



**MINUTES OF THE SPECIAL MEETING OF THE COMMUNITY AND WELLBEING
SCRUTINY COMMITTEE
Held on Wednesday 19 October 2016 at 7.00 pm**

PRESENT:

Councillors Ketan Sheth (Chair), Colwill (Vice Chair), Conneely, Hector, Hoda-Benn, Jones and Nerva

Also Present: Councillors Farah, Harrison, Miller and Perrin

Apologies were received from: Councillor Shahzad, Co-opted Members Mother Christine Cargill, Dr Jeff Levison, Iram Yaqub, Siddika Gulamhusein and appointed observers from Brent Youth Parliament

1. Declarations of Interests

Councillor Nerva declared an interest prior to the meeting that he was a Brent Housing Partnership (BHP) leaseholder. He outlined that the Chief Legal Officer had advised that this was not deemed to be an issue as the meeting was about general policy direction rather than being location specific.

There were no other declarations of interest.

2. Deputations

There were no deputations.

3. Brent Housing Partnership and Housing Management Arrangements

Before the report was discussed in greater detail, Councillor Farah (Cabinet Member for Housing) addressed the residents who were present in the public gallery. He outlined that the meeting was primarily a formal opportunity for the Committee to scrutinise and comment on the different options before a preferred option would be chosen by Cabinet on 15 November. The meeting had been convened in addition to recent Council Members' briefings which had taken place on the topic. He also stated that he was pleased to see so many residents in attendance at the meeting.

Phil Porter (Strategic Director, Community Wellbeing) introduced the report which set out the progress of the review of housing management options for the Council's housing stock. He explained the context to the review which had arisen in part due to performance concerns related to Brent Housing Partnership (BHP) and in part due to the financial implications of the recent Housing and Planning Act 2016. It aligned with additional work which had taken place including a review of the Housing Revenue Account (HRA) and the five key priority areas identified in the

Council's revised housing strategy. The Committee heard that the review was undertaken with a view to ensuring that each of the three options were considered within an equal evaluation framework, based on five different criteria that Cabinet agreed upon at its meeting in June 2016 (details of which were contained within the report). Mr Porter then highlighted the comprehensive nature of the review and the different additional facets which were considered. He drew particular attention to the high degree of resident engagement which had taken place to make certain that residents were the key drivers of the review process. This had been completed alongside further stakeholder engagement with Brent Councillors, the BHP Board and BHP staff.

Jon Lloyd-Owen (Operational Director, Community Services, Housing and Culture) expanded on this overview and introduced the following three options for delivering housing management services going forward:

- Option A: Continuation with BHP on a reformed basis;
- Option B: Bringing the service in house; or
- Option C: Service provision through partnership with another organisation (joint venture).

Mr Lloyd-Owen gave a summary of some of the key details to consider from each of the different options (details of which were contained in Appendix 3 to the report) and drew out some of the differences between them. The differences particularly related to governance, service integration, resident engagement and leadership recruitment potential. It was emphasised to the Committee that each of the three options were workable but that each faced the same challenges relating to performance and wider national housing concerns. He also stated that each would need a significant period of reform, restructure and capital investment to ensure that the Council could move forward to deliver modern high quality housing management services. Mr Lloyd-Owen also gave an overview of the potential savings which could be generated by each of the options with both the in house and joint venture options noted as being the likeliest to deliver significant savings. The reformed BHP service was outlined as only being likely to deliver modest savings.

The Chair thanked the Cabinet Member and Officers for their introduction before inviting Members to ask questions on the content of the review. Questions relating to the 'joint venture' option considered whether there had been any preliminary interest from potential partners and how the Council would ultimately choose a partner if this option were to be recommended by Cabinet. Jon Lloyd-Owen indicated that there had already been a level of interest, and that the Council had engaged with six Housing Associations and one potential partner from the private sector. It was mentioned that although there had been contact and indications of interest across the board, it remained very early in what would likely be the lengthiest implementation process of the three options. Mr Lloyd-Owen went on to also explain that there was a degree of uncertainty on how the partner might be chosen because of the lack of comparative examples in how this model had been delivered elsewhere. The Committee heard that if this option were to be chosen, it would look to draw upon the additional capacity and scale that partner organisations could offer and build on the Council's own service capabilities. He stated that he was certain that any process of selection would be open and transparent with resident engagement at its heart.

Members asked how the review had been benchmarked and how each of the options had developed as part of the review. Jon Lloyd-Owen stated that benchmarking work remained ongoing as the review was not yet complete and that this would be set out in the full Cabinet report. He noted that BHP routinely benchmarked itself against a peer group of Arm's Length Management Organisations (ALMOs) and Housing Associations. He also stated that the Council had sought to compare its own housing management service delivery with other Local Authorities who had similar arrangements. This work had found that BHP was generally a mid-rank performer on many levels rather than being exemplary. Phil Porter responded on how the options had developed as part of the review by highlighting the different degrees of engagement work which the Council had undertaken. This had involved: discussions with the BHP and staff members for the reformed BHP service option; cross-cutting work to identify areas of integration with in house services such as antisocial behaviour and public realm teams; and initial engagement work with Housing Associations and one private sector organisation as previously mentioned by Mr Lloyd-Owen. Mr Porter also stated that the Council had also worked with an external consultancy to establish examples of best practice in delivering housing management services. He emphasised that the approach was to optimise the potential of each option and reiterated that all of the possibilities were viable.

A Member of the Committee asked Officers to outline how the review addressed the Bostock Marketing Group (BMG) research into BHP which had found several specifically poor service areas (repairs, antisocial behaviour and quality of homes) and low levels of resident satisfaction. Jon Lloyd-Owen stated that the repairs service was unsatisfactory and many of the problems stemmed from issues with the current contractor. This related to additional dissatisfaction on the quality of homes as there had been a severe backlog of repair work. It was noted that this could also be traced back to a lack of Council investment and funding problems in the past, but that work was being taken to address this – including planned repair work on 1400 homes next year. On the issue of antisocial behaviour, Mr Lloyd-Owen stated that, regardless of the option chosen by Cabinet, there needed to be a greater level of integration between the housing services, the antisocial behaviour team, corporate community services and the public realm team in order to deal with these problems. Phil Porter mentioned that it was true that leaseholders had lower satisfaction levels than tenants, which was thought to be caused by leaseholder-specific service charges and bills. He noted that tenant satisfaction levels, although higher, were still unsatisfactorily low from a Council perspective and that both levels of satisfaction needed to be addressed moving forward.

In more wide-reaching questions from Members on which characteristics comprised a successful housing management service, Jon Lloyd-Owen stated that a service which delivered both the Council's contractual obligations to provide high quality services whilst also being tailored to suit different resident priorities and needs would be key to success. Good leadership would also be crucial to a high standard of service performance. There were additional related discussions about the best models of ensuring resident engagement within housing management services. Mr Lloyd-Owen stated that regular engagement should be at the core of service planning and that this should come alongside ensuring that residents were collectively represented on management boards. The Committee heard that there were different models of ensuring resident engagement including: resident scrutiny

panels (a previous model used by the London Borough of Islington was cited as an example) and customer communities or direct lines to management boards in order to raise concerns. Mr Lloyd-Owen outlined that resident engagement remained a priority yet a definitive model of resident engagement in this sense had not yet been agreed upon. This, he said, would be built upon further once a final decision on which option was recommended by Cabinet.

A Member of the Committee raised questions about whether the performance concerns stemmed from operational problems within BHP and that the structure of the ALMO model meant that the Council had not been able to adequately address day-to-day problems. Jon Lloyd-Owen stated that all three of the options required strengthened leadership structures and these would be put in place regardless of the option recommended. Phil Porter mentioned that a potential benefit of the in house option was that the Council would have greater control of operations but that there were pros and cons to consider with each option as set out in the report. He pointed out that when the organisational structures, such as the reformed BHP or joint venture worked well, it often led to operations on both sides complimenting each other in the overall delivery of the service. Yet, these models could equally lead to two structural power bases clashing – to the detriment of the delivery of the service. He noted that these were examples of the type of considerations the Cabinet would need to take into account before making its recommendations.

Members raised questions about the extent of staff engagement and whether the review had consulted any trade unions. Jon Lloyd-Owen stated that engagement with BHP staff had been carried out in two sessions with over 100 staff members, where the Council had explained the rationale for the review and also invited staff members to reflect on the service's current strengths and weaknesses. The Committee heard that this had been a very useful exercise not only in terms of communicating ongoing events to staff, but also the insights gained from the staff's feedback. He added that the review had not consulted with trade unions, as the appropriate conversations would take place with unions regarding the Council's change policies once the decision on the housing management services option had been made. In response to an additional specific query on what the staffing arrangements would be if the in house option was chosen, Jon Lloyd-Owen stated that the general position at this stage was that BHP staff would be transferred to the new in house service should this be the preferred choice. Phil Porter mentioned that the review's purpose was never meant to worry or cause any uncertainty to staff but to comprehensively assess the different options for delivering housing management services in the future.

The discussion moved to the financial sustainability of the options presented in the review. A Member of the Committee questioned how the Council would balance the need to make savings against any planned investment spend to help address the elements of the housing management services which were underperforming. Jon Lloyd-Owen stated that this had been considered and that there was a key difference between capital investment in areas such as upgrading IT infrastructure and day to day revenue savings. Mr Lloyd-Owen said that it was hoped that the benefits from this type of investment would enable a reduction in revenue costs over time.

In addition to this, a Member asked about the financial implications of the different options on both BHP residents and the general Brent population should either the

HRA or general fund be adversely affected in the future. Jon Lloyd Owen stated that in a general sense the financial implications of this would be the same regardless of the option pursued. He mentioned that the HRA had already been negatively affected by the national housing reforms, such as the rent cut for Council tenants and the subsequent loss of income. It was noted that there was a ring-fence on the proportion of income from tenants' rents being spent solely on Housing Management Services, rather than subsidising different parts of the general fund. The Committee heard that this ring-fence was due to stay in place. Phil Porter added that the savings identified for the different options were largely calculated through a removal of duplication within housing management services. It was emphasised to the Committee that the Council would need to find much more significant savings on top of this in the years to come, regardless of the housing management option taken forward.

Members raised questions about the specifics of the process after Cabinet had recommended its preferred option. One question queried the transitional arrangements between BHP and the Council if the housing management service was to be brought back in house. Mr Lloyd-Owen outlined that there would be a consultation period with all relevant stakeholders after the Cabinet meeting in November 2016. A Member of the Committee later raised a point about the possibility that Cabinet could recommend an option that residents disagreed with. Mr Lloyd-Owen reiterated that although Cabinet would decide on a preferred option, its recommendation was subject to consultation and this would seek to draw out a range of views on the best outcome for residents. He said that after this consultation period, however, the decision ultimately still lies with Cabinet.

At the end of questioning from Members, the Chair welcomed the residents in the public gallery and invited any comments of their own in relation to the review. Specific concerns were raised by former BHP resident's association members about the lack of coordinated engagement between the BHP Board, BHP tenants, BHP leaseholders and the Council. Councillor Farah responded by stating that he wanted all residents to be clear that resident involvement and engagement would be the core issue for taking the housing management service forward. Phil Porter mentioned the importance of resident engagement structures and the aim was this to be effectively be co-designed with residents. An additional comment was raised about the ongoing availability of free pest control services if the services were brought back in house. Jon Lloyd-Owen said that he believed that pest control services were funded by the Housing Revenue Account and from Council rents, and that they would want them to remain available to residents if the in-house option was pursued.

The Chair thanked the residents for attending and for their points made to the Committee.

After a final brief discussion the Committee put forward the following five recommendations to Cabinet in advance of its meeting to be held on 15 November 2016:

RESOLVED that:

- (i) There be a dedicated scrutiny sub-committee established to review and provide oversight to housing services management and wider housing

issues. This sub-committee would contain co-opted members from appropriate resident associations (should the “in-house” option be chosen);

- (ii) If Cabinet was to agree on the joint venture option, there be appropriate checks and balances in place to ensure that this arrangement does not lead to stock transfer;
- (iii) If Cabinet was to agree on the in-house option, that there be complete transparency of the Housing Revenue Account, complete with a business plan to ensure that the Housing Revenue Account is ring-fenced;
- (iv) There be an effective communications strategy drawn up by the Council to ensure resident engagement and to also articulate with clear evidence why Cabinet has chosen its preferred option for housing management going forward; and
- (v) If Cabinet was to agree on the joint venture option, that any future arrangement or contract between the Council and its partner be considered by a Scrutiny Committee meeting before it is implemented.

The meeting was declared closed at 20.48pm.

COUNCILLOR KETAN SHETH
Chair