



**Review of Housing  
Management Options**

*Summary of the  
Review Report*

*November 2016*

1. In June 2016, the Council's Cabinet decided to undertake a formal review of how to deliver housing management services for its housing stock. The review has now been completed. The findings and conclusions are set out in full in the Review of Housing Management Options Report which is available on its web-site. A summary of these is provided in this document under the following sections:

- Background to the Review
- Brent Context: The housing stock and its management
- BHP Performance
- The Options
- The Evaluation Criteria, Evaluation of the Options and Implementation
- Conclusion on the Preferred Option
- Consultation on the proposal

## **Background**

2. This review of Housing Management options for Brent's housing stock was prompted by two main considerations.

- Firstly, the government's Housing and Planning Act (2016) and other measures will have a significant impact on the Council's housing stock including its future size, financial performance and management over coming years.
- The second consideration was the performance of BHP, the Council's existing Arms-Length Management Organisation (ALMO). The Council entered into a new 10 year Management Agreement with Brent Housing Partnership (BHP) in April 2013 for the management of the Council's housing stock. This required BHP to provide services and achieve performance in accordance with an annually agreed Delivery Plan. In 2015/16, BHP failed to achieve the required outcomes and performance standards in a number of respects. In January 2016, BHP put a recovery plan in place to address the areas of concern.

3. In view of both the challenges presented by the government's reforms and the issues of concern in respect of BHP's performance, the Cabinet concluded it was necessary to consider afresh the most appropriate arrangements for the management of the Council's housing stock. In June 2016, Cabinet therefore commissioned a formal review of Housing Management Options for the Council's Housing stock, with the options to be considered being:

- To continue with BHP on a reformed basis
- To bring the service in-house
- To enter into partnership with another organisation to provide the service

4. The review was undertaken from July to October 2016. It was led by the housing service with input from a cross-Council officer group with representation from all Council departments, guided by the Council's Corporate Management Team. There has been an extensive consultation exercise which included:

- An independently conducted survey of 600 tenants and leaseholders from across the borough

- 5 focus groups of tenants and leaseholders covering, for example, elderly residents; persons with disabilities; etc.
- Interviews with young tenants and with vulnerable persons
- A workshop session for all residents who are currently involved with BHP including resident association reps, board members etc. of whom about 40 attended
- Workshops with employees of BHP
- Development/briefing sessions with Members of the Council

The review has also been supported by external consultants who have provided additional expertise and experience from across the social housing sector. The review process is set out in detail in the full version of the Review report.

### **Brent Context: The Housing stock and its current Management**

5. The Council's Housing Stock comprises almost 11,500 homes, of which approximately 7,700 are tenanted and 3,700 are leasehold, and is concentrated in the South-east of the borough. Homes are primarily flats on small and medium-sized estates but with a significant minority of street properties, mainly converted to flats.

6. Average occupancy for tenanted and leasehold properties is 3.3 and 4.8 persons respectively, with the latter in part reflecting the extent of private letting of leasehold properties, giving a total of around 43,000 residents or over 1 in 8 of Brent's population. Around a third of tenants are over 60 years old. 4% of tenants have a disability and 8% have a vulnerability.

7. The Council is responsible as the landlord under the tenancy and leasehold agreements with each household to provide housing management and maintenance services.

8. Since 2002 the Council has delegated responsibility for both management and maintenance services to a wholly-owned arms length management company, Brent Housing Partnership (BHP) through a Management Agreement. The current management agreement was entered into in April 2013 for a 10 year term.

9. Under the Management Agreement, the Council sets the strategic direction and priorities for the service, and the required budgets, and BHP is operationally responsible for the delivery of these services.

10. BHP is a separate legal entity as a company and is governed by a Board of 13 directors comprising residents, Councillors and independent persons with an independent chair. Its Managing Director and Executive team are responsible to the Board.

11. BHP provides the full set of landlord services, either directly or by contract management of relevant contractors. The main services are:

- Tenancy Management – tenancy agreement compliance, lettings, rent collection, resident engagement, dealing with anti-social behaviour; RTB application; and client responsibility for two Tenant Management Organisations and for the management contract for the Travellers' site at Lynton Close.
- Leaseholder Management – All lease issues; service charges and consultation and charging for major works.
- Property services – Communal cleaning, estates management, grounds maintenance (through the Council's public realm contractor), responsive repairs, health and safety compliance,

planned maintenance and major works. Since 2014, repairs and maintenance have been provided mainly through an Asset Management contractor, Wates.

- Development services – the delivery of a new-build programme on existing estates

12. BHP operates a call-centre handling around 83,000 calls per annum, the majority of which relate to repairs. It is responsible for dealing with Stage 1 complaints and councillor enquiries and has a small communications team, a finance team plus governance and HR resources.

13. The Council provides under special service agreements a number of support services to BHP including accommodation at the Civic Centre, IT, payroll and legal support.

### **BHP Performance**

14. In response to a number of performance concerns, a Recovery Plan was put in place by BHP to run from January to October 2016. The Recovery Plan set out specific actions and outcomes required in response to the main areas of concern and some key performance targets.

15. Performance and progress over the period has been assessed as part of the Review and the findings are set out in more detail in the Review report. Most actions and outcomes required under the Recovery Plan have been completed and achieved and significant progress has been made in a number of areas.

16. A key concern was the performance of the planned maintenance programme in 2015/16 which was substantially under-delivered, with significant contract management weaknesses identified through an audit investigation. These issues have been addressed and there is a good level of confidence that this year's programme will be delivered to time and budget.

17. The timeliness of response to complaints and enquiries from councillors was another area of concern and this has been addressed with target response times being met.

18. Customer service response has improved with a very high percentage of calls answered over the last quarter and waiting times significantly reduced, though these remain longer than the corporate standard.

19. There remain, however, areas of continuing concern which are reflected in levels of customer satisfaction in particular with repairs, resident involvement and with the service overall.

20. To inform the review, the views of tenants and leaseholders about current service performance and priorities for improvement were sought through a telephone survey of 600 residents and through a set of focus groups. This research identified three areas of greatest concern and priority for improvement: repairs and maintenance, anti-social behaviour and the quality of homes.

21. Over the last 18 months, satisfaction with repairs has not improved and remains unacceptably low with a third of tenants and two-thirds of leaseholders not satisfied with the service.

22. The recent survey identified low levels of satisfaction with how anti-social behaviour is managed. Similarly, around half of residents were not satisfied with opportunities for resident involvement.

23. BHP have regularly monitored overall satisfaction levels with the service over the last 18 months. There has been little appreciable increase in satisfaction levels over this period (and no increase at all over the Recovery Plan period). With barely half of leaseholders and two-thirds of tenants being satisfied with the service, BHP ranks well below the strongest providers in the sector,

but it is recognised that there is a time lag between the introduction of service improvements and their expression in satisfaction survey results.

24. As part of the review, a benchmarking exercise has also been carried out to compare key performance indicators for council housing services, ALMOs and Housing Associations in London, with each other and with BHP over the last 3 years. This found a mixed picture with ALMOs performing relatively well, as do council services (particularly in respect of cost where they perform best) and housing associations being relatively strong and weak in different areas. BHP's performance was similarly mixed: good or improving in some areas but in others showing relative decline compared with other comparators.

### **The Options**

25. The options are set out in detail in the Review report. It should be noted that, whilst there are necessarily differences between the options they each need to respond to the various financial and service challenges and changes most of which are common to all options.

26. Firstly, each option needs to respond to the areas of evident weakness in the current service and enable a significant improvement in service quality and customer satisfaction and do so while generating significant efficiencies and savings to respond to the financial pressures arising from the government's reforms.

27. Each option also needs to catch-up with wider changes across the social housing sector, which are accelerating in response to common financial challenges. Central to these is harnessing digital technologies to enable customers to interact and transact with services online, and to use data to drive continuing service design and development.

28. The options also need to respond to Brent's local housing context and Housing Strategy priorities which are:

- Housing supply – re-confirming the ambition set in the original target to gain 5,000 affordable homes by 2019
- Housing and wellbeing
- Private rented sector (PRS) – building on the success of the licensing scheme and the work of the Council's housing outcome based review (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 suitable accommodation
- Homelessness – the temporary accommodation reform plan has been developed since the original housing strategy was written, therefore the revised strategy will be updated in line with this TA reform
- 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 been failing in.

29. **The leadership and management of the new service also needs to change and a positive service culture needs to be embedded that raises morale and is focussed on customers' experiences.**

30. Each option has been designed in order to meet the above requirements and to maximise its potential. Wherever appropriate duplication will be removed to streamline service delivery and, where possible, reduce cost – examples of this are given below:

- Public realm – Existing grounds maintenance – there are issues of duplication and demarcation between two contractors which are capable of resolution.

- Anti-social behaviour – Integration with the Council’s corporate community safety service, but continuing to work in close liaison with the housing management service.
- Customer service – repairs reporting could be made directly to the contractor, with the service monitoring performance and resolving problems but this can only materialise if there is confidence that the performance of the contractor is at a satisfactory level and can be maintained. There may be scope to integrate the rest of the call-centre function with the Council’s corporate service under the BHP reformed and in-house options, or with the partner’s corporate service as relevant.
- Financial Inclusion – This should be integrated with the Council’s service and be available to all borough residents.
- Adaptations – this could be provided by a single service, rather than as now by both BHP and the Council but this needs further evaluation.

31. In addition to the common requirements and changes, there are some changes specific to each option.

32. The option to continue with a Reformed BHP would not simply be a maintenance of the status quo. Transformational change in the way in which services are delivered will be needed.

33. Governance will be reformed moving to a smaller skills-based board, and a strengthened client-side function within the Council will be required. Enhanced customer engagement and resident involvement would be needed. A new restructured leadership team will be recruited.

34. An In-house service will provide for full integration with the Council and other services. Governance and accountability will flow through the Council’s corporate management to Cabinet. With the loss of the board it will be critical to provide alternative arrangements that provide for oversight and scrutiny by residents and Members, drawing on exemplars in other Councils.

35. While the Reformed BHP and In-house options, and changes required under each, are quite similar, the Partnership option is more different. This option has been informed by informal discussions with a number of Housing Associations active in Brent with a clear preference for a form of Joint Venture or housing services company, rather than a contract. There is of course more uncertainty about how this option would be structured and operate as it would depend on the partner selected. Broadly it is expected that a number of key functions would be provided by the Partner’s wider organisation including support services (instead of the Council as at present) and customer contact services. The frontline service integration with the Council in respect of public realm, ASB, etc. would, however, still apply.

36. Governance would be through a joint board and it is unlikely this would provide for resident representation. A customer oversight and scrutiny function would be required.

### **Evaluation of the Options**

37. The options have been evaluated against criteria drawn from those set out in the June 2016 Cabinet report and assesses the extent to which each option:

- Assures provision of modern, high-quality and continuously improving housing management services
- Achieves significant efficiencies and savings to contribute to the financial sustainability of the Council’s housing revenue account

- Maximises the value and performance of the Council's housing stock through active asset management
- Contributes to improved outcomes for tenants including in respect of people and place outcomes the Council is seeking to achieve
- Contributes to the delivery of the Council's priorities

38. The evaluation findings are detailed and summarised in the Review report identifying the relative strengths and weaknesses of each option in respect of each criteria.

39. It is apparent that each option has the potential to successfully meet the Council's criteria, but importantly each has relative strengths and weaknesses in different areas.

40. One significant difference is in respect of the potential financial savings arising from the adoption of each option. The financial assessment undertaken through the Review indicates that only modest savings would be realised through the BHP reformed option but more significant savings could be realised under the In-house and Partnership options.

41. Another key difference relates to the issue of control. Under the BHP reformed option the Council has strategic control but delegates operational control to the ALMO. Under the Partnership option, control is essentially shared. The In-house option provides for direct strategic and operational control.

42. Leadership will be crucial to achieving the full potential of each option. The current BHP leadership team is interim so under each of the options there will be new leadership. Independent recruitment advice, however, is that the Partnership option and to a slightly lesser extent the BHP Reformed option may more readily attract the strongest candidates because of the degree of autonomy such senior managers would enjoy (with responsibility for leading a housing services company of one type or another) whereas the in-house option may be less attractive to some potential candidates as it provides less autonomy within the Council's corporate setting. This may, however, be countered by the opportunity to work across a wider range of housing functions within the Council. All the options have the potential to attract a strong leadership team, as is evidenced in the social housing sector, but under the in-house option the leadership roles would need to be positioned with care to attract the strongest field.

### **Implementation**

43. While each option could work, an important consideration is the confidence which the Council can have that each version of the options can be delivered.

44. The Reformed ALMO is the most straightforward option to implement. No consultation is required after the Cabinet decides in November, and a new management team could be in place by April 2017.

45. The In-House option 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 Cabinet 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.

46. The Partnership or Joint Venture option is the most complex option to set up. 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 the Cabinet then decided to proceed with this option, the process towards

selecting a partner and implementing the new set-up would follow. There is a degree of uncertainty about whether a suitable high-performing partner can be found and the terms of a partnership negotiated and agreed. Assuming these tests were met, the new Partnership company could be established by April 2018.

### **Conclusion on the Preferred Option**

47. All of the options inherit the same starting position, the same buildings, residents and staff. Each of these are significant issues in their own right. Each option has been reviewed against the five individual criteria, including the financial assessment, and in respect of control and implementation or deliverability. No aspect of the evaluation categorically rules out any particular option. All options could work.

48. Turning next to the financial assessment. In assuring the sustainability of the Council's housing finances there are many issues that the Council cannot control such as the rate of inflation and government direction on rent increases. There are only a small number of variables that the Council can control such as staffing costs (employ more or less staff) and levels of investment (in the existing housing stock and in building new homes).

49. It is the In-House option that, by a wide margin, has the best opportunity to make the significant savings that have to be found. The Council has a track record of successfully delivering large budget reductions whilst carefully managing the impact on services and residents over recent years. These experiences will be directly relevant to, and can be directly applied to, an in-house option. In contrast BHP will find it harder to achieve the savings potentially required due to being 'arms length' with the associated costs this structure carries. The Joint Venture option will take much time and money to implement.

50. The financial issue is the most important factor in reaching the recommendation.

51. Control is another important factor. The In-House option gives the highest level of strategic and operational control. The Reformed ALMO and Joint Venture options offer good levels of strategic control (though the ability to change course operates more slowly) and lower levels of operational control.

52. Leadership is another key consideration. Here, the In-House option faces challenges. Of the three options, the In-House option may find it hardest to attract high quality housing expertise. However, the In-House service will have access to the Council's expertise in cost reduction and this is an important consideration. Consideration of the salary and positioning of the senior roles in the In-House Housing Business Unit will be of key importance in maximising the quality of the field of candidates.

53. The way the service is governed and resident engagement are important issues also. Irrespective of the option chosen, the existing Board structure within the ALMO is likely to change due to the strong trend towards skills-based Boards as opposed to Boards with members representing constituencies (e.g. Members and residents).

The In-House option will have to be most imaginative in how it addresses Member and resident engagement. But this issue is not insurmountable and is one other Councils have successfully addressed in similar circumstances. For example a Members and residents committee may overcome the loss of the ALMO Board under the In-House option.

54. **In conclusion, taking into account the challenging financial landscape, and all other factors outlined above, it is recommended that the In-House option is chosen.**

Moreover, the In-House option offers the opportunity to re-position the housing service within the Council with the aim of improving a broad range of outcomes for almost 12,000 households. This is not the lift-and-shift of a self-contained housing service into the Council's structure. This is the engagement of the housing service with the Council's wider agendas in order to secure improved outcomes for residents and to enable the Council's expertise in cost reduction to be brought to bear. However there are two areas for particular consideration within the planning for the In-House option and these are

- The identification and limiting of the key risks arising from the new position of the housing service within the Council's wider business and
- The provision of effective arrangements for residents' and Council Members' oversight and scrutiny.

#### **Consultation on this proposal**

55. A 12 week consultation is proposed to run from December to February in which the views of tenants and leaseholders will be taken into account before the Cabinet is able to make a final decision.

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