respect of the current service and its strengths and weaknesses. Each will also need to:

- Respond to the context provided by the government's housing reforms, including the reducing income as a result of the required rent reductions to 2020.
- Respond to changed customer expectations and requirements
- Harness the potential of technology and data to reshape service delivery and choice
- Move from a fairly traditional model of delivery to a new way of delivering services (building on both of the previous bullet points)
- Bring new leadership and a strong management and positive organisational culture.

The three options have been designed to address these requirements, and to optimise the potential of the option. A number of principles and changes would be common across the three options:

**Active asset management** – this would be integral to the service required, and include infill development (as now) but exclude larger-scale development or regeneration.

**Anti-social behaviour** - Management of ASB has traditionally been seen as part of core housing management services. However, it is proposed to bring the management of ASB cases under the council's community safety service under of the options.

**Public Realm** – council blocks and estates are already served by the council's public realm contractor. This would be extended to include all external cleansing and grounds maintenance works and to integrate fully with the corporate resident reporting and contract management arrangements; internal communal cleaning would continue to be separately provided by the service.

**Customer contact and Repairs Ordering** – The majority of customer calls concern repairs. It is planned to develop direct contact between residents and the relevant repairs contractors so that repair calls go directly to them. The contact centre role in relation to repairs then becomes a problem solving role, sorting out issues when the contractors does not deliver.



## Reformed ALMO

The Reformed ALMO is an optimised option centred on improving outcomes and lowering costs to serve. The main changes from current arrangements, which are expanded on below are:

- Moving to a smaller, skills based board: this may have residents and members on it, but they would be recruited on meeting the skills required by the Board, not because they were residents or members
- A new senior management structure – most likely to replicate the current interim structure
- A stronger council client function to provide clearer strategic direction and closer monitoring of performance and of the services integrated with the council.
- Reinforcing resident involvement and engagement at all levels of service oversight and governance but potentially with a reduction in the new skills-based board.
- Client responsibility the housing management contractor for the Travellers Site would switch to the council directly.
- Procurement and contract management in relevant areas (e.g. public realm) would be provided by the council.
- Certain functions – e.g. finance would in part remain within BHP reflecting its responsibilities as a separate company.

<b>Subject</b>	<b>Reason for the change</b>
Governance – Skills based board	There has been significant movement across the housing sector and the ALMO sector to implement smaller (10 or under, compared to 13 at the moment) skills based Boards. This means that Board members are selected because of their skills rather than their background (e.g. Members, residents). Having a skills based Board does not rule out having Members and residents involved but it changes the focus towards putting in place people with the skills and aptitude to run a multi-million pound service delivery, asset focussed service.
Governance - Top level structure	The permanent structure has four senior posts in the management team. The interim structure has already reduced this to 3 and this would be confirmed in the new structure in line with wider changes in the sector: a Managing Director, Head of Asset Management post and Head of Operations. Thereby improving accountability and reducing cost
Governance / customer service - resident involvement	<p>This section refers to both:</p> <ul style="list-style-type: none"> <li>• Resident engagement - direct resident involvement face-to-face and electronically is a mainstay of ALMOs and BHP, and typically includes resident involvement on the Board. However, there are some synergies to be sought through the Council's customer engagement team(s)</li> <li>• Customer Insight refers to knowledge about council tenants and leaseholders derived from data. This data might arise from council records (for example interrogating tenancy records) or from other data (for example socio-economic data about the boroughs residents as a whole). The Council has corporate resources that work on customer insight issues and have developed a design led approach through its Council's Outcome Based Review methodology)</li> </ul> <p>The Reformed ALMO option offers the greatest flexibility in this area to overhaul resident engagement and build resident engagement into the Board as well working with the Council to develop and deliver a design led approach which ensures a clear focus on the customer.</p>

### In-House service

The in-house option would also be focused on the aims set out for the current ALMO - improving outcomes and lowering costs to serve. It offers the opportunity to bring the service back under direct control in the council, as a means of ensuring that the changes required are delivered. The most significant changes to note in this option are:

- The full integration of services into the council to reduce duplication while maintaining clear accountability. In effect, the housing management services, would become a service like any other in the Council, and there would be no need for any differentiation as there is no independent company.
- Changes to the governance would be required with the removal of the Board and a new senior management structure within CWB.
- The design of new resident and Member engagement structures which tackle the current performance issues and counteract the loss of resident involvement through the removal of the Board.

Subject and overview	Detail and reason
Governance – loss of the Board	The change in governance is significant as the ALMO Board would cease to exist, and the expertise on it would be lost to the council. Responsibility and accountability would flow through the council’s management structure with the Council’s Chief Executive delegating strategic responsibility for the housing service to the Strategic Director - Community Wellbeing.
Governance / customer service	Resident and member engagement - would be best delivered by the in-house housing service as part of the core landlord services, but the synergies with the Council’s engagement team should be easier to achieve. The presence of residents at the highest levels of governance will be lost and cannot be replicated in this option. However, it would be possible to set up alternative resident involvement mechanisms that respond to the concerns with the current resident engagement mechanisms.
Governance – top level structures	The permanent BHP structure currently has four senior posts in the management team. The interim structure has already reduced this to 3. The in-house service would two Head of Services: Head of Asset Management and Head of Operations, reporting to an Operational Director within CWB.

## Joint Venture

This option would also have to be focused on the aims set out in both of the previous options - improving outcomes and lowering costs to serve. It offers the opportunity to gain access to the expertise of a partner organisation in terms of delivering the core landlord service. The most significant changes to note in this option are:

- Full integration with the partner's back office services and customer contact as this is a key way that the joint venture can deliver the operational efficiencies.
- the front line services already discussed in the other options (ASB, public realm, customer service and financial inclusion) would still be integrated back into the council as well as defining a model for working across council departments to ensure the integrated services support core landlord services effectively
- Changes to the governance would be required with the removal of the ALMO Board and the creation of a joint venture board. The council would need a different clienting function.
- Resident engagement - It is unlikely that there would be resident representation on the JV Board, so there would be a need to commit to a clear focus on resident engagement through other means

<b>Subject</b>	<b>Reason for the change</b>
Governance – changing Board	The existing ALMO Board would cease to exist, and a JV Board would be formed. A skills based approach would be preferable, which would have the same challenges as the suggested reformed ALMO Board in terms of representation, including a loss of formal resident roles in governance. Responsibility and accountability would sit with the Board, but also the Council client (not unlike the reformed ALMO option). As it is a partnership there would be a reduction in Council and Member control as all decisions would need to be agreed and be in the interests of both parties.
Governance – customer service	Resident engagement - would continue to be best delivered by the housing service joint venture as part of the core landlord services, but synergies with the Council's engagement team and wider engagement should be sought. It would be necessary to set up alternative resident involvement mechanisms that respond to the concerns with the current resident engagement mechanisms.
Governance - top level structure	The trend amongst registered providers has been towards smaller senior management teams. The likely outcome is a Managing Director for Brent – for the council and the partner's stock in the borough - with two Head of Service posts reporting in (Assets and Operations).
Complaints	The JV will be an independent body and will therefore deal entirely with complaints within its own structures.

### **The difference between the options**

It is important to reiterate that the work to develop the options all three options has sought to optimise each one, and therefore, all respond to the current performance challenges, the national and local strategic environment and the wider changes in housing.

The **core landlord services** are common to all the options, with the variation only manifesting in the different ways of delivering resident engagement/customer insight and the specific detail of how the contact centre function would be delivered (the contact centre function would be in the council for the Reformed ALMO and In House options, and with the Partner in the JV) as the overarching model would be the same. The differences between the options on these functions will be more apparent in the evaluation where issues such as control, likelihood of success and risk factors will be considered.

The **Services done by BHP for LBB** are also similar across the 3 options with Financial Inclusion and the Travellers Sites coming back to the Council in all options, with the only variation being where the TMOs should be managed.

There is some differentiation in terms of **Back office services** because although all 3 options will deliver more integration, the In House option and the Joint Venture will allow more complete integration, while the independent Reformed ALMO will need to retain a small back office function working with the Council back office services.

It is in **governance** that we see the biggest differences. They differ chiefly in terms of control (more direct in-house) and governance (structural accountability in-house, via a Board in the ALMO or joint venture), and in terms of the clienting. Each option infers different burdens of clienting activity in the Council. The Reformed ALMO and the JV will require additional levels of clienting work (compared to the current position) to ensure that the separate body continues to deliver and deliver on the agreed Council priorities. And in all 3 models, further work will need to be done to ensure that the integration of core services (possibly - ASB, public realm, financial inclusion and the contact centre) continue to deliver for the core landlord services.

Additionally they also differ in terms of the potential for meaningful **resident involvement**. All three have the likelihood for the development of much better structures to engage customer opinions concerning the quality of services and the development of continuous improvement. Clearly there is already to some extent a culture of resident involvement within BHP but that should transfer to the new body if the in-house or JV options were chosen.

### Appendix 3: Summary of Evaluation

This table sets out and compares the key points for each of the options, derived from the narrative above.

Criterion	Reformed ALMO	In-house	Joint Venture
<b>Leadership</b>	Appointment to the most senior post would be made jointly by the ALMO and the Council. Other posts appointed by the ALMO. Recruitment to the senior team likely to attract strong candidates.	All appointments made by the council. Operational Director would be a Member appointment; the others posts officer appointments. Recruitment to the senior team (and middle management) could be more challenging as it is not a standalone housing management service with the autonomy that brings, and flexibility over terms and conditions.	Appointment to the most senior post would be made by the JV Board, including the Council representatives. Other appointments made by the JV. In the first instance, the senior team could be seconded from the partner; if so, likely to be the best option for a high calibre team. External recruitment to the senior team is likely to attract the strongest candidates.
<b>Implementation</b>	Immediate clarity about the long term structure, would provide a simpler basis for change to start immediately in December. However, the new senior team (April 2017) would be the key driver for change in service delivery medium term. A barrier would be the possible perception amongst staff that 'nothing has changed'.	Period of consultation for the 'test of opinion' would make the basis for immediate change more complicated, but would still be achievable. New permanent senior team not in place until October 2017. Medium term CT have raised concerns about attractiveness of posts, but would benefit from Council's change expertise. There would be a clear	Period of consultation for the 'test of opinion' and then identifying the partner and setting up the JV would make the basis for immediate change more uncertain. The new senior team and the terms of the JV would be strong drivers for change, but would not be in place until April 2018. There would be a clear signal to staff and the JV partner would bring all their expertise to drive change quickly after implementation. Change of employer brings the greatest sense of uncertainty for staff, with both positive and negative connotations.

Criterion	Reformed ALMO	In-house	Joint Venture
		signal to all staff from April 2017 that this is a new service.	
<b>Provision of housing management services</b>	Single focus and opportunity to recruit the right leadership team should underpin success. BHP and council needing to work together on digital transformation could create delays. New leadership team would need to move to a new customer focused transformation model, which is not currently in place to tackle cross cutting issues such as repairs. Would have the housing expertise, but relies on Council contract management procurement support to deliver change with Wates, which is fundamental to improving repairs performance.	This option would tie the Housing Management Service directly into the Councils digital and customer focused transformation methodology, and provide direct access to the capacity and capability to support change. This would be of direct relevance to the fundamental challenge of repairs for example. There would need to be a sustained focus on delivering change with Wates equal to the challenge for the Reformed ALMO.	Single focus, ability to recruit and bring across staff and expertise in all areas would be of benefit if the ideal partner could be found. The service could benefit from their digital and transformation expertise as well if the right partner was chosen, and they would bring leverage in the wider market in terms of repairs and planned maintenance contractors. In theory this presents the best opportunity, but there is a significant risk for this option – not knowing who the partner is at this point, and therefore evaluating it on the basis of the perfect partner, that does not exist.
<b>Achieves efficiencies &amp; savings</b>	Initial saving on implementation: c£350k  Potential for delivering the additional savings required: unproven track record on this scale and likely to be the least able to achieve savings.	Initial saving on implementation: c£1m  Potential for delivering the additional savings required: the Council has a good track record in addressing funding pressures while maintaining services.	Initial saving on implementation: c£800k  Potential for delivering the additional savings required: generally, producing cost savings are not a great strength of the RP sector. Savings could be contractually mandated and might be more achievable than for an ALMO, but

Criterion	Reformed ALMO	In-house	Joint Venture
			not all of the savings would accrue to the Council and the HRA.
<b>Asset management and development</b>	There is a team in place which has experience and local knowledge. The team has had some success but in general developments have taken longer than anticipated and there have been delays in meeting targets, particularly for obtaining planning permission. The team is necessarily small, and it is difficult for a small team to have the full range of expertise required. The development team would necessarily remain small in this option, so no opportunity for structural improvements.	The in house option will also have the challenges set out for the reformed ALMO, but it is also true that the council more broadly has significant expertise and track record of successful contract management in other disciplines. Therefore, if the risk of less housing expertise could be mitigated and the benefits of the wider expertise exploited, there is a good chance of improved performance. There is also the opportunity to join the BHP development team with the Council's regeneration team, which could also bring additional benefits.	It is often the case that large RPs have strong combined asset management and development teams with greater experience in managing asset-related contract than Councils, and the introduction of an experienced and robust contract manager in particular could make a difference. Access to well-resourced development teams, expertise and opportunities for development which are not available to either of the other options. This is the strongest option for both asset management and for delivering more and better development. However, the risk identified above for provision of housing management is equally true for this option.
<b>Contributes to improved outcomes for tenants</b>	If the Council seeks project delivery (the council commissioning new services for BHP tenants), this is the weakest option. If it seeks project signposting (improving access to existing services).	Whether the Council seeks project delivery or project signposting, this is the strongest option because of the links with, and potential for close interaction with other and partner Council initiatives.	A JV may offer the widest range of delivery projects carried across from its own activities, but the Council would have less influence over them Signposting would be similar as with the Reformed ALMO option.

<b>Criterion</b>	<b>Reformed ALMO</b>	<b>In-house</b>	<b>Joint Venture</b>
<b><i>Resident involvement in governance</i></b>	The tenant membership inherent in an ALMO Board, and a strong track record in resident engagement generally.	The Council would not be able to replicate the Board level representation, but could replicate everything else.	There is unlikely to be resident involvement in the formal governance (board) structure. Most RPs already have a track record in other forms of resident engagement, but this has been reducing as budgets tighten
<b>Contributing to Council priorities</b>	Single shareholder, so high level of ongoing strategic control (through annual delivery plan), but less day to day operational control. Mitigation is the single focus and the housing expertise of the Board.	Highest levels of strategic and day to day operational control as the service would be directly line managed by the council.	This is a partnership, so significant strategic control, but still the lowest of the 3 options because strategic direction would need to be negotiated. Less day to day control. Mitigation would be expertise of partner.