

# Lewisham Homes Business Plan

2011/14



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## Foreword



A handwritten signature in blue ink, appearing to read 'Julia Cotton'.

Julia Cotton  
Lewisham Homes Chair



A handwritten signature in black ink, appearing to read 'Andrew Potter'.

Andrew Potter  
Chief Executive

Over the last year we have moved into a new phase, following our successful inspection by the Audit Commission. We are now planning in uncertain and challenging times.

Our main goal is to increase customer satisfaction. A vital element of this is securing funding and delivering the planned major improvement programme to bring properties to the Decent Homes Standard. Our achievement of a two star rating from the Audit Commission did not bring the expected rewards, due to government changes in funding. Although we are getting £94.5 million over the next four years, this is short of the £186.2 million resources required to provide our tenants with quality homes. We are therefore exploring other options for attracting investment.

We have also continued to improve our services, particularly the repairs service through a major change programme. This has been underpinned by a more consistent approach to customer care and resident involvement.

We are now more efficient and our service offers better value for money for our residents. We have delivered £5.1 million in efficiencies in the last three years, including reductions in staffing and service level agreement costs. We have also tackled areas of weak performance, including rent collection, gas safety and responding to complaints, through robust performance management.

We are moving into new phases for the organisation:

1. receiving government funding to improve residents' homes; and
2. carrying out the improvements.

The first of these phases will focus on delivery of a capital programme and ensuring that this incorporates good customer care and customer choice – as well as delivering on time and within budget.

However, we also need to look beyond that time and make plans for additional improvements and growth. These longer term objectives include the exploration of alternative models for the organisation and the attainment of funding to meet the shortfall to improve the properties we manage.



## Introduction

This is the fifth combined Business and Delivery Plan agreed between Lewisham Homes and Lewisham Council. It sets out how we plan to deliver excellent housing services and provide decent homes for all. The plan has been developed with input from our residents, the Board, staff and other stakeholders. It reflects the important partnership we have with the Council and stakeholders and is in line with the overall vision of the Council and its partners in the Local Strategic Partnership (LSP), which is:

***“Together we will make Lewisham the best place in London to live, work and learn.”***

## Business planning process

The process has built on our experience in developing our Business Plans over the last four years, and has included:

- Consulting our residents and working with them to develop a ‘Residents’ Business Plan’. This started with an open invitation to all residents to ‘make a wish’ in August. A smaller group then attended five further sessions to develop a plan, based on the priorities identified at the ‘make a wish’ event. This has been integrated into our Corporate Business Plan.
- Other feedback from our residents through surveys, complaints and various consultation groups.
- Consultation with our staff through team meetings and away days.
- Consultation with our partners, Lewisham Council.
- Board, Senior Management team and Corporate Leadership team away days to decide priorities for the plan.

This year we have devolved some of the business planning activities to Service Heads, who now have service plans for their service. We are now reviewing the approach to involving residents in business planning and will apply the new approach to the 2012-15 business planning cycle.



*‘Residents’ developed their business plan based on priorities identified at a ‘make a wish’ event.*

## Local context

We are an Arms Length Management Organisation (ALMO) that went live on 22 January 2007. It is one of a number of investment vehicles set up by Lewisham Council to improve housing services and deliver the Decent Homes Standard.

We currently manage 13,696 social housing tenancies and 5111 leasehold properties within the borough.

We are a non-profit making company limited by guarantee and the Council is the sole shareholder. The Board of Management consists of 15 members including Councillors, Tenants, Leaseholders and Independents.

Our earlier plans were focused on achieving at least a two star rating from the Audit Commission to access central government funding to improve the properties we manage to meet the Decent Homes Standard by 2012. We were successful in achieving two stars as a result of an inspection in June 2010. We are now focusing on improving customer satisfaction with our service.

The funding framework for ALMOs (including Lewisham Homes) has been affected by change of government, with reduced funding for ALMOs. Further public sector cuts are likely, and this will mean fewer resources available to deliver services and improve homes in Lewisham.





## Lewisham's people

The London Borough of Lewisham covers 13.4 square miles and has a population of 262,000<sup>1</sup> as at 2008.

Lewisham is the 15th most ethnically diverse local authority in England. Black and Minority Ethnic (BME) residents in the borough represent 38.4% of the population and there are over 130 languages spoken. The Office for National Statistics census 2001 showed that Lewisham had a younger age structure than the national norm with an average age of 37.5 years.

According to the 2001 census, the population of the borough is comprised as follows:

### Gender:

- 52% women
- 48% men

### Age:

- 21% under 16
- 64% 16-59
- 15% over 60

### Religion:

- 61% Christian
- 5% Muslim
- 2% Hindu
- 1% Buddhist
- 0.3% Jewish
- 0.2% Sikh
- 20% no religion
- 10% religion not stated

Lewisham is also a borough with a high level of relative poverty. Government data ranks Lewisham as the 39th most deprived Local Authority in England (within lowest 20%) based on these indicators<sup>2</sup>. In October 2009, 5.3% of the working age population in Lewisham were claiming Job Seekers Allowance, compared with 4.5% for London and 4.1% for England. Two-thirds of social housing tenants are in receipt of Housing Benefit. Also, 21% of Lewisham's population were economically inactive in October 2009, compared with 24% for London and 21% for England.

Just over 30% of households are social housing tenants, with 7% of households renting from a Housing Association and 23% from the Council.



<sup>1</sup> Office for National Statistics 2008.

<sup>2</sup> Local authorities are divided into small areas called 'lower super output areas' (LSOAs), and these are categorised by the level of deprivation. In 2007, 38.6% of Lewisham's 166 LSOAs were in the 20% most deprived in England.



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## Lewisham Council's vision and priorities

Lewisham Council's vision, which is shared with partners in the Local Strategic Partnership (LSP), is:

***“Together we will make Lewisham the best place in London to live, work and learn.”***

We will continue to work with Lewisham Council and the Local Strategic Partnership to achieve this vision and to implement the priority issues in the sustainable communities strategy, *Shaping Our Future 2008-2020*. This sets the vision for what Lewisham will be in 2020 and encompasses two guiding principles:

- Reducing inequality - narrowing the gap in outcomes for citizens.
- Delivering together efficiently, effectively, and equitably – ensuring that all citizens have appropriate access to, and choice of, high-quality local services.

The six strategic priorities that underpin the strategy are:

- **Ambition and achieving** – where people are inspired and supported to fulfill their potential.
- **Safer** – where people feel safe and live free from crime, antisocial behaviour and abuse.
- **Empowered and responsible** – where people are actively involved in their local area and contribute to supportive communities.
- **Clean, green and liveable** – where people are in high quality housing and can care for and enjoy their environment.
- **Healthy, active and enjoyable** – where people can actively participate in maintaining and improving their health and wellbeing.
- **Dynamic and prosperous** – where people are part of vibrant communities and town centres, well connected to London and beyond.

We are also supporting Lewisham Council to achieve the strategic priorities within its Housing Strategy 2009-14. This includes delivering excellent housing management, and improving the standard of properties.



## Achievements in 2010/11

Our main achievement over the last year has been the two star rating given by the Audit Commission, following the inspection in June. This might not deliver the funds originally anticipated to deliver Decent Homes, but it nevertheless demonstrates the improvements made in services, and gives assurance that our strategies will deliver further improvements.

We have been preparing for the delivery of a major improvement programme to bring properties to the Decent Homes Standard, in anticipation of government funding. A project management structure was set up under our Programme Board to ensure that building contracts are robustly procured and delivered. A procurement strategy and asset investment plan are in place to assist with this, and residents are involved in the Project Board and team for the major works programme. In addition we have set up a major works improvement group to enable residents to influence the programme without having to make a large time commitment.

In line with our 2010-13 Business Plan priorities, we have improved the delivery of key services, as follows:

- **Customer care** – we have focused on telephone handling to ensure quicker responses and better customer care when answering the phone. This has been supported by the installation of a new telephone system, monitoring team performance and quality checking responses. We used the Customer Service Excellence criteria as a tool to improve our service – first achieved in November 2009 and re-accredited in December 2010. We now have profiling information for our residents which we can use to analyse satisfaction and to improve services.
- **Engaging our residents** – we have continued to offer a wide range of involvement opportunities including our residents' business planning process. This was recognised as a strength by the Audit Commission. Our partnership with 'Working Links' and 'Get Lewisham' has provided over 190 residents with one-to-one support to get back into work. Money allocated through the Residents' Business Plan, has funded a range of community events aimed to improve community cohesion, and improvements to the environment and security.



*Community events aim to improve community cohesion.*



- **Improving environmental services** – resident satisfaction with caretaking and cleaning internal areas has improved by 13% from 2008 to 2010. Bulk refuse removal and communal window cleaning have been implemented on our estates. In response to customer feedback, we extended the hours for caretaking up to 8pm on week days in some areas, at no additional cost to residents. We have also improved our approach to health and safety, focusing on gas and fire safety, water hygiene and asbestos regulations.
- **Income management** – we have improved performance for rent collection and reduced the proportion of tenants in arrears. At the same time, there is more support available for tenants in arrears and on low incomes - increased resources for welfare benefit and debt advice; and our partnership with Lewisham Plus Credit Union has helped tenants access loans and banking services at reasonable rates. We have increased annual service charges to leaseholders by 30% over the last two years, securing more income to deliver improved services.



*Resident's satisfaction with caretaking has improved.*

- **Repairs** – performance for this service has improved for all key indicators. A greater proportion of repairs have been completed within target times and on the first visit, more appointments have been kept, and satisfaction with the service has risen. The service has continued to achieve efficiencies – there is a new scheduling system; an increased proportion of jobs were completed in-house; and the trading account is now in surplus.
- **Antisocial behaviour (ASB)** – we carried out an independent review of our approach to tackling ASB, and developed a new strategy in consultation with residents and key partners.
- **Value for money** – we have achieved savings of £5.1 million as set out in the section on value for money on page 27. We have also continued to build the capacity of the organisation to support greater efficiency and quality services, particularly in relation to ICT.

We have retained a number of quality standards and awards. This includes Investors in People; the Customer Service Excellence awards; and ISO 9000 for the repairs, caretaking and gas services. Last year we achieved ISO for the lifts service and are now considering whether to roll out this approach across the organisation. We are also pleased to announce that we won the CIPR Local Public Service award for our 'Home' resident magazine, and achieved a three star rating from the British Safety Council.



The awards have helped to motivate our staff, and give assurance through an independent and challenging assessment of our services and organisation.

We have continued to instill a performance culture, and improve performance information for managers. The Board Performance Panel has scrutinised areas of weak performance, including complaints, rent collection, vacant property management, unauthorised occupation, disrepair and sickness absence. An Executive Scrutiny Panel is also in place for sickness absence, to ensure this is reduced and well managed.

Our performance has improved in several areas:

KPIs	2007/08	2008/09	2009/10	2010/11 to Dec
Customer satisfaction with repairs (very or fairly satisfied)	73%	75%	87%	89%
Emergency repairs completed within timescales	76%	94%	98%	99.6%
Urgent repairs completed within timescales	68%	96%	97%	99.7%
Percentage repairs completed on first visit	84%	83%	93%	95%
Percentage appointments made and kept	90%	95%	97%	97.6%
Percentage of gas services completed within the 12 month target time	94%	99.0%	99.9%	99.9%
Percentage of rent accounts > 7 weeks in arrears	13.7%	10.4%	10.3%	8.5%
Complaints handling - Percentage of Complaints responded to within target times	61%	69%	93%	89%

## Current and future challenges

We continue to face some significant challenges to improving our services which have an impact on quality of service and resident satisfaction. These include:

### 1. National economic and political position

The new government has announced a number of changes that will affect our ability to deliver stock and service improvements. The most significant of these are:

- changes to welfare benefits – as 60% of our tenants are currently in receipt of Housing Benefit, this will have a major impact on tenants' ability to pay their rent;
- planned changes to tenure; and
- changes to Housing Finance.

These policy changes are being developed and it is currently too early to assess their likely impact on Lewisham homes, its residents and the Council. Planned changes in the level of housing benefit and reductions in job seekers allowance are likely to result in a reduction of rent collected, which will put financial pressure on the Housing Revenue Account.

Similarly, government policy on ALMOs and alternative options for securing investment in the housing stock is being developed. National ambitions to increase the supply of housing have not yet been matched by the resources to deliver this.

The national economic position is uncertain. The start of economic recovery in 2010 has stalled with the economy shrinking in the last quarter of 2010/11. As reductions in public sector employment gather pace from April 2011, it is uncertain whether the private sector can offset the reduction in demand and employment. Residents in receipt of housing benefit will to an extent be cushioned from this. However, the 40% of residents who are not in receipt of benefits are at risk of a rising cost of living at a time when there is significant pressure on employers to reduce costs including wages. Affordability is likely to be a key priority for residents over the next three years.





## **2. Resources**

Our financial strategy over the past three years has ensured that resources are sufficient to deliver day to day services. We will continue to explore reduction in unit costs and achieving greater value for money.

The lack of capital resources to bring the stock up to decency remains the key resource issue. As mentioned above there is a significant decrease in funding. Efficiency savings in operational services may contribute to an increase in investment but they will not bridge the gap estimated in the Decent Homes bid. We will be working with the Council to evaluate long term financial models that will enable access to funding to deliver on investment plans.

There is, however, greater certainty about proposals to reform the housing finance system. The government has clearly set out its intention to abolish the housing subsidy system. The proposals will result in housing authorities retaining all rents and the responsibility to maintain their stock. There will be a 'one off' redistribution of historic housing debt, to allow housing authorities to develop an affordable 30 year business plan. Lewisham Council will see a reduction in its debt as part of this process. The government estimates that this will generate a 15% increase in resources for Lewisham Council over the 30 year life of the business plan.

## **3. Stock condition**

A high proportion of the housing stock does not meet the government's Decent Homes Standard – currently only 44% meet the standard based on our stock condition database.

We are currently mobilising a major repairs programme that will greatly improve the condition of the stock. However a reduction in funding from central government means that it will not be possible to bring the whole of the stock into compliance with the Decent Homes Standard with the available resources. We are therefore working with the Council to identify other sources of funding in order to complete the programme.

## **4. Maximising income**

Rent collection performance has improved, but progress has been slow. We have in place a performance management framework, which allows regular monitoring and scrutiny of performance, and action is taken to tackle areas of weak performance. We have also increased income through maximising welfare benefits and enabling tenants to access low cost loans through our partnership with the Lewisham Plus Credit Union.

## 5. Customer satisfaction

We want to improve satisfaction to the top quartile and this is our overriding goal. Tenant satisfaction for overall services was 68% in the last 'Status' survey, which showed a significant 8% increase since the previous survey in 2008. However, this is still a little below average for the London ALMO peer group, and lower compared to the national average. We have a better idea of the drivers for satisfaction and have analysed data to identify key factors and the profile of tenants who are the least satisfied. We are currently carrying out in-depth surveys to establish more detail about reasons for dissatisfaction among these groups and what we can do to improve this.

## 6. Changes in housing regulation

The Tenant Services Authority (TSA) has been regulating ALMOs since April 2010, under a new performance framework, which has included the development of 'local offers', an annual report to tenants and resident scrutiny arrangements. After April 2012, this will pass to the Homes and Communities Agency (HCA). The Audit Commission is also being wound down and there will be no further housing inspections.

The new government's approach is to have less regulation, and to pass responsibility for regulation to local authorities who will develop local requirements and standards for all housing providers in that borough. We are already working with Lewisham Council on this approach.

There is a risk to the organisation, in-line with other organisations, that we could become complacent about standards and performance in the absence of close scrutiny by an external regulator. We are establishing a new Quality Framework and Tenants' (scrutiny) Panel to ensure that standards do not slip.



*The new government will pass responsibility for regulation to local authorities.*

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## Our vision and strategic objectives

### Vision

Our vision is to provide quality homes and services for residents in Lewisham, as expressed in our mission statement:

***“To deliver great housing services in thriving neighbourhoods.”***

### Values

The organisation’s values determine how we work as a business. Our values are:

- Challenge
- Excellence
- Passion
- Openness
- Reliability
- Respect
- Sustainability

### Strategic objectives

Our vision is underpinned by the following strategic objectives:

- Excellent services
- Quality homes
- Sustainable business
- Community focus
- Employer of choice

These objectives were reviewed this year – by the Board, Senior Management team and Service Heads. They are defined in Appendix three, together with details of how we will measure progress with each objective.



## Priorities for the next three years

The Business Plan has a strong focus on improving services, involving customers and strengthening the organisation to deliver good quality services that meet residents' needs and aspirations.

We have based our priorities on:

- the findings of our tenant satisfaction survey<sup>3</sup> in 2010, other service specific customer surveys and learning reports;
- the Residents' Business Plan which was developed by a group of residents;
- the Audit Commission Inspection Report, which includes our main strengths and weaknesses, and recommendations to address these;
- individual service plans which were developed by Service Heads in consultation with our staff who were consulted in developing this plan;
- discussions by our Board and senior management team, to decide objectives and priorities, including the way forward beyond inspection;
- the strategies and priorities of Lewisham Council; and
- the new regulatory regime through the TSA and HCA.

To provide excellent services, we will focus on:

- improving customer care at all our main contact points;
- providing the service right first time and delivering on our promises;
- engaging with residents and using customer feedback to deliver excellent services;
- improving our approach to tackling antisocial behaviour (ASB), implementing our new ASB strategy; and
- improving environmental services, including estate security, communal repairs, tenancy enforcement, pest control and caretaking services.



*The Business Plan has a strong focus on improving services.*

To provide quality homes, we will focus on:

- securing investment to improve properties to meet Decent Home Standards and make environmental improvements;
- consulting residents about their priorities; and
- delivering a sustainable long-term investment programme.

<sup>3</sup> Tenant satisfaction survey using 'Status' methodology which enables direct comparison with other housing providers.



To ensure a sustainable business, we will focus on:

- maximising income, improving performance for rent collection and rent arrears management to meet our targets;
- involving staff and residents in shaping services and providing residents with real choices;
- working with the Council to ensure that the resident investment priorities are at the heart of the Housing Revenue Account (HRA) financial strategy;
- generating new investment and revenue streams; and
- maintaining a robust procurement approach which involves residents and delivers value for money.

To achieve community focus, we will:

- engage with residents and use customer feedback to deliver excellent services;
- work with partners to strengthen our services and provide support for residents; and
- be open and accountable, publicising our performance against targets and standards.

To become an employer of choice, we will:

- continue to offer development opportunities and evaluate skills required;
- develop our managers to effectively manage the business;
- recognise and reward good performance; and
- provide a safe working environment.



*Involving customers and community focus is a business plan priority.*

## Partnering with the Council

We will support the Council at all levels to deliver its policies and priorities. Our relationship with Lewisham Council is governed by a management agreement and is supported by an annually agreed Business and Delivery Plan. These set out the management of Lewisham Council's housing delegated to us. The Delivery Plan is subject to regular review by our Board and Senior Management team, and is discussed at liaison meetings with the Council.

The responsibilities of each organisation are outlined in the table below:

Lewisham Homes	Lewisham Council
<ul style="list-style-type: none"> <li>• Repairs service</li> <li>• Dealing with antisocial behaviour</li> <li>• Assessing and managing the stock</li> <li>• Administration of Right to Buy scheme (except valuations and approvals)</li> <li>• Dealing with ASB</li> <li>• Assessing and managing the stock condition of the properties</li> <li>• Building services (the repairs contractor)</li> <li>• Collecting rent and service charges</li> <li>• Communal repairs</li> <li>• Complaints</li> <li>• Enforcement of tenancy conditions and evictions</li> <li>• Estate management and caretaking</li> <li>• Financial management of the HRA</li> <li>• Dealing with illegal occupation</li> <li>• Leaseholder services</li> <li>• Letting and management of garages</li> <li>• Modernisation and improvements</li> <li>• Pest control</li> <li>• Planned maintenance</li> <li>• Resident Charter and consultation</li> <li>• Responsive repairs and gas servicing</li> <li>• Sign up of new tenants</li> <li>• Successions, assignments and exchanges</li> <li>• Void properties</li> <li>• Resident compact</li> <li>• Lewisham Homes Managed HRA budgets</li> </ul>	<ul style="list-style-type: none"> <li>• Abandoned vehicles</li> <li>• Alterations to the tenancy agreement</li> <li>• External graffiti</li> <li>• Grounds maintenance and tree works</li> <li>• Homelessness</li> <li>• Housing benefits</li> <li>• New housing developments</li> <li>• Regeneration projects</li> <li>• Rent setting</li> <li>• Selection of tenants through</li> <li>• 'Homesearch', the choice-based lettings scheme</li> <li>• Sheltered housing support</li> <li>• Street cleaning</li> <li>• HRA strategy and monitoring</li> </ul>



## Wider partnerships

We will continue to develop effective partnership arrangements during 2011-14 to enhance our service delivery to customers. To achieve this, we will ensure regular and effective communication and review service level agreements annually. We also make sure that all staff are aware of these partnerships and develop protocols where appropriate.

These partnerships include:

### 1. Lewisham Council:

- Antisocial Behaviour Action team (ASBAT)
- Community Occupational Therapy team (aids and adaptations service)
- Housing Options Centre
- The Community Wardens
- Housing Benefit service
- Local Strategic Partnership

### 2. Local statutory bodies:

- The Police, including Safer Neighbourhoods team
- The Fire Brigade
- The Primary Care Trust (PCT) for the National Health Service

### 3. Local community action groups:

- Groups representing victims of domestic violence
- Disability Rights Coalition
- Age Concern and the Pensioners' Forum

### 4. Local organisations providing support to our residents:

- Lewisham Reach (floating support service)
- Lewisham Action on Mediation Project (LAMP)
- Citizens Advice Bureau
- Victim Support
- Debt and welfare advice agencies

### 5. Homes for Islington - provides support and peer challenge

### 6. Organisations promoting good practice:

- The National Federation of ALMOs
- Housing Quality Network
- HouseMark
- London and South East ALMOs' Customer Care group
- London Area Procurement Network (LAPN)
- South East London Housing Partnership



## How we are governed and managed

### The Constitution

The Memorandum and Articles of Association set out what the company can do and how it is governed.

### The Management Agreement

This is the formal agreement we have with Lewisham Council. It sets out the services that have been delegated to us and the relationship between the two parties.

### The Board

The Board is responsible for the strategic direction of the organisation and meets six times a year to monitor performance, agree the strategic direction of the business and make key decisions. The Board consists of 15 non-executive directors made up of three Council Members, five independent members, five tenants and two leaseholders. Details of Board members are listed in Appendix five.

### The Sub-Committees

There are three sub-committees set up to consider things in more detail and exercise further scrutiny:

- a) **Audit Committee** - meets four times a year to apply additional scrutiny to the financial and performance areas of the business.
- b) **Remuneration Committee** – meets when required, and approves the pay policies of the organisation.
- c) **Ethics Committee** – meets when required, and promotes, develops and maintains high standards of governance for the organisation.

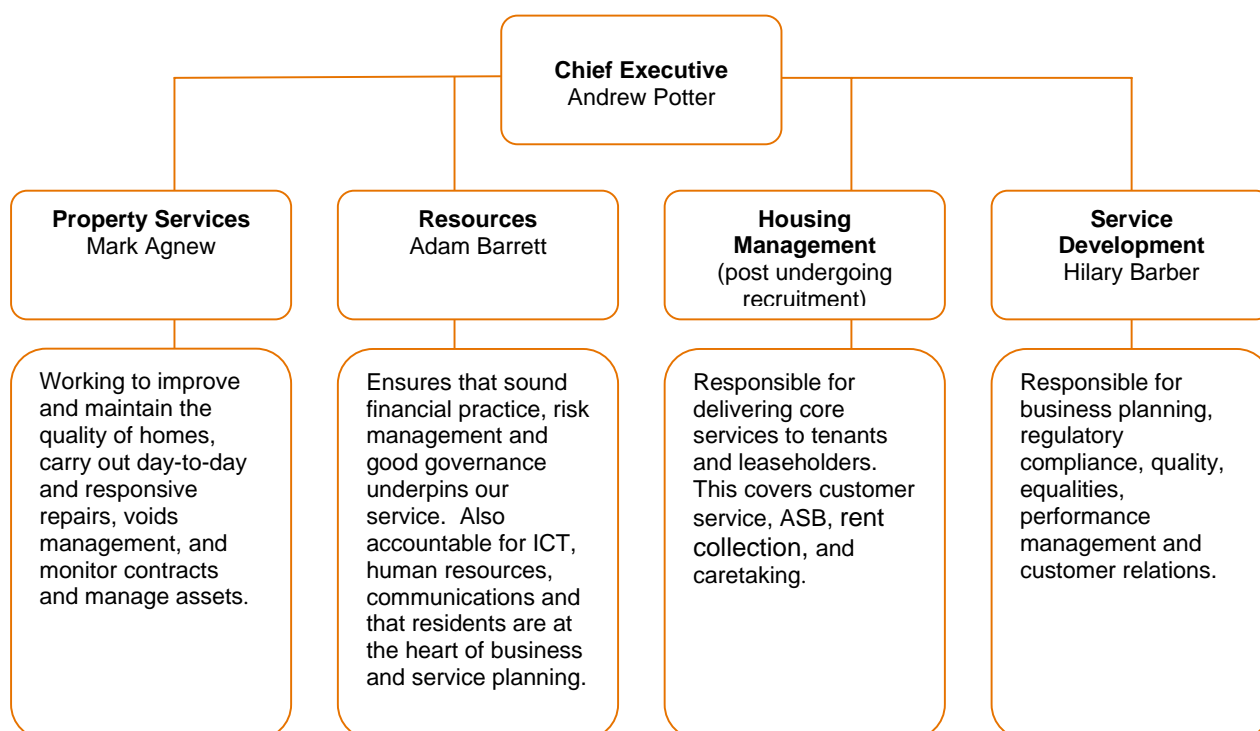
There is also a Board Performance Panel, set up in January 2009 to strengthen the scrutiny on performance in areas of weakness.





## The Senior Management Team

The Senior Management team (SMT) is responsible for the strategic management of the organisation and for delivering the Business Plan, working together to ensure a seamless service to residents and ensuring targets are achieved. The SMT structure is illustrated in the chart below:



## Corporate Leadership team

A decision has been taken to involve the third tier of managers in more corporate decision making. Therefore Service Heads now meet monthly with the Senior Management team to monitor performance and approve policies. The group is consulted on proposed changes in direction and approaches to managing the organisation.

## Offices

Our head office is located at Holbeach Road in Catford. We also have offices with reception facilities on the Pepys Estate in Deptford, in Home Park Sydenham and Honor Oak Estate in Brockley. The Repairs Service is located at the Wearside Depot in Ladywell.



## Managing performance, learning and improving

We are committed to managing performance robustly to ensure we deliver improved services to residents.

### Performance partnership principles

- Our Performance Management Framework builds on the Council's performance management framework.
- We work in partnership with the Council - monitoring of Lewisham Homes' performance is undertaken in a spirit of partnership.
- We are responsible for gathering information and reporting regularly to the Council on performance and key success measures. We also participate in the Council's Borough Performance Group, which includes a range of partners.
- The Board and Senior Management team are responsible for delivering and achieving our strategic objectives and for developing appropriate performance measures.
- There are clear standards set and systems in place to demonstrate how we are performing and whether we are delivering our planned objectives on time.

### Performance Management Framework

The purpose of this framework is to deliver better quality services to local people. Performance information enables the Board and managers assess how well the service is performing against our strategic aims and objectives, and to take corrective action where performance needs to improve.

Our Performance Management Framework is based on the following principles:

- being clear what it is we want to deliver, when and how to deliver it;
- building capacity within the business to deliver;
- developing an effective performance culture, with commitment from the top and well trained staff;
- clarity about who is responsible for each area of performance;
- setting clear and challenging measurable targets, standards and outcomes;
- ensuring we are measuring the right things to improve performance;
- ensuring performance data is accurate;
- monitoring, reviewing and analysing performance on a regular basis;
- reporting performance to allow for effective challenge;
- benchmarking performance and comparing with others; and
- publicising and communicating performance.



We have made the following progress:

## 1. Developing an effective performance culture

- There is commitment from the top to improve performance.
- The Board and the Corporate Leadership team monitor performance every two months.
- A suite of performance reports have been and continue to be developed to provide managers with pertinent management information on a regular and frequent basis.
- There are additional scrutiny arrangements for areas of weak performance or concern – a two monthly Performance Panel comprised of Board members receives detailed reports on performance and related action.
- A formal performance appraisal scheme is in place which all managers are required to follow. This includes setting clear targets and objectives and monitoring progress against these. Compliance with the scheme is audited annually.
- Financial management information is provided to all budget holders who are required to provide monthly update expenditure forecasts. Monthly budget reports are considered by the Senior Management team.

## 2. Planning improvements

- Our business and delivery plans are linked to corporate objectives which have clearly defined measures of success.
- Our targets for performance are SMART with clear responsibility for achieving them set out. Our targets are all related to the outcomes we aim to deliver.
- Our strategic targets are linked to service plans, team plans and individual targets.
- We have a service review programme which challenges how the service is delivered and whether it is providing value for money, and sets out how improvements will be implemented. The methodology used includes an analysis of performance; good practice and legislative requirements; audits; and feedback from customers, staff and our partners.
- We have identified resources to deliver the priorities for improvement.



*Our strategic targets are linked to service plans, team plans and individual targets.*

### 3. Key performance indicators, standards and targets

- We have sets of Key Performance Indicators (KPIs) for monitoring the success of this annual Business Plan for the Board and the Corporate Leadership team;
- Targets for 2011-14 are included within this plan (see appendix two), and are reviewed annually. These are based on historic performance and benchmarking data, and consultation with the Council. In line with good practice, all targets are the responsibility of a named manager, sufficiently challenging to drive improvement, but not so challenging they cannot be met.
- We have also developed a suite of indicators for residents, in consultation with them. These are clearly defined, action focused, and easy to understand. Performance is reported to Area Panels, and in the residents' magazine and on our website.

### 4. Data quality

It is essential to have accurate information which we can trust as the basis of performance improvement. To ensure this is the case we have:

- Clear definitions of the indicators and targets which are agreed with target owners and recorded in a KPI manual together with data sources.
- Systems to verify the data, including some spot checking, systematic checks as part of the IT system, quality and internal audit.
- A data quality policy which is aligned to the Council's policy.
- Dedicated staff for performance reporting and analysis.

### 5. Data analysis

- Responsibility for performance remains with operational managers who are best placed to explain why targets have been exceeded or missed.
- Managers are supported by a dedicated central team who provide specialist performance knowledge, data analysis, routine and ad hoc calculation of performance.



## 6. Quality framework

- We have developed a quality framework to support the improvement of services and performance, and to give assurance to senior managers
- We are currently deciding whether to use the ISO 9001 framework for the whole organisation. This is to ensure a consistent approach to quality checking, clear processes and learning from feedback.

## 7. Customer feedback

- We regularly elicit customer feedback from our residents
- There are satisfaction surveys for both tenants and for leaseholders
- Service specific surveys include: responsive repairs, estate services, new tenants, antisocial behaviour, income service, complaints and major works.

## 8. Contractors

- Clear performance standards that reflect residents priorities are agreed.
- Clienting arrangements are conducted in the spirit of partnership and are focussed on delivering value for money and high customer satisfaction.

## 9. Benchmarking

- We are active members of National Federation of ALMOs (NFA), Housemark, and Housing Quality Network (HQN). This enables us to benchmark our performance with other similar organisations and share good practice.
- Performance reports for CLT and the Board include comparative data;
- We participate in the Housemark benchmarking clubs for ASB and Complaints; the HQN Rent Income Excellence Network (RIEN); and the Checkmate club for repairs. This enables us to compare performance and also to identify high performance using good practice examples to improve our service.
- We benchmark cost of services against other ALMOs and local authority housing services on an annual basis.
- We are using the benchmarking data in our service reviews and to set targets.



## Risk management

The Audit Committee is responsible for scrutinising risk management. It has adopted a risk management strategy, and maintains a risk register which is regularly reviewed. A risk management forum reviews risk and incorporates peer challenge from the Council and Homes for Islington, our partner ALMO.

### What are risks?

Risks are potential threats to the ability of the company to deliver its business planning objectives. The table below indicates the main types of risk that we are likely to encounter:

<b>Legal compliance risk</b>	For example, failing to meet Government standards, laws or regulations.
<b>Financial management risks</b>	The failure to forecast resource and expenditure levels or to manage costs resulting in the business having insufficient resources to deliver its services.
<b>Partnership and contract risks</b>	The failure to manage contracts or partnerships resulting in an impact on services.
<b>Health and safety risks</b>	For example, risks from economic shocks, changing public attitudes and legislation.
<b>ICT risk</b>	Disruption in the provision of core ICT services resulting in a failure of the business to provide services.
<b>Project management risks</b>	The failure to manage projects effectively resulting in delay, cost overruns or a failure of the project to deliver the service enhancements intended.
<b>Management failure</b>	The failure of management to lead and to manage staff and resources resulting in poor performance and skills deficiencies.
<b>Political</b>	Policy decisions by the government adversely affecting the organisation's ability to deliver on its service priorities.
<b>Environmental, civil disruption or public health incident</b>	A major incident damaging property, endangering life or preventing workers from being able to provide services.
<b>Customer focus</b>	Failure to identify customer priorities, gain customer feedback and ensure the organisation is focusing its energies on activities that improve customer satisfaction.



## How we identify and manage risks

We are working to make managers and staff aware of our approach to risk management so they can successfully identify, assess and address risks. The Senior Management team are responsible for actively promoting risk awareness, and responsibility for overseeing strategic risks have been allocated to a Senior Manager. All operational risks are allocated to a SMT lead with a Head of Service responsible for risk assessment and delivering on mitigation actions.

The risk register identifies potential risks by calculating level of impact and likelihood of occurrence, giving an overall risk rating. Each potential risk has an owner who is responsible for managing that risk. This is set out in the risk register together with actions that can mitigate or prevent the risk from materialising, and appropriate resources are committed to manage the risk. Targets are set for the risk and progress in managing the risk are monitored and reported.

## How we review risks

- All employees are required to bring risks to their manager's attention and ensure that the risk log is updated.
- All management team meetings are required to have risk as a standing item on their monthly team meeting agendas and to formally review the risk register on a quarterly basis.
- The Risk Forum reviews the risk log and risk register every three months and this is reviewed by the Senior Management team and then the Audit Committee.
- The Audit Committee will forward details of any key areas of concern to the next Board meeting or in exceptional circumstances informs the Chair of the Board immediately.
- The Audit Committee will forward the most up to date risk register to the Board on an annual basis for consideration.

The main risks currently identified relate to the following areas:

- Political risk of resources not being made available to bring the housing stock up to a decent standard.
- Risks of delays to implementing key projects which impact on the speed of improving efficiency and service quality.



## Our people

We employ 412 people. We are committed to leading and developing our workforce to deliver our main priorities and objectives. We have developed a clear set of values and will work to ensure that the culture and structure of the organisation reflects these. The breakdown of staff by directorate is shown in the table below<sup>4</sup>:

Directorate	Office staff	Caretaking or trade	Total
Housing	92	103	195
Resources	62	0	62
Property Services	95	94	189
Chief Executive	16	0	16
<b>Total</b>	<b>265</b>	<b>197</b>	<b>462</b>

The profile has changed significantly following the transfer of the repairs service from the Council – for example, there are now 66% of staff who are male compared to 57% the transfer. The current profile of our staff is as follows:

- 66% are male and 34 per cent are female;
- 39% per cent are from Black and Minority Ethnic groups;
- 49% per cent are over 45, 79% are over 35 and 3% are under 25 years old; and
- 8% are disabled.



*Our Holbeach Rd Office Reception Team*

<sup>4</sup> Posts in Lewisham Homes establishment for 2011/12 at 01/04/11.



## People strategy

Lewisham Homes places people at its heart - its staff, residents and the wider community. The continual success of the organisation is dependent on maintaining a environment that is customer focused. We are committed to ensuring that excellent services are planned, managed and delivered, by the right people with the right skills. To achieve this, we recognise the importance of investing in our human resources infrastructure. Our approach is set out in our people strategy, which is currently under review, and is set out below:

### 1. **Adopting 'people' practices that are customer focused and support efficient and effective processes of delivery.**

We want to have clear people policies, practices and procedures which help our business deliver its objectives.

- We will reduce our dependency on external advisors and the engagement of specialist contractors. Human Resources will provide expert advice and knowledge about the full range of people policies.
- Our people strategy is the keystone in the development of the organisation's Human Resources strategy, policies and procedures. It sets out our 'Values', determined through consultation with managers, staff and residents, which define expectations in terms of commitment, work behaviours and competencies. This will enable us to ensure that our human resources are effectively and fully utilised.
- We will ensure that our policies, practices and procedures remain current, are relevant, accessible and understood by all. There will be clarity about who is responsible for what, and that the correct service is delivered by skilled and knowledgeable HR practitioners in a timely and appropriate manner

### 2. **Demonstrating excellence in leadership and the management of people**

We want our managers to provide confident leadership and demonstrate exemplary actions, particularly when faced with challenging and difficult situations.

- Our leadership development strategy will help us to identify talent, and shape our current and future leaders through a suite of management development opportunities and leadership programs.
- Our Management Charter will enable managers to be creative and innovative through clear engagement with staff they are responsible for.
- We will construct and maintain a competency framework that is appropriate to our business needs and linked to the national agenda for developing professional skills.

### 3. Supporting and developing people with the aim of improving organisational performance

We want to enable and develop people so that they do the best they can whilst working for Lewisham Homes, and to help them shape their future career. We will employ people who believe that change is a positive, developmental and career enhancing opportunity.

- We are committed to the continual professional and personal development of our staff. We will also ensure that our operative staff comply with trade, health and safety and customer service standards. Our learning and development strategy will ensure professional development and competence in the work we do.
- It is important that our staff see for themselves how their contribution leads to the success of the business. Our performance appraisal processes clearly set out individual and business objectives for the year and identify key training and development needs. Performance objectives are regularly reviewed through monthly one-to-one or group meetings. These are monitored and reviewed centrally.
- We need to make sure that we recruit the best people for our business. We will maintain a robust recruitment program that attracts competent external candidates and aspiring in-house staff.
- Our equality and diversity policy sets out our commitment in preventing discrimination and for promoting equality of opportunity. This also applies to external contractors and all visitors to our environment. Through positive action initiatives, we will promote training and development opportunities that will enable everyone to engage and participate in the work of the organisation.



*We are committed to the continual professional and personal development of our staff.*

## Our customers and how we involve them

### Customer care

Our customer care strategy is centred around four themes – a customer focused workforce; accessible services; understanding our customers; and efficient and effective processes and technology. It sets out our priorities:

- Embedding a customer care culture at Lewisham Homes. This includes developing and monitoring customer service standards; setting expectations for managers; and training and supporting our staff to ensure they have the necessary skills and information.
- Providing the service at the first point of contact. This includes adopting a one point of call policy, implementing a single number for telephone contact and a diagnostic system for repairs.
- Providing accessible services which take into account specific needs;
- Improving complaints handling, especially responsiveness, feedback and learning from complaints.
- Capturing insight and satisfaction data from our customers and using this to plan and improve services.

### Customer profile

To improve customer insight, we improved the quantity and quality of data held for all equality strands, including faith and sexuality. We currently hold 95% of age data relating to our tenanted customers, 99% per cent for gender, 93% per cent for ethnicity, 60% per cent for religion, 79% per cent for disability and 42% per cent for sexuality. We are already using this data to better target services to meet residents' needs.

Analysis of data shows the following tenant profile:

- 60% of residents are non-white;
- The largest ethnic groups are - 35% White British, 21% Black Caribbean, 18% Black African, and all other groups are less than 5%
- 29% of residents report having a long term disability or illness;
- 16% of tenants are over the age of 65 and 5% under 25;
- 59% of our tenants are female.

Twenty-two per cent of our tenants do not have English as their first language. There are no other dominant languages spoken in Lewisham, although there is a French speaking population (2.5%) Chinese speaking population (1.9%) and a Vietnamese speaking population (2.1%), predominately in the north of the borough. Over 8% of tenants give their language as 'other'.



*We have improved the quantity and quality of data held for all equality strands, including faith and sexuality.*

## Community Involvement

Residents are at the heart of our services, and we are committed to ensuring they have real opportunities to shape and determine priorities of our services and how resources are allocated. To ensure that this vision becomes reality we have a robust Resident Compact which aims to:

- provide a wide range of opportunities for all residents to be heard in a way that suits them;
- reduce barriers to involvement by supporting residents with training, expenses and practical help; and
- provide clear and timely feedback on how residents have influenced services.

To deliver these aims we have:

- A residents' business planning process, giving our key customers the opportunity to influence spending decisions, at an early stage in our business planning cycle.
- Area Panels which enable consultation on strategic issues and service delivery.
- A database to capture all the details of our involved residents, including how and what they want to be involved in and their preferred method of contact.
- A programme of equality and diversity training for residents, in particular Resident Associations, to encourage and support equality amongst residents.
- Developed a Resident Inspectors programme which involves residents going out and scrutinising our services to ensure they are meeting the set standards.
- Developed a strong partnership with Working Links and Get Lewisham Working to provide support to residents to get back into work.
- A range of training opportunities that all our residents can access to support them to maintain their tenancy and improve their ability to be involved;
- Four service area improvement groups, Leasehold, Major Works, Repairs and Housing which meet throughout the year with residents to look at ways to improve our services and monitor our performance.



*A range of training opportunities are available for our residents to support them to maintain their tenancy and improve their ability to be involved.*

## Communications

Ensuring all our stakeholders are effectively informed in a timely manner is a key aim of our communication strategy. We communicate with residents in a range of ways and work with them to improve how our communications are delivered. We aim to ensure that our communications are:

- accessible - residents can request documents in alternative languages, Braille, large print; and they can be obtained from our offices and website,
- reviewed in consultation with residents, and take into account feedback from complaints, surveys and through the reading group;
- wide ranging – from our resident magazine to newsletters, leaflets, posters, website, DVDs, texting and eflyers; and
- in plain English, avoiding the use of jargon.

Staff need timely and clear information for them to work effectively and to keep them motivated. We value two way communications with our staff and encourage this through a range of forums and mediums such as the intranet, blogs, suggestion boxes and team meetings.

We also communicate with stakeholders such as councillors and community groups to ensure they understand the organisation's objectives and how we can work together to achieve them.



## Equality and Diversity strategy

Equality and diversity is at the heart of our organisation. Our strategy was reviewed in the last year and approved by our Board in May 2010. The objectives of this strategy are as follows:

### 1. To fulfill our statutory and regulatory responsibilities and achieve the excellence level of the Social Housing Equality Framework by 2012

- We have incorporated current legislation and good practice, including the provisions in the Equality Act 2010.
- We are planning to achieve accreditation through the Social Housing Equality Framework, which will include a peer assessment, and to reach 'excellent' level by 2013.

### 2. To ensure effective engagement with all groups of residents and increase satisfaction

- We are continuing to collect data on our residents profile so we can effectively deliver services that meet all needs.
- We are reviewing our residents compact and through this will ensure there are opportunities for involvement that suit our range of customers, and that these are inclusive.

### 3. To provide accessible services that are responsive to residents' needs, particularly those who are vulnerable

- We ensure our publications are accessible by offering these in a range of formats.
- We carry out an annual audit to ensure our public-facing areas continue to be compliant with the Disability Discrimination Act (DDA).
- We are continuing to promote and provide services to support victims of hate crime and domestic violence.
- We facilitate installation of aids and adaptations (by providing basic adaptations in-house as well as through the Council's occupational therapy service).
- We ensure there are effective support arrangements available for vulnerable tenants, and signpost where relevant to externally provided support services and we will regularly liaise with these agencies. We have signed up to a Safeguarding Agreement with Lewisham Council through which we are committed to ensure our staff and contractors are aware of how to identify and report concerns about vulnerable adults and children at risk of neglect or abuse.



*We ensure there are effective support arrangements available for vulnerable tenants.*



**4. To ensure that equality and diversity issues are addressed by partners and contractors providing services on behalf of and in conjunction with us.**

- We ensure our procurement procedures include equality and diversity requirements, and we monitor these regularly.
- We will require contractors to operate local employee initiatives including apprenticeship schemes.

**5. To maintain a progressive and diverse workforce and Board that reflects our client groups at all levels**

- We operate an open, fair and consistent approach to recruitment and promotion, (including schemes that attract female employees through flexible working arrangements, and work experience for young people).
- We are reviewing HR policies and procedures in 2011/12 and will incorporate the findings of the Stonewall assessment.
- We are reviewing our approach to Single Status to remove any unfairness in the pay and reward arrangements.

**6. To enhance awareness amongst staff on the importance of equality and diversity so that they put into practice our approach in the delivery of services**

- All staff receive diversity training which is meaningful and relevant to their work.
- We make staff aware of changes in equalities legislation and appropriateness of support agencies and referral arrangements, including the agreement for safeguarding vulnerable adults and children.
- We will continue to support an equality and diversity challenge group, which involves a range of staff considering equality issues and learning from partners and community groups about how to improve services to all groups.





## Asset Management strategy

### Background

Our asset management strategy and plan was approved by the Board in February 2010. This sets out how the stock portfolio will be managed based on age, condition and standard. The objective is to deliver improvements to homes so they achieve the Decent Homes Standard, provide affordable warmth, meet HECA<sup>5</sup> targets, support sustainable living and meet identified needs. The investment programme will also contribute to community development.

The strategy will be reviewed during 2011 to take account of the funding allocation that has been secured. The review will ensure that the objectives are still relevant and meet both local and national priorities.

### Current Stock Composition

Lewisham Homes currently manages nearly 13,500 tenanted properties and 5,000 leasehold properties on a permanent basis. The tenanted properties are made up of the following archetypes:

Archetype*	Number
A - Pre 1945 small terraced houses	93
B - Pre 1945 semi detached houses	55
C - All other pre 1945 Houses	630
D - 1945-64 small terraced houses	7
E - 1945-64 large terraced semi & detached houses	53
F - 1965-74 houses	191
G - Post 1974 houses	915
H - Non traditional houses	75
I - Pre 1945 low rise flats	598
J - Post 1944 low rise flats	757
K - Medium rise flats	7214
L - High rise flats	2414
M - Bungalows	30
<b>Total</b>	<b>13,032**</b>

\* Archetype determination based on property attributes from 2008 Stock Condition Survey

\*\* Excludes interim managed properties

We are continuing to manage some estates on an interim basis. This number has greatly reduced following a transfer of properties to L & Q Homes in October 2010. The regeneration of the remaining interim-managed estates is being led by Lewisham Council for the following estates:

- Excalibur
- Milford Towers
- Heathside & Lethbridge.

<sup>5</sup> HECA – Home Energy Conservation Association



## Delivering Decent Homes

Following analysis of the stock condition survey, we have prepared an investment plan setting out how we will deliver the investment programme to meet the Lewisham Homes' standard of decency. This standard was developed through consultation with residents and was approved by our Board in May 2010.

A building cost model was submitted to the Homes and Community Agency in November 2009 setting out requirements for £186.2 million of funding to meet the Lewisham Standard. A provisional allocation of £153.8 million was awarded, but was set aside in November 2010 following the Comprehensive Spending Review. In December 2010 the Government invited all authorities - not just those with ALMOs or 2 stars - to bid for Decent Homes funding against revised criteria. Lewisham Council bid for £126.5 million - the maximum amount it could bid for under the revised criteria.

In February 2011 the Government awarded Lewisham Council £11 million for 2011/12, and a further £14.5 million in 2012/13. Funding for 2013/14 and 2014/15 is provisional, but if forthcoming will take the total up to £94.5 million over the four year period to March 2015. We will be working with the Council to evaluate long term financial models that will enable access to funding to deliver on investment plans.

In April 2009 we started the planning and procurement of the major works programme, involving residents on the Project Team and the Project Board. Residents are also able to influence development of the programme through the Major Works Improvement Group.

At March 2011, the procurement of the contractors is almost complete and contracts are being finalised. The procurement of the construction consultants is also nearing completion. The programme includes pre-works surveys starting on site in April 2011 and building work commencing in June 2011.



## Value for Money

Our Value for Money (VFM) strategy aims to deliver:

- increased investment in service priorities;
- reduced unit costs; and
- improved customer satisfaction

The strategy will achieve this by understanding residents' priorities and giving them the opportunity to make informed decisions. It is based on Audit Commission guidance on Value for Money and includes the following:

- **Inputs (Economy)** – inputs are the costs, people and materials that we use to provide services. We compare these costs over time with other housing providers by participating in the Housemark benchmarking process.
- **Outputs (Efficiency)** – outputs are the services that we produce, for example the number of repairs we carry out. We use performance indicators to compare the costs of these outputs. Some indicators are directly comparable with other organisations. Local indicators cannot be compared with others, but can allow progress to be tracked over time.
- **Effectiveness** – A range of measures are used to assess the effectiveness of our services, but customer satisfaction is the most important of these, and is tested as follows:
  - Annual tenants' and leaseholders' surveys.
  - Service specific customer surveys.
  - Mystery shopping.
  - Residents' forums (for example Area Panels and the Repairs Forum).
  - Council liaison meetings.
  - Meetings with the Mayor and Council members.
  - Board member feedback.

The Business Plan and budget processes co-ordinate these strands and ensure that resources are allocated in line with service priorities.





Core elements of our Value for Money strategy are set out below.

### **Enabling residents to determine priorities**

We support residents in determining priorities for service delivery and improvement through:

- Resident business planning - this process helps residents to prioritise service improvements and develop a plan. It has identified new priorities that were not previously identified such as community building initiatives.
- Service review programme - enables residents to have more detailed input into service development, standards and what is achievable for a particular cost and how the service compares to other organisations.
- Service improvement groups – these focus on specific services and allow residents to negotiate with staff about how services should be improved.
- Mystery shopping and resident inspections - this provides direct feedback to identify service weaknesses and strengths. There are meetings with resident inspectors to provide first hand feedback to the Senior Management team.
- Area Panels – these provide the formal structure for input from elected residents on budget proposals and service issues.

### **The Financial Strategy**

We operate a three year financial plan, which is approved by Board and is incorporated into our Business Plan. This sets out high level financial goals to ensure budgets are balanced for both the company and HRA accounts. It forms the basis for working with the Council to re-prioritise resources in line with residents' priorities. Currently only the 2011/12 detailed budget targets are included in the financial plan. This is due to the substantial changes to the Housing Finance system which the government has announced it intends to implement from 2012/13. The implications of these changes are currently being reviewed and will be developed into a three year financial plan with the Council by May 2011.



*The resident business planning process has helped identify new priorities.*



## The Business Plan

The Corporate Business Plan pulls together all the key elements of Value for Money including the financial strategy and resident input. It sets out the efficiency targets that allow reinvestment in service priorities.

## The Procurement Strategy

The procurement strategy ensures that residents have input into key procurement decisions. It sets out the service standards and customer care arrangements that contractors are required to deliver. The strategy ensures that we test the market effectively and robustly client our contracts, and that clienting arrangements are effectively resourced.

## Benchmarking

We take part in an annual Housemark benchmarking survey to ensure we can compare our costs and performance to that of other similar organisations. In addition we use more detailed benchmarking in areas such as repairs and income management to ensure we focus on the right areas for improvement and can assess the performance of our services. Benchmarking data is included in performance reports to Board and to Area Panels.

## The current position

To date, £5.1 million of efficiency savings have been delivered for the company budgets. A further £2.5 million of savings have been agreed as part of the budget strategy. The financial strategy for the years 2012/13 to 2013/14 includes further planned efficiencies of £1.3 million, details of which are set out in the table below:

Year	Efficiencies %	Efficiencies £	Status
2008/9	7.1%	£1.6m	Delivered
2009/10	7.7%	£1.7m	Delivered
2010/11	8.6%	£1.8m	Delivered
2011/12	12.3%	£2.5m	Agreed
2012/13	4.0%	£0.8m	Planned
2013/14	3.0%	£0.5m	Planned



## The next three years

Efficiencies will be delivered through:

- Reductions in support service costs to ensure the ratio of central support and front line service costs is appropriate and value for money.
- Procurement decisions including the annual review of service level agreements with the Council.
- Service reviews which include an assessment of value for money.
- Process reviews such as the management of stores which will be used to reduce cost and increase quality.
- The 10% smarter staff suggestion scheme, with consideration being given to reward staff for the best ideas.
- Resident suggestions to ensure resources are not wasted.

In 2011/12 we plan to make efficiency savings of 12% by downsizing the organisation following the partial stock transfer to a housing association in 2010/11. By 2012/13 we will have completed the main re-prioritisation of resources. We plan to make efficiencies of 4%, in line with the Council's overall efficiency savings target, and to reinvest 3% of these savings in the business.

Delivering further efficiencies will continue to be a priority but this is likely to be more challenging. Over the next three years, we will focus on:

- Growing the business – developing opportunities to sell or share services, to reduce unit costs and deliver better value to our residents.
- Making access easier – looking for ways to provide easier and more cost effective ways to access our services and information.
- Getting it right first time – using effective quality control to improve resident satisfaction, reducing follow up work and complaints.
- Streamlining processes – to ensure we are only doing things that add value to our residents, including effective use of ICT to reduce costly manual processes and improve quality and choice.
- Developing a skilled and motivated workforce – ensuring staff have the skills to deliver on our residents' aspirations.



*Developing a skilled and motivated workforce is one focus for the next three years.*

## Our resources

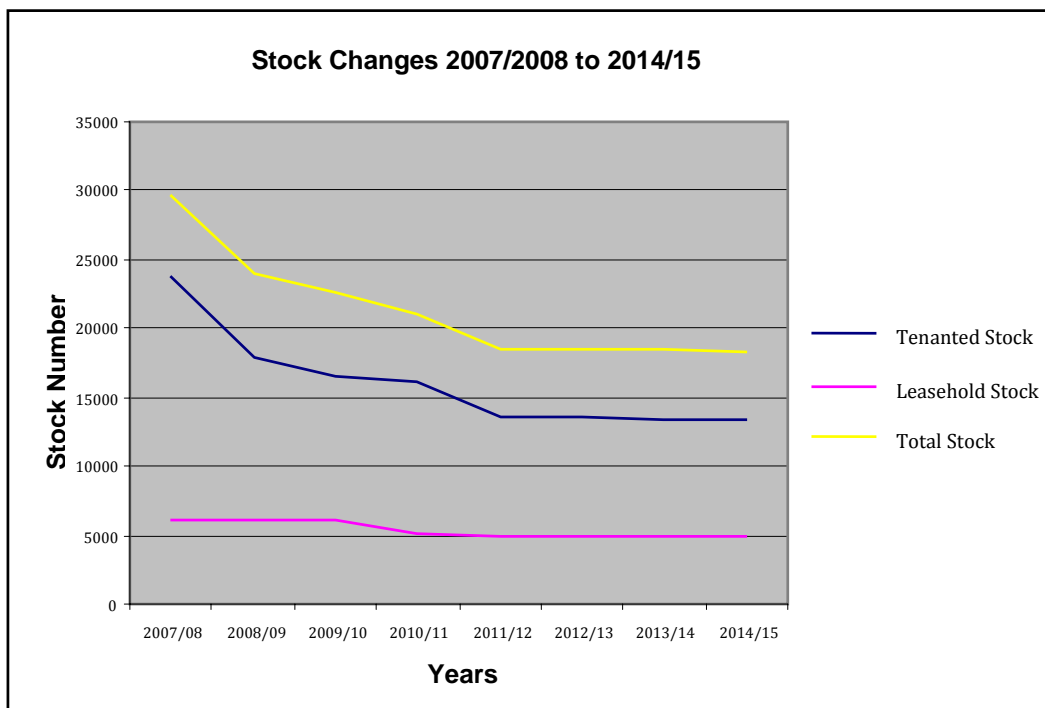
The government's proposals to reform Council Housing finance represent the most fundamental change to the housing finance system in over 20 years. Local authorities will no longer see resources being determined by a central grant redistribution system; but by their ability to effectively manage a business plan, control costs and balance income generation with residents' needs. The government has announced its intention to introduce the new system from April 2012.

At the time of writing, draft figures for the proposed HRA financing settlement have been announced. We are working with Lewisham Council to determine what level of resources will be available in the HRA Business Plan. We intend to agree a detailed three year strategy with the Council by May 2011, with an initial 30 year business plan that will set out the level of investment that is affordable within the HRA.

The resource forecasts within this business plan are at this stage limited to the current year's budgets and the level of resources announced in the Decent Homes funding announcement. The HRA strategy, when agreed, will set future management fee targets, and these will be basis of a financial and business planning strategy to deliver efficiencies and improve service quality.

### The Housing Revenue Account (HRA)

Resources in the HRA have reduced substantially between 2010/11 and 2011/12 as a result of the transfer of 2,400 tenanted and 1,100 leasehold properties to L&Q Homes. This transfer is the last large transfer of stock planned as part of the Council's Decent Homes strategy. Stock numbers will stabilise in future years as set out in the chart below.



Efficiencies savings have been made by Lewisham Homes and the Council to compensate for the loss of income as a result of reduced stock numbers. These efficiency savings ensure that the HRA is budgeting for a surplus of £279,000 in 2011/12.

Expenditure / Income	Description	2010/11 Budget	2011/12 Budget
<b>Expenditure</b>		<b>£ '000</b>	<b>£ '000</b>
	ALMO fee	20,438	18,941
	Bad debt provision	800	800
	Debt charges	27,265	25,279
	Housing needs	503	506
	Housing strategy	489	452
	Miscellaneous expenditure	6,060	5,670
	Other management costs	16,078	15,364
	Repairs & maintenance	20,561	19,830
	Support & other personnel costs	3,819	3,553
<b>Expenditure Total</b>		<b>96,013</b>	<b>90,395</b>
<b>Income</b>			
	Dwelling rents	-65,392	-63,125
	Other income	-15,153	-14,812
	Subsidy	-15,468	-12,737
<b>Income Total</b>		<b>-96,013</b>	<b>-90,674</b>
<b>Grand Total</b>		<b>0</b>	<b>-279</b>

#### Lewisham Homes Management Fee

We have contributed to the efficiency savings in the HRA through a £1.5 million reduction in our management fee. Gross efficiency savings of £2.5 million or 12.3% of the management fee have been agreed. This has allowed for investments of £1 million to be made in improving Lewisham Homes operations whilst generating a net £1.5 million of savings in the HRA.

Description	Budget 2010/11	Net (Savings)/ Growth	Budget 2011/12
	£'000	£'000	£'000
<b>Income</b>	Capitalisation of salaries – DH	0	(313)
	External income	(39)	(36)
	Management fee	(20,471)	1,529
	Other income	0	0
<b>Income Total</b>	<b>(20,510)</b>	<b>1,180</b>	<b>(19,330)</b>
<b>Employee</b>	Direct employee cost	12,480	(623)
	Other employee cost	803	161
<b>Employee Total</b>	<b>13,283</b>	<b>(462)</b>	<b>12,821</b>
<b>Operational</b>	Ordinary activities	4,134	(506)
<b>Operational Total</b>	<b>4,134</b>	<b>(506)</b>	<b>3,628</b>
<b>SLAs</b>			
	SLAs	3,093	(212)
<b>SLAs Total</b>	<b>3,093</b>	<b>(212)</b>	<b>2,881</b>
<b>Total Expenditure</b>	<b>20,510</b>	<b>(1,180)</b>	<b>19,330</b>

### Capital Resources

Increasing the level of capital investment in the housing stock to bring all our properties up to the Decent Homes Standard is a key priority. The additional resources required to deliver our investment plan amount to £186 million. The government has announced a firm commitment to provide £25 million over the next two years, with an intention to provide a further £70 million in years three and four, subject to future government spending reviews.

Planned capital programme resources available to deliver an asset investment plan over the next four years amount to £107 million. Additional resources will be available as contributions from the HRA to the capital programme once HRA financial plans have been agreed with the Council in May. No allowance has yet been made for these resources from 2012/13 onwards.

Source	2011/12	2012/13	2013/14	2014/15	Total
	£,m	£,m	£,m	£,m	£,m
Decent Homes	11.0	14.5	24.0	45.0	94.5
Major repairs allowance	12.6				12.6
<b>Total</b>	<b>23.6</b>	<b>14.5</b>	<b>24.0</b>	<b>45.0</b>	<b>107.1</b>