

Date: 5 June 2008

Hammersmith & Fulham Homes

- Reorganisation Proposal for:

Senior Management structures

Note for information:

With the concurrence of the Chief Executive, all Business Unit Managers are authorised to implement reorganisations and to vary the establishment within approved salaries and wages budgets, with any such authorisation involving the creation, deletion or redesignation of **more than 25** posts to be reported in summary to the Board for information.

1. Section for completion by HFH Business Unit Managers

1.1 Following document(s) attached:

- | | |
|--|--------------------------|
| (i) current structure including grades | <input type="checkbox"/> |
| (ii) proposed structure including AUTHORISED grades | <input type="checkbox"/> |
| (iii) background document explaining proposal, including financial implications | <input type="checkbox"/> |
| iv) Implications for office accommodation and how this will be addressed | Y |
| v) implications for any additional non-salary costs (one off or ongoing) and how these will be addressed e.g. IT, furniture/equipment, other running costs | Y |

1.2 Has reorganisation been developed in consultation with the Head of Human Resources (in respect of job descriptions, revised grades etc)?

Yes

1.3 Has reorganisation been consulted with trades unions?

Circulated on 11 June 2008

1.4 Please show number of posts to be:

a) created

2

 b) deleted c) redesignated/amended 2

There is an increase of 2.0 posts

Created:

- 1 x Director of Property Services
- 1 x Director of Housing Services

Redesignated

- 1 x Director of Finance and Resources
- 1 x Director of Customer Services

1.5 Effective date of reorganisation: 7 July 2008

1.6 Signed: _____ Date: _____
Business Unit Manager

1.7 Comments of HFH Finance Director:

The financial effects of this reorganisation are shown in the tables in the report attached.

1.8 Comments of HFH Head of Human Resources:

2. Section for completion by the Chief Executive and return to Head of Human Resources

To: Head of Human Resources

The proposed reorganisation is agreed / not agreed.

Comments:

Signed: _____ Date: _____
Chief Executive, HFH

Section for use by Housing Human Resources

I confirm that the above changes can now be made to TRENT personnel/payroll system.

Signature: _____ Date: _____
Head of Human Resources

Reference Number: _____

MINOR REORGANISATION REPORT
~ SENIOR MANAGEMENT STRUCTURES

1.0 BACKGROUND

- 1.1 Hammersmith and Fulham Homes (HFH) has been operating as an arm's length management organisation since 2004. At that time the management structure was not fully assessed with this huge task in mind. The capital programme is to be intensive over a fixed period concluding at the end of 2010/11. At the same time other key functions have to be maintained, and improvements in key operational services – for example, the control of rents, enhancement of repair services and the introduction of anti-social behaviour policies - have to be introduced.
- 1.2 The decent homes programme also brought into clear focus the challenges of improving services to leaseholders whom, for the first time, were confronted with very large costs for the completion of capital works to their homes.
- 1.3 The inadequacy of the present management structure became fully apparent when the Audit Commission conducted its second inspection in November 2007. This report recommends that a new management structure is introduced giving more strategic focus to the works of the company , and better control of operation services, central coordination and value for money . Even prior to this assessment the Council – as the owner of the housing stock - and of the company itself had many concerns. These were arising from many perceived weaknesses in operational performance.
- 1.4 In its report on the performance of HFH, the Audit Commission focused its comments and criticisms on the standards of service delivery in some key operational areas such as income management, repairs, service standards and the access to services in compliance with CRE requirements. The Department for Communities and Local Government (DCLG) has also expressed concerns about delays in the achievement of the decent homes programme, and the effective control of the very significant capital expenditure involved.
- 1.5 In particular, however, the Audit Commission made some fundamental observations about the management structure itself, which prompted further questions about the suitability of the present arrangements.

'Management responsibilities for different aspects of the service are complicated and difficult to understand. The 11 members of the Executive Management Team are allocated different portfolios of

responsibility. For example, the four Area Managers are responsible for championing specific areas of work such as ASB or income management as well as managing their day to day patch responsibilities. This approach makes it more difficult to co-ordinate wider strategic pieces of work. It is also difficult for staff to understand who is responsible for specific tasks. *This system does not support the development of an overarching strategic approach to the management of landlord services.*

Report by the Audit Commission May 2008

- 1.6 The Commission's report pinpoints basic weaknesses in the structure of the team in relation to its size and strategic focus. The existing 'portfolio' type structure, where each team member has a 'lead role' in policy development and implementation, has led to confusion for staff, and inadequate resilience in some key areas.
- 1.7 The management challenges ahead are very daunting. The paramount priority is to secure the completion of the decent homes programme. The Council itself also wishes to embrace a comprehensive plan to address the regeneration of some estates where more major investment is needed. There needs to be effective leadership, and direction of the professional and operational development of these services, on a Borough wide basis.
- 1.8 The same is also true of the estate based housing management services. The rigorous application of rent collection procedures, tenancy services and estate based caretaking is the fundamental of good housing management. It is essential that the quality of these services is maintained at the highest level possible and that procedures and standards are adopted across all the estates to the same levels of performance.
- 1.9 The current senior management structure is shown at appendix 1

2.0 CURRENT STRUCTURES - AND ISSUES

2.1 Housing Management Services – Borough-wide Standards

The creation of four area teams has enabled the company to provide more immediate services to residents from a local office location. There are clearly strengths in this devolved service. However there are also weaknesses in the ability to co-ordinate programmes across the four area teams. Each of the Area Managers reports directly to the Chief Executive who cannot provide the necessary specialist professional and strategic focus to the work of the teams. Performance is also varied with some teams more successful than others in certain areas of activity. The priorities adopted in the areas are sometimes different, with the consequent confusion for staff and residents.

The separate area team structure also limits the opportunity to address peaks of work effectively, where it might be necessary to deploy staff more flexibly to meet varying workloads or key project areas, such as anti-social behaviour initiatives or particular estates improvement projects.

2.2 Decent Homes, Repairs and Estates Regeneration

The implementation of the decent homes programme since 2004 has highlighted the need for very strong technical skills and clear operational processes for contract and project management. It is the largest capital programme the Council has ever sought to complete over an intensive period.

The present arrangements are ineffectual and are giving rise to very serious problems with the implementation of many of the schemes. There is an urgent need to strengthen the project management resources within the company, in order to enable the proper control of programming, scheme estimating and implementation, and to ensure the adequate control of contractors and specialist consultants. This is particularly important in order to provide the necessary support for leaseholders who are now faced with very large costs arising from their share of the capital improvements. To do this management supervision must be improved.

Technical management of the repairs service is also critical to the company. The annual expenditure of £14m on 'day to day' repair expenditure requires a great deal of careful contract management. The efficiency of the repairs service, and the necessary control over the effectiveness of contractors, relies on a strong and competent 'client side' service. It is also essential that there is strong professional supervision of the work of repairs managers and staff in the area teams.

2.3 Leaseholder Services

The decent homes programme is not the only reason for complaints from leaseholders. Concerns about the charges set, and the accuracy and adequacy of the systems of charge apportionment and recovery, have also risen considerably. The Council is determined to provide a new and refreshed service for leaseholders as part of a Borough wide campaign to stimulate interest in home ownership; and enable support for those low income households who wish to enter home ownership for the first time.

This will require a significant strengthening of the management of the leasehold service, with clearer emphasis on the improvement of accounting systems and charging arrangements. Responding to the 'New Deal for Leaseholders' – a new Council wide approach to supporting leaseholders – has also been launched with the

introduction of area and Borough-wide forums to promote consultation on policies, services and programmes.

The present managerial response to these challenges is not strong and must be improved in order to provide the effective programming of improvements in systems, advice and consultation arrangements.

3.0 PROPOSED STRUCTURES

3.1 Please note this report concentrates solely on the creation of 4 divisions within the organisation and the proposed 4 heads of service .

All the structures below the proposed 4 heads of service will be the subject of individual and more detailed reports. The staff affected will be consulted about the details of each of these proposals in the very near future, but in the meantime the general principals of the functions within each of the divisions and teams are shown in this report to give context.

The proposed senior management structure is shown at appendix 2.

In order to respond to these concerns it is necessary to re-consider the present broad 'executive team' structure and introduce arrangements to enable a better strategic focus to the work of the company to take place at senior management level.

The new structure needs to be able to overcome the present performance deficiencies; strengthen professional control; enable the attainment of the rigorous 'recovery plan', and provide the managerial strength to change organisational culture for the better. It is also necessary to provide an effective response to the achievement of value for money and the need for more market based competition.

It is recommended that the present 'executive team' of eleven should be re-structured to form a more coherent core Management Board of four posts, reporting to the Chief Executive. Two new director level posts are proposed – a Director of Housing Services and a Director of Property Services – and the existing posts of Director of Finance and Company Secretary are changed to provide additional operational effectiveness to the roles.

3.2 *A New Management Board*

The existing and recommended management structures are set out in the appendices to this report.

The new structures introduce immediate changes for the top management team, and indicate the organisational reforms that will

then follow at middle management and operational team level. The changes will also need to be introduced in a phased way, to enable proper consultation with staff teams and effective planning of the new methods of working.

3.3 Operational Housing Management Services

In order to ensure that the best arrangements are made for effective standards of housing management it is proposed that the four area teams are brought together under a new post of Director of Housing Services. This manager will lead the work of the four area teams and provide the necessary strategic direction and planning to the work.

This manager will provide the professional leadership to the teams and be accountable for the quality of housing management, estate services and rent control. The new priority response to anti-social behaviour will also be a fundamental objective.

The repairs teams will continue to be co-located with the estates and housing management staff, and will maintain their close links with the services undertaken by the housing teams.

When the new posts of Director of Housing Services and Director of Property Services are appointed to, a full review of the structures beneath them will be undertaken, so that responsibilities, reporting lines and roles are clear to all.

3.4 Technical Services and Estates Regeneration

It is proposed that a new post of Director of Property Services is created to take the lead on all the development and repair aspects of the housing stock – managing the capital programme arising from the decent homes works and the reactive repairs contracting and supervision functions. This post will also provide the policy and professional support to the Council's estates renewal programme and ensure that the necessary long term planning, stock condition assessment and cost benefit analysis is conducted appropriately.

3.5 Finance, Performance and Resources

The present rather limited accountancy role of the Director of Finance should be broadened to enable a more effective group of functions to come together to embrace more adequate control of resources and outcomes.

The Director needs to be able to take the lead in assessing performance and value for money. This will be by controlling staffing and operational costs through better systems of out-turn monitoring and accounting and the co-ordination of all revenue and capital

monitoring functions. The department also needs to take the lead in the development of information technology for the company as a whole, and supervise better client side links with the Council's IT provider.

The management of Leaseholder Services is also currently under review, specifically, the financial and non financial parts of the service that the teams currently provide. It is anticipated that some parts of the service may therefore transfer to the Director of Finance and Resources and as such is shown at this stage on the chart as a potential future direction for the service.

The detailed proposals for a new structure for leaseholder services are currently being developed. The proposals will be the subject of a separate reorganisation report and it is anticipated that this will be ready for staff consultation in the next few weeks.

In addition a separate reorganisation report will be developed for the remaining functions within the remit of the Director of Finance and Resources. It is anticipated that staff consultation on the proposal for this division will commence around 30 June 2008.

3.6 Central Co-ordination – Complaints and Satisfaction Surveys

Co-ordination of the central functions of the company is too weak to provide the essential control and effective support to the Board and the management team. A new grouping of support, co-ordination and review functions is therefore proposed, under the management of the Director of Customer Services.

This post-holder will establish a strong 'customer' culture through the development of better awareness of resident satisfaction, equalities and diversity; the consequent direction of staff training; the programming of the work of the management and company boards and the enhancement of internal and external communications.

The detail of these proposals and structures is currently being developed and will be the subject of a separate reorganisation report that will be published for consultation with staff by 30 June 2008.

4.0 TIMING & IMPLEMENTATION OF THE CHANGES

- 4.1 Making managerial changes of this scale will be challenging for the organisation, and must be phased to provide the necessary time for new working systems to be established efficiently. New management teams also need to be created.

In respect of the two new departments, implementation will need to follow the appointment of the director positions before the suggested re-alignment of services can take place. For the existing finance and secretariat departments, where post holders are already in place, implementation can be initiated more quickly.

4.2 Housing Services and Property Services

The first phase of implementation of the new management structure will be the appointment of the two new Director positions. In order to recruit the most able candidates it will be necessary to utilise the services of a specialist recruitment agency.

The process of recruitment to these roles can commence in June, with the intention that the Board will be able to consider and appoint candidates before the end of July prior to the traditional summer break.

It would be hoped that the new managers would be able to take up their roles in the early autumn and then begin the process of team building and assessment of the operational changes needed throughout the new departments.

The second phase of the re-organisation of the new area team and repairs structures will then be considered in detail and the necessary final recommendations made for changes to organisational arrangements.

It is hoped that the two new managerial structures could be implemented from 1 October.

4.3 Finance and Resources and Customer Services Departments

The changes to the Finance and Resources and Customer services departments can be implemented more quickly.

Although some posts change in their reporting lines and range of accountabilities, the proposals are essentially about the re-alignment of existing services. It is therefore proposed that an effective start date for these two departments should be at the conclusion of appropriate consultation, on 1 July 2008.

In the meantime the separate reorganisation reports will be issued for consultation by 30 June 2008.

5.0 FINANCIAL IMPLICATIONS

The financial implications of the changes described in the report have been discussed and agreed with the council and the management fee will be amended accordingly.

The board have also been apprised of the proposals.

6.0 CONSULTATION

The consultation timetable with staff and staff side representatives is as follows

Report discussed at ET	5 th June 2008
Report discussed at management team meetings 11 June 2008 and issued to staff side.	11 June 2008
Comments from staff and staff side received	by 25 th June
Comments considered and amendments made where appropriate	W/c 30 June
New structure formally implemented	7 July 2008
Recruitment to new posts commence	7 July 2008

Separate reports illustrating the proposals for the Finance and Resources and Customer Service Divisions will be produced for the by 30th June 2008 .

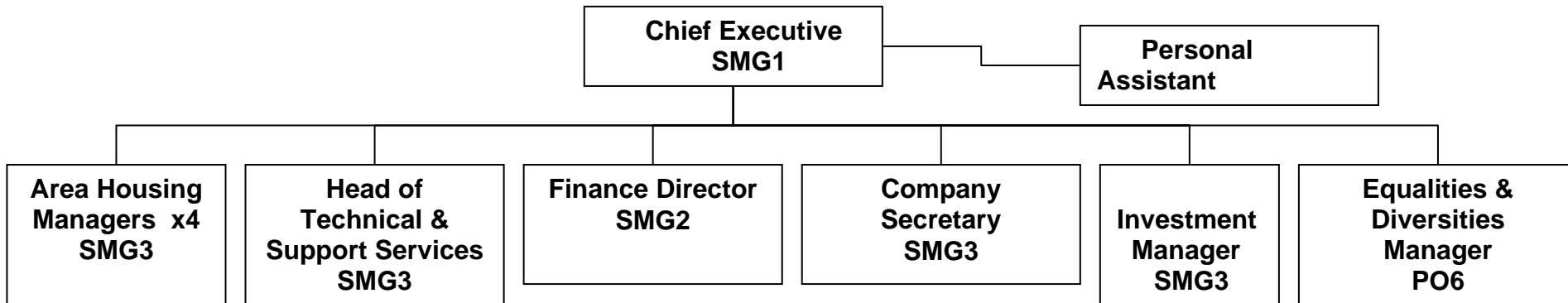
7.0 ACCOMMODATION IMPLICATIONS

- 7.1 The South Hammersmith Team is due to move out of Riverview House at the beginning of July. Plans will need to be drawn up to ensure that the teams at Riverview House are as far as possible co-located on the same floor as their manager and others in their department.
- 7.2 Staff will be consulted as soon as draft plans are developed, and a budget has been set aside for any essential alterations to office space.

CURRENT STRUCTURE

appendix 1

Executive Team Current Structure



PROPOSED MANAGEMENT BOARD STRUCTURE

appendix 2

