

### **Appendix 3: Cost Benefit Analysis**

#### **Transfer of Services to Council**

The scope of the cost-benefit analysis includes the direct and indirect costs and savings associated with the transfer of Landlord Management services from Lewisham Homes to Lewisham council.

Immediate annual savings of £300k would be made through the changes to governance structures and no longer servicing Lewisham Homes' boards, as well as removing the need to client Lewisham Homes.

There will be one-off costs to the transfer of services relating to project management, professional services (IT, Finance, HR and Legal) and any one-off rebranding costs.

Any costs associated with rebranding would be minimised and align with existing programmes of renewal and procurement of uniforms, signage and vehicles.

There will also be one-off redundancy costs directly attributable to the transfer of Landlord Management; these costs cannot be calculated at this stage.

The transfer of corporate and shared services offer additional opportunities for savings to be made through the removal of duplication and restructuring; the level of these savings cannot be calculated at this stage and are dependent on decisions made by individual services.

#### **No Change**

No changes to the existing management agreement would avoid the one-off costs of change associated with the transfer of services. However, there would be an opportunity cost incurred through the missed savings that could be realised from the transfer of services.

Direct costs would be incurred to create a more robust clienting arrangement to ensure the council has appropriate grip of performance in preparation for new government legislation and the regulatory regime being introduced in 2024.

#### **Cost-Benefit Analysis for the Transfer of Services**

	<b>Cost</b>	<b>Benefit</b>
Direct	One-off cost of change, including rebranding and redundancy costs	<ul style="list-style-type: none"><li>• Savings from the removal of Lewisham Homes governance and servicing the board - £250k</li><li>• Removal of the clienting directly associated with Lewisham Homes - £50k</li></ul>
Other benefits	Risks associated with the transfer <ul style="list-style-type: none"><li>• Time bound decline in services</li><li>• Loss of key personnel</li></ul>	<ul style="list-style-type: none"><li>• Opportunities to integrate back-office services</li><li>• Opportunities to better align service improvement and change across the council</li><li>• The council will have closer control of HRA budgets</li><li>• Increase tenant participation and empowerment</li></ul>

		<ul style="list-style-type: none"><li>• Removal of client/contractor arrangements to improve accountability</li><li>• The council will have closer control of performance management in preparation for the changes in government legislation</li></ul>
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