



COUNCIL CABINET
10 April 2019

ITEM 13

Report sponsor: Strategic Director of Corporate Resources
Report author: Director of City Development and Growth

Review of Support Services provided to Derby Homes

Purpose

- 1.1 On 6 November 2013 Cabinet agreed recommendations regarding the transfer of back office services into the Council from Derby Homes.
- 1.2 There has been a recent value for money review of the Accountancy Services and HR Services and this report highlights the conclusion of that work.

Recommendations

- 2.1 To approve, subject to consultation, the transfer of four positions within the Accountancy Services team in the Council to Derby Homes.
- 2.2 To note the revised arrangements for HR Support.

Reasons

- 3.1 The proposed revised arrangements will continue to achieve good value for money for both the HRA and the General Fund.
- 3.2 The new management structure within Derby Homes will continue to work closely with the Council's HRA Accountancy Team. The overall service should therefore be seamless for all stakeholders.

Supporting information

4.1 Derby Homes Accountancy Function

Derby Homes is a wholly owned subsidiary of Derby City Council but has to produce its own accounts compliant with Companies Act legislation and the regulatory and accounting framework for Registered Providers of Social Housing (RPs) set out separately to standard Council accounting arrangements. It forms part of the Council 'group' in accounting terms and produces accounting information to enable it to be consolidated into the overall group accounts of the Council as required.

- 4.2 Derby Homes had its own accounting function from 2002 (foundation) until 2013 when the function was transferred to the Council as part of a consolidation of support services into central Council functions. Unlike the other functions (HR/ IT/ Performance/ Communications) it has – due to the separate regulatory and accounting framework – remained as a specific team within the wider Council's Accountancy team working to those different arrangements.
- 4.3 In November 2018 Derby Homes approached the Council to discuss a need to review their Senior Management Team arrangements.
- 4.4 While the service to Derby Homes has continued to be excellent despite concerns from Derby Homes' Board at the time, there are considerable benefits to be realised if this function was to be transferred back to Derby Homes. Derby Homes is proposing a restructure of its Senior Management Team (SMT) and as part of this, there is an opportunity to merge the roles, making an overall efficiency gain within Derby Homes.
- 4.5 Over the last five years, the Council based Derby Homes Accountancy team has developed an excellent working partnership with the Council's HRA Accountancy team (for example Open Housing software implementation and ongoing reporting, HRA Business Plan setting, HRA Capital budget monitoring and Council External Audit information requests). The effectiveness of the partnership would continue under this proposal with a 'dotted' reporting line into the Strategic Director of Corporate Resources.
- 4.6 **HR Administration and Case Management Support**
- In December 2013 the provision of HR administration and case management support transferred to the Council.
- 4.7 The review has identified however that requirements for training administration go beyond the level of support that the Council can reasonably provide. The administrative process involves booking employees onto training, ensuring that mandatory training is up to date, that employees attend the training and the attendance documented. Officers are agreed that this function would be better carried out within Derby Homes and this would ensure that the desired outcomes can be achieved. Derby Homes will continue to use Derby Adult Learning Service & other Council procured/delivered training.
- 4.8 It is not proposed to vary the current service level charge for the wider service as the loss of this function is compensated for by the demand for pro-active case management and operational support being at a higher level than first envisaged.

Public/stakeholder engagement

- 5.1 This is set out in the confidential part of the agenda.

Other options

6.1 This is set out in the confidential part of the agenda.

Financial and value for money issues

7.1 This is set out in the confidential part of the agenda.

Legal/HR implications

8.1 This is set out in the confidential part of the agenda.

Other significant implications

9.1 None

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Paul McMahon	5/3/19
Finance	Mandy Fletcher	29/3/19
Service Director(s)		
Report sponsor		
Other(s)		
HR	Liz Moore	5/3/19

Background papers:
List of appendices: