

DK/VW

Duncan Kerr  
6007

29th September 2004

Jill Pateman  
GOEM

Government Office for the East Midlands  
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Dear Jill,

Housing Stock Options Appraisal

Thank you for your letter dated the 20<sup>th</sup> September which has been considered by the Cabinet and the Corporate Management Team.

The Council is disappointed that it is considered to be at risk of not completing the options appraisal process, but appreciates that the inclusion of the Council on this list is a judgement that you must make.

In view of this action, and the concerns voiced in your email I thought it might be worthwhile if I set down our own perception of the situation.

South Kesteven acknowledges that it would have been highly desirable to commence the stock option appraisal at an earlier date. As you are aware the Council appointed a new Chief Executive, Corporate Director for Regulatory Services and Head of Housing in 2003 and it was perhaps, inevitable that in the lead-up to these appointments it was difficult for the authority to find the capacity to take this matter forward. From my own perception I suspect there was also a misunderstanding of the work that would be involved in the stock option appraisal and the implications of this for the capacity of tenant representatives.

As you have noted in your letter, our work commenced in October 2003. However it rapidly became apparent that the tenant consultation structures had degraded to such an extent that the capacity and willingness of tenant representatives to engage in this

demanding process was clearly lacking. Obviously the election and aptitude of tenant representatives is not under the Council's direct control and a considerable amount of work was invested, principally by Sally Marshall Corporate Director for Regulatory Services, to resolve this situation. I appreciate that from your perspective it was hard to see the product of this work at the time, but it was in our view absolutely essential to refresh the consultation process and establish a new relationship and "renaissance" of tenant consultation before launching the stock option appraisal process.

This capacity building has now been completed and has facilitated the selection of a Stock Options Appraisal Commission, which has the capacity and the attitude to make a great success of this process. This has enabled us to bring forward some more radical sub-options for consideration such as the outsourcing of housing management.

The timescales are tight and there is little room for slippage. However the Council is developing a good record for delivery against tight deadlines, most recently in the implementation of its change management action plan and the turn around of E-government performance. Following the appointment of the necessary consultants we are continuing to meet the targets within our timetable for completion of the appraisal process. In the light of your concern we have supplemented this by the following controls:

1. The drawing-up and maintenance of a risk register
2. Regular reporting and briefing to the CMT and Cabinet
3. An information and contextural report to Full Council
4. Ensuring that the members on the Stock Options Appraisal Commission are drawn from the three major parties on the Council and that the leaders of these groups are kept fully briefed on developments.
5. Using the Council's approved project management methodology in which all CMT have received training.

Thank-you for your continued offer of support. I would be grateful if you could inform me whether there is any opportunity to review your view of the Council in the light of our progress over the next few months.

Yours sincerely,

Chief Executive