

Summary Report (Stage Two Draft 2.1 August 2008)

Annex 4: Project planning, resourcing and timescales

**East Kent and Ashford: Landlord Services
Joint Working**

AUGUST 2008

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Introduction

This annex forms part of the overall Stage Two Draft Report on landlord services joint working for the four East Kent authorities and Ashford.

This annex provides a more detailed analysis of the project arrangements and high level planning required if agreement were to be secured to develop a Shared Services Vehicle jointly owned by the five authorities to take on the delivery of housing management or housing maintenance or both.

1. Set up and lead in: options and issues

1.1 *Overarching options for development*

This annex identifies the main high level options for the development process to the point of assumed service delegation to any new vehicle and creation of the development partnership.

Put simply, either the SSV is established based on existing structures and organisation, with existing service levels and standards prevailing locally, with all the necessary steps put in place prior to delegation of services. Service delegation would be on an 'all on day one' basis with the primary responsibility for service development, rationalisation and reorganisation over time resting with the SSV.

An alternative approach might be to create the SSV as above but ensure that detailed discussions about future structure, organisation and service delivery are dealt with before operations are delegated. Whilst this might provide for more predictability to staff and tenants once decisions are taken, it is highly likely that such an approach could be affected by difficulty to secure the agreement of local stakeholders at each stage of the decision making process.

All stakeholders consulted to date, including members and authority directors and senior managers have indicated that the first approach is the only realistic way of making significant progress quickly.

1.2 *Overall approach*

The proposed approach set out below is therefore based on:

- The creation of the SSV to assumed delegated responsibility for management and maintenance service delivery as soon as practical. Delegation would require consent from the Government under Section 27 of the 1985 Housing Act.

- The SSV would be identified also as the sponsor of the development partnership but activities to develop scheme proposals can be carried out in advance of ‘vesting’.
- Identification of the decisions and actions that need to have been taken prior to the initial formal decision to proceed and then prior to delegation and operations commencing.
- Identification of the main project management headings requiring development within the overall project to vesting and beyond.
- Identification of the internal and external project management resources and external advice required to support the project with an estimate of the budgets required for establishment within each local authority

Conceptually, this might be referred to in the following stages. Such an approach would represent a 10-phase process; each stage is considered in turn below setting out:

- Key activities
- Key decisions
- Project resources.

A ‘stage 11’ to appraise and reorganise structures for service delivery would take place after delegation had taken place and would in itself be further split into service review and other projects to develop excellent services.

Figure 1: 10 stage project

1. Project management **proposals developed** and **consulted** upon as appropriate from which **agreement** is secured from members to proceed
2. **Create project-based decision making body** – ideally member based with authority to take decisions delegated from each authority and with an appropriate role for tenants representatives
3. **Appoint project management resources** for development of the project
4. Carry out formal **tenant consultation** on proposals under Section 105 of the Housing Act 1985
5. Recruit and train **Shadow Board**
6. Appoint **Management Team** and other structures/posts critical for the pre-operation period
7. Develop **service agreements** with existing support and other services
8. Develop and submit **Section 27 application** to Government
9. Development and sign off of **Management Agreements** and delivery planning
10. **TUPE staff** for ‘go live’

The overall outcomes would need to be defined and agreed during the initial stage, however simply described as: a fully functioning Company operating under a management agreement with each authority and which has made progress in procuring a development partnership to develop new housing for five local housing companies. Providing agreement at stage one is secured this autumn, the absolute earliest that an overall milestone to achieve a 'go live' would be by 1st April 2010, but more likely 1st April 2011 or even later depending upon the appetite and progression of project management at each authority.

1.3 High level project planning

1.3.1 Project management proposals developed, consulted upon and agreed

This stage represents the current phase (stage two) and would run to October 2008. The key activities are focused on developing 'in principle' proposals for decision, consultation and refinement with stakeholders appropriate to role and stake and the securing of agreement from each authority's council / cabinet / executive.

The key activities are therefore to:

1. Continue to develop proposals on an ongoing basis
2. Carry out formal consultation on proposals with stakeholder representatives
3. Generation of summary report for submission to Joint Meeting of Chief Executives (or equivalent)
4. Continue to seek advice as appropriate on legal, financial and other issues material to the development of the companies.
5. Design detailed project planning.

The key decisions needed are around providing recommendations to the authorities prior to formal resolution to proceed into the development project include:

- Ownership of the company
- Structure and representation of the board of management, including chairmanship and proposed approach to payment (or otherwise)
- Structure and representation of area boards (if appropriate)
- Draft schedule of delegations to be made to the SSV
- Company structure and board membership model for local housing companies
- Proposed allocation of resources (staffing and financial) from each authority including the case for investing in the shared service venture
- Development of detailed project plan for early phases of the project.

The resources required for completion of this phase of the project include:

- Continued commitment to provide input to joint meetings and the provision of data and information for reporting to members.

- Time and input to the preparation of reports for members, overall for the project and individually within each authority.
- The securing of further legal and other specialist advice on proposals (if required)

1.3.2 Create project-based decision making body or bodies

The report from the current stage (stage one of the overall project) would include recommendations on the appropriate decision making structures within the project. Appropriate delegation and the ability to take 'fast' decisions is required in order to prevent the need to go back to members on occasions other than when there is likely controversy or where there are matters of political/democratic input required.

A joint body of members delegated from each authority as 'project sponsors' might be one approach, supported by a senior officer panel/working group. Alternatively, this could be a joint body comprising the Chief Executives and lead members for housing from each authority.

There would be a need to enshrine principles of tenant consultation within the decision making structures and ideally a joint representative body from the five tenant forums/federations appointed for this purpose. There may be a need to appoint independent tenant advice to support the work of this group. Consideration should also be given to the role of leaseholders within the group.

The resources required would be senior officer and member time as well as the time of tenants and other stakeholders; there would be disbursements and expenses related to the decision making role.

1.3.3 Appoint project management resources for development of the project

The development of both the SSV and JHCs will be a very complex project. There would be a need for a minimum of:

- An appointed overall project manager to act as key link between project sponsors and decision makers, shadow board, external advisers and project support officers. This resource could be external or appointed from within current authority officers.
- Project lead officers identified as key liaison points at each authority, of sufficient seniority to act as adviser on likely senior management and member views in each authority.
- Project support workers for a central project team and within each authority.
- External financial, legal and communications advice.
- External advisers for the recruitment and training of the shadow board.
- External independent tenant advisers if required.

The project would need to be carried out to recognised standards (eg Prince 2) and support identified as necessary.

Resources could be seconded. Best practice would suggest that where secondments are made, backfilling of posts is charged to the project.

The project manager would be responsible for overall project planning.

1.3.4 Carry out formal tenant consultation on proposals under Section 105 of the Housing Act 1985

A detailed formal consultation process will be required for all five groups of tenants. Subject to professional and legal opinion, our view is that each authority's tenants would need to demonstrate support in order to proceed with each management agreement.

Public relations and communications advice within a communications strategy would be desirable and considerable resources required to support the processes which could entail public meetings and surveys. Tenant support is essential for Section 27 consent.

The key activities would include:

- Preparation of all publicity and offer material
- Carry out actual consultation events
- Report on outcomes to the project sponsors.

External communications advisers may well be required to develop the specialist materials needed to secure support.

1.3.5 Recruit and train Shadow Board

The key outcomes of this phase would be a board of management nominated/appointed ready to take over Shadow Board duties ideally several months prior to 'go live' with the member appropriately trained on their roles given the decision making vested with them.

It is likely that an external adviser to facilitate the process of recruitment would be needed, to determine and appraise roles and responsibilities. identify potential recruits and to oversee the process of nomination.

Training in core housing knowledge and skills, financial issues and basic competencies would be required prior to 'go live' and an external facilitator would be needed for this role

Resources to support Shadow Board meetings would need to be identified although in other projects of this nature, the wider project management role is able to pick up the initial work.

1.3.6 Appoint Management Team and other structures/posts critical for the pre-operation period

The first key role of the Shadow Board will be to recruit a Chief Executive for the company.

A view would also need to be taken on the recruitment of other key posts prior to 'go live', perhaps financial and legal advisers if not sourced externally.

In addition, decisions on the structure of the company, the future appointment of directors and on the developing memorandum and articles of association and the management agreements and delivery planning would all be needed prior to 'go live'.

1.3.7 Develop service agreements with existing support and other services

The key activities in this stage would be to develop robust service agreements which describe current support and other services and the price of those services to the SSV. A detailed schedule of all support and recharged services would be required along with the development of a standard template for each agreement.

A process for review would also need to be set out in time for 'go live'.

These agreements would need to be in place for day one of 'go live'.

The resources required will necessarily draw upon the time of council officers who may not have it as their main job and planning therefore carefully managed. Preparation for many ALMO set-ups often foundered on an absence of capacity and understanding within council provided support service functions.

1.3.8 Develop and submit Section 27 application to Government

There will need to be a formal application prepared in line with government guidance. Liaison with government would be essential to secure adequate resource at the appropriate time from them. The key headings are around delegation, assets, ownership and delivery planning.

Ideally, the application would be made in the 6 month period prior to intended 'go live' but earlier versions may have been discussed with government beforehand.

Both shadow board and each council will need to approve the application.

Consent under section 27 should be received a few days before intended 'go live' at the latest.

External legal and organisational advice would be required prior to submission, in order to maximise the opportunity for 'first time' consent.

1.3.9 Development and sign off of Management Agreements and delivery planning

Incorporated within this project stage would be the development of the legal documentation supporting the relationship between the SSV, the JHCs and the authorities.

External legal advice on the development of the memorandum and articles of associations for all new companies, advice on the governance of the LHCs and in the development of the management agreement would be essential along with significant input from in-house legal professionals.

Individual authorities will need to individually approve their management agreement; the shadow board will also need to formally approve all documentation and may deem it appropriate to secure their own independent legal and professional advice.

1.3.10 TUPE staff for 'go live'

A process of staff liaison and consultation, review of terms and conditions, job roles and responsibilities would need to begin from the outset and conclude with the construction of a TUPE list for a few days before 'go live'. The key decisions within this stage include:

- Identification of who is to TUPE
- The TUPE basis for transfer (ie transfer agreements)
- Consultation and liaison with staffing across all authorities.
- Identification of the resource issues related to TUPE.
- Preparation of reports for shadow board and authorities as appropriate.

Specialist human resources advice would be essential and could be identified from within existing authority services or recruited externally.

1.4 Resource estimates

There is no directly comparable process with which to benchmark possible costs of the project to 'go live' although the establishment of a large ALMO following the option appraisal processes which concluded in 2005 are the closest comparator. Costs would be incurred under the headings identified as stages in the above commentary with high end estimates in £'000's as follows.

	Directly employed resources	Secondments	External advice	Expenses
2. Project-based decision making body				20
3. Project management resources for development of the project	120		25	15
4. Carry out formal tenant consultation on proposals under Section 105 of the Housing Act 1985		35	25	80
5. Recruit and train Shadow Board		30	20	25
6. Appoint Management Team and other structures/posts				50
7. Develop service agreements with existing support and other services		25		
8. Develop and submit Section 27 application to Government			30	10
9. Development and sign off of Management Agreements and delivery planning			30	10
10. TUPE staff for 'go live'				

Overall therefore, we estimate that set up costs could run to £0.55m across all authorities from the outset over a minimum of 18 months and across at least two financial years. This is consistent with the establishment of large ALMOs as the closest comparators. Costs would be incurred through the appointment of project management resources, expenses in delivering the project, training and public meetings/consultation and the appointment of external legal and other advisers. Internal secondment costs might also be incurred depending upon the approach adopted at each authority.

The input from each authority would therefore be in the region of up to £110k across the life of the project.

Unless otherwise indicated, all of the costs of set up would be financed from the HRA and could be capitalised if appropriate. Resources would be required to be identified at the outset from each HRA (see below).

There may be a need to provide loans to the new companies in the early live period; this is usual for ALMOs and stock transfers although in the former case, experience shows that financial timings can be adjusted through payment of fees.

A detailed cost-benefit, invest to save analysis should be presented as part of the proposals to secure member agreement at each stage.

The pricing and quantification of benefits would be under the following headings and more work undertaken to the final report in assessing estimates:

- Improved performance through dissemination of best practice.
- Rationalised service management and organisation of support services. Areas where there are clear opportunities are in the overall directorates for housing services, legal and financial support and other administration.
- Rationalisation of front line services: some show clear opportunities, particularly arrears collection and recovery and maintenance management functions.

All efficiencies would be reinvested in improved service delivery.

1.5 Overall outline timetabling

Clearly, the detailed project planning would be generated from autumn 2008 onwards. However, at this stage, it might be helpful to set out the overall timetabling issues. With 'go live' at the very least 18 months away (April 2010), there is sufficient time to carry out all of the project stages providing appropriate resources are identified on an ongoing basis and the absolute quickest that the process could be achieved by would necessitate a project plan not dissimilar to that set out below.

Figure 2: Quickest trajectory to 'go live' for a 10 phase project

Month	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
1. Agreement is secured from members to proceed	█																	
2. Project-based decision making body	█																	
3. Project management resources for development of the project	█	█																
4. Carry out formal tenant consultation on proposals under Section 105 Housing Act 1985							█	█	█	█	█	█	█					
5. Recruit and train Shadow Board			█	█	█	█	█	█	█	█								
6. Appoint Management Team and other structures/posts										█	█	█	█					
7. Develop service agreements with existing support and other services					█	█	█	█	█	█	█	█	█	█	█	█		
8. Develop and submit Section 27 application to Government							█	█	█	█	█	█	█	█	█	█		
9. Development and sign off of Management Agreements and delivery planning			█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
10. TUPE staff for 'go live'		█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

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For further information, please contact:

Consultancy: Jason Lukehurst – jason@hqnetwork.co.uk

Networks: Ben Osborne – ben@hqnetwork.co.uk

Events: Fiona Macfarlane – fiona@hqnetwork.co.uk

Training: David Ganz – dave@hqnetwork.co.uk

The Pool: Ruth Leap – ruth@hqnetwork.co.uk

The Source: David Ganz – dave@hqnetwork.co.uk

Or call any of the above on 0845 4747 004 For further information: www.hqnetwork.co.uk