

Lewisham Homes

Business Plan

2010/13



www.lewishamhomes.org.uk

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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 continued to build the basis for a strong organisation so that we have the capacity to deliver better quality services. It will also help us deliver the planned major improvement programme to bring properties to decent homes standard, in anticipation of government funding following achieving a two star rating in 2010. 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 efficiencies in the last three years and have reduced our service level agreement costs by £2.4 million. We have also tackled areas of weak performance, including rent collection, gas safety and responding to complaints, through stronger scrutiny arrangements.

We are going forward into an uncertain future. In the next year there are likely to be political changes, and we are still in the middle of recession. Resources will be a key issue for us as the funding for ALMOs to achieve decent home standards has been deferred and political change may have a further impact. Planned stock transfers by LB Lewisham will reduce the stock we manage and consequently reduce the management fee from the Council.

We are moving into new phases for the organisation –

- the first when we receive government funding to improve residents' homes; and
- the second when the improvements have been carried out.

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. The timing of this is dependent on when funding will be received following the Audit Commission inspection.

However, we also need to look beyond that time and make plans for additional improvements and growth. These longer term objectives were discussed at the Board awayday in October 2009, where the need for a mid year review in September 2010 was agreed. At this time we would have the results of the inspection and a clearer idea of when funding to improve properties would be available.

Introduction

This is the fourth 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 three years, and has included:

- Consulting our residents and working with residents to develop a 'Residents' Business Plan'. This started with an open invitation to all residents to 'make a wish' in August, where more than 60 people attended, and over 40 of these had never been involved before. 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 and various consultation groups;
- Consultation with our staff through team meetings and awaydays;
- Consultation with our partners – including Lewisham Council;
- Board and SMT away days to decide priorities for the plan.

Last year we said we would involve residents, staff and other stakeholders more effectively and at an earlier stage in the process. We have done this, but next year we will improve further, making use of lessons learnt; for example, to start the planning for the residents' business plan earlier in the year.

Local context

We are an Arms Length Management Organisation (ALMO) that went live on 22nd 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 (DHS).

We currently manage 13,500 social housing tenancies and 5,000 leasehold properties within the borough, as well as 3,400 additional properties (2400 tenanted and 1000 leasehold) which we are managing on an interim basis. This interim arrangement is in place while other proposed investment options are being decided by residents; for example, ballots for stock transfer.

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 DHS by 2012. This plan's objective is to deliver an excellent (three star) service.

Our inspection is programmed for June 2010, and the results of this will have a fundamental impact on our future investment and the direction of the organisation. In addition to this, the funding for round six ALMOs (including Lewisham Homes) has been deferred, and there are both local and national elections due in May 2010. Planning for the future is difficult when the future is so uncertain. We have decided that we will have a mid-year review of this business plan in September 2010, when political and economic factors are clearer, and when we have the results of our inspection: we will revise our plans based on this.

Lewisham's people

The London Borough of Lewisham covers 13.4 square miles and has a population as at 2008 of 262,000¹.

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 (ONS) 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: <ul style="list-style-type: none"> • 52% women • 48% men 	Age: <ul style="list-style-type: none"> • 21% under 16. • 64% 16-59. • 15% over 60 	Religion: <ul style="list-style-type: none"> • 61% Christian • 5% Muslim • 2% Hindu • 1% Buddhist • 0.3% Jewish • 0.2% Sikh • 20% no religion • 10% religion not stated
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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 indicators². In October 2009, 5.3% of the working age population in

¹ Office for National Statistics 2008.

² 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.

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.

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, effective 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:

- **Ambitious and achieving** – where people are inspired and supported to fulfill their potential.
- **Safer** – where people feel safe and live free from crime, anti-social 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 well-being.
- **Dynamic and prosperous** – where people are part of vibrant communities and town centres, well connected to London and beyond.

We will also work with Lewisham Council to achieve the strategic priorities within its Housing Strategy 2009-14 where these are relevant to our functions. This includes delivering excellent housing management, achieving a 2 star rating by the Audit Commission and the Decent Homes Standard by 2010.

The Mayor of Lewisham's plans to deal with the economic recession and implications for Lewisham

The Mayor set out a 10 point action plan to help alleviate immediate financial pressures on Lewisham's residents and businesses in November 2008.

Lewisham Homes has responded to this by continuing to provide a wide range of debt advice to our tenants, ranging from leaflets to face-to face advice given by Income Officers and other front line staff. Additional resources have been put into providing benefit advice, and we have seen an increase in housing benefit take up. We have also made sure tenants receive regular information through mail-shots and articles in our residents' magazine, 'Home', publicising Housing Benefit take-up and options for paying rent.

Other work has involved building links with voluntary and statutory support agencies which provide independent debt and welfare benefit advice to tenants. For example, building links with the Credit Union to promote financial inclusion, through access to bank accounts and loans with reasonable interest rates.

Achievements in 2009/10

Over the last year we have continued to strengthen our organisational infrastructure, so that we have the capacity to deliver better quality services. This has included governance arrangements which are now provided jointly with Homes for Islington, making £8k of efficiency savings. We have introduced a development programme for Board members and also increased their ambassadorial role. Investment in ICT and training has also continued to ensure that staff have the right tools to do their work – for example, customer care training and the multi-skilling programme for the repairs service. A medium term financial plan has been delivering a balanced HRA and improving efficiency and value for money for the organisation.

We have been preparing for delivery of a major improvement programme to bring properties to the decent homes standard, in anticipation of government funding following a two star rating in 2010. We have set up a project management structure for this and will have the procurement strategy and asset investment plan in place by April 2010. 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 2009/10 we will invest approximately £13m of capital and £3m of revenue funding in our stock.

In line with our 2009-12 Business Plan priorities , we have improved the approach to the delivery of key services, as follows:

- Customer care – through more responsive telephone answering, improved complaints handling, and customer care training. Underpinning our approach is our customer care strategy which was approved by the Board in September 2009, and developed in consultation with residents. We also used the Customer Service Excellence criteria as a tool to improve our service – and we achieved this award in November 2009.
- Involving our residents – we have engaged with more residents, increasing the number of those actively involved from 400 to 1220 in the last year. Alongside involvement opportunities we have increased opportunities for customer feedback – additional customer surveys, resident inspectors and social

networking sites. We have also delivered a robust training programme, with over 44 training courses run in the last year which were attended by over 350 residents. We have worked with residents to deliver 18 local estate improvements worth £500,000 through the Resident Led Programme.

- Income management – a service review, implementation project and scrutiny arrangements have strengthened the approach to rent collection and tackling high arrears. This has included increased resources; introducing a task force to tackle specific issues; a Court Team to focus on legal issues and a Welfare Benefit Advisor. We are more proactive in supporting new tenants to prevent them falling into arrears - assessing benefits at sign-up, ensuring Housing Benefit forms are completed, identifying tenants who may need more support and advice, and establishing a payment culture. We now use SMS text reminders to tenants in arrears and have entered a partnership arrangement with the local Credit Union. Some of this has been targeted at high risk groups identified through equality data analysis – for example younger, male tenants.
- Repairs - following the transfer of the repairs service from Lewisham Council, there has been a major change programme to improve the infrastructure and quality of the service. This has included a new telephone system and the integration of the repairs contact centre with the repairs service, making this a more streamlined service. The impact has been an increase in the proportion of tenants satisfied with the repairs service, and the speed of repair. We are currently finalising the operatives pay review, the implementation of a new repairs scheduling system, the outsourcing of the night call out services, and the tendering of a new stores contract. These projects all aim to give a more effective and efficient service.
- Anti-social behaviour – we have improved our partnership arrangements with the Council and Police. For example we are attending regular case conferences for anti-social behaviour (ASB) as well as for domestic violence cases. The ASB Team now has dedicated officers who deal with victims of domestic violence and hate crime, and liaise with relevant agencies.
- Value for money – We are now more efficient and our service offers better value for money for our residents. Specific costs savings have been made – we have delivered £5.1 million efficiencies in the last three years and have reduced our service level agreement costs by £2.4 million. Our financial strategy to reduce management costs and re-invest in maintaining properties has generated an additional £5m per year spent on repairs compared to 2007/8. This equates to an additional £300 per property - an increase of 31%. Our partnership arrangements with Homes for Islington have given us easy access to good practice in a three star ALMO and reduced some consultancy costs.

We have achieved a number of quality standards and awards. This includes Investors in People and the Customer Service Excellence awards. Both assessments point to the considerable improvements made since Lewisham Homes was established. We already have attained ISO 9000 for the repairs, caretaking and gas services, and plan to achieve this for the lift service within the next few months. The awards have helped to motivate our staff, but also to introduce an independent and challenging assessment of our approach.

We have continued to instill a performance culture, and improve performance information for managers. A Board Performance Panel was introduced in February 2009

to enable the Board to scrutinise areas of weak performance. This has covered gas safety, complaints, rent collection, vacant property management and unauthorised occupation. Executive scrutiny panels have also continued for complaints, rent collection and voids. This has focused improvement in key areas, and has resulted in significant improvements in performance.

Our performance has improved in several areas –

KPIs	2007-8	2008/09	2009/10 (to Feb)
Customer satisfaction with repairs (very or fairly satisfied)	73%	75%	82%
Emergency repairs completed within timescales	76%	94%	98%
Urgent repairs completed within timescales	68%	96%	97%
Percentage repairs completed on first visit	84%	83%	93%
Percentage appointments made and kept	90%	95%	96%
Percentage of gas services completed within the 12 month target time	94%	99.0%	99.9%
% of rent accounts > 7 weeks in arrears	13.7%	10.4%	9.3%
Complaints handling - % of complaints responded to within target times	61%	69%	93%

Current and future challenges

We continue to face some significant challenges to improving our services. These include:

1. Resources

We need to ensure we have the resources to support our strategic objectives and deliver the services residents want. Our principal source of income is from the Housing Revenue Account (HRA). Stock transfers have resulted in a significant reduction in income, and required rationalisation of staff. The Income in the HRA has reduced from £114m in 2007/8, to £92m in 2009/10, and will continue to reduce to £84m 2011/12, before stabilising at £79m in 2012/13. The Council's financial model for the HRA is forecasting deficits of £1.6m in 2011/12 and £1.2m in 2012/13 as a result of this reduction.

The revenue resource position following three years of financial restructuring is however broadly stable. The savings requirements required in the HRA are deliverable. Our efficiencies are outlined in the section 'Our Resources'.

The key resource challenge for the future remains securing sufficient investment funding to address poor condition of properties and meet the standards we are setting.

2. National economic and political position

The current economic climate is likely to have a further impact on our resources and ability to deliver good quality services. The 'credit crunch' and government initiatives to tackle this are likely to result in further pressure on public sector borrowing requirements, and in turn affect funding available for both national and local government. There are some initial signals that the economy is emerging from recession but there remains a risk of higher unemployment rates. This may impact on our customers' ability to pay their rent and service charges, and therefore our ability to meet our collection targets. An analysis of the impact of recession was reported to our Board in May 2009.

The Tenant Services Authority will be regulating ALMOs from April 2010, and the new performance framework will impose new regulatory requirements. This will include an annual report and resident scrutiny arrangements.

The political climate may also change during the life of this plan. The next national and local elections will take place by May 2010. Any changes in political leadership could affect housing policy and resources available. Of particular importance to us is any change in political support for the ALMO model, and future funding arrangements. This clearly would require us to re-evaluate our financial plans.

This means uncertainty for our plans, and as mentioned above, we intend a mid-year review following election results and inspection results. At this review, our Board will consider all viable options to achieve our objectives.

3. Improving performance

Performance has improved in most areas, but some progress has been slow. For example, performance for income collection and voids is improving but not on target for 2009/10. 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 continue to ensure our staff are well managed and that managers are clear about their role. However, we need to improve performance in rent collection and void management to ensure we are efficient and maximising income to deliver services.

5. Customer satisfaction

We want to improve satisfaction to the top quartile and this is one of our key strategic objectives. Tenant satisfaction for overall services was 60% in the last 'Status' survey, which was in the lowest 25% of London authorities and ALMOs. It also showed that a significant proportion of tenants are not satisfied with the repairs service, with our ability to deal with problems and handle anti-social behaviour issues. Follow up analysis and focus groups have identified that customers who are dissatisfied with the repairs service and the way they are kept informed adversely impact on our overall satisfaction ratings. A recent tenant satisfaction survey has shown results of 68% satisfied, but we are waiting for the full report and analysis.

There is, understandably, a lower satisfaction rating for tenants who are living in properties waiting for an alternative investment solution, like stock transfer, which we are managing on an interim basis.

4. Stock condition

A high proportion of the housing stock does not meet the government's decent home standards. The latest stock condition survey identified that only 43% of the permanent managed stock reached the standard, and this is set to deteriorate further without significant investment. Capital funding currently available from Lewisham Council is £12.8m for 2010/11 in line with Major Repairs Allowance funding, which is insufficient to make inroads into the maintenance backlog.

Government funding to meet the Decent Home Standard has been put on hold. A letter received in July 2009 from the government stated that round six ALMOs, like Lewisham Homes, would not be able to access Decent Homes Funding until 2011/12. In addition there is uncertainty of what a new government would do in terms of funding. We are now developing contingency plans to consider other sources of investment.

The CLG has written to Lewisham Council confirming an indicative allocation of £153.8m. We will be working with the Council to develop plans to deliver improvements to meet the Lewisham Homes' standard within this figure.

The quality of the home was identified as the third highest priority for tenants³. The lack of investment in many of our residents' homes will therefore directly impact on their satisfaction with Lewisham Council and with Lewisham Homes. Last year 5,500 properties (3,750 tenanted) were transferred to us from both a failed stock transfer ballot and another managing agent, and these properties have added to the challenge to improve stock condition.

5. Repairs service

This was transferred to us in November 2008. The service was previously delivered by the Council's DLO under arrangements which gave us limited control over the cost and quality of the service. A major programme of improvement projects has been operating to improve the service, but this could not start until the transfer date. Financial viability was restored within five months of the transfer with the forecast deficit for the year of £1.4m being turned into a £0.3m surplus for the period November 2008 to March 2009. Improving the service is fundamental to raising tenant satisfaction and is another significant risk in terms of impact for the inspection. Progress has been excellent, though there has been some slippage with the introduction of the repairs scheduling system, due to delays from the ICT supplier.

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

³ 2008 tenant satisfaction survey using 'Status' methodology.

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, to:

- Deliver excellent services;
- Instil a value for money (VFM) culture throughout the organisation and demonstrate business efficiency;
- Improve customer satisfaction to top quartile performance in London;
- Improve our homes to the Decent Homes Standard (DHS).

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 decided the following priorities to meet our strategic objectives:

To improve customer satisfaction and deliver 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 environmental services, including estate security, communal repairs, tenancy enforcement, pest control and caretaking services.

To instil a value for money culture we will focus on –

- Maintaining a robust procurement approach which involves residents and delivers value for money;
- Maximising income by improving performance for rent collection and rent arrears management to meet our targets;
- Generating more capital resources;
- 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 HRA financial strategy.

To provide decent homes, we will focus on –

- Securing funding for improving properties to meet decent home standards and the additional capital investment required;
- Consulting with residents about their priorities;
- Developing a sustainable long-term investment programme.

We have based our priorities on:

- the residents' business plan which was developed by a group of residents (see highlighted items in Appendix one);
- the findings of our tenant satisfaction survey⁴ in 2008 and other service specific customer surveys;
- a voluntary inspection report by the Audit Commission, which includes our main strengths and weaknesses, and recommendations to address these;
- the views of our staff who were consulted in developing this plan;
- Discussions by our Board and senior management team, which looked at these and other business needs, including the way forward beyond inspection;
- The strategies and priorities of Lewisham Council;
- The new regulatory regime through the TSA.

The Audit Commission's report highlighted a number of strengths, including a strong focus on achieving value for money and efficiency savings, clear customer standards, generally well kept estates, well maintained health and safety programmes and improvements in the repairs service. However, it also criticised the low satisfaction ratings and performance compared to our peers (particularly for gas safety and rent collection), high management and service costs, and a variable standard of customer care with a weak approach to complaints handling.

The most recent tenants survey asked respondents to indicate what area they thought were the most important. This shows that the main priorities for tenants are in the following order and proportion:

- Repairs and maintenance (84%)
- Dealing with anti-social behaviour (42%)
- Overall quality of the home (41%)
- Neighbourhood as a place to live (36%)
- Keeping tenants informed (30%)
- Taking residents' views into account (27%)
- Value for money for the rent (26%)

We have also used the results of other customer feedback and mystery shopping to assess our priorities. A quarterly learning report is considered by the senior management team and then disseminated to our staff. From this we gain specific issues that need action as well as analysis of themes that inform our priorities.

⁴ Tenant satisfaction survey using 'Status' methodology which enables direct comparison with other housing providers.

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

Wider partnerships

We will continue to develop effective partnership arrangements during 2010-13, 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.

These partnerships include:

1. Lewisham council –
 - Anti-Social Behaviour Action Team (ASBAT)
 - Community Occupational Therapy Team (aids and adaptations service)
 - Housing Options Centre
 - The Community Wardens
 - Housing Benefit service
 - Local Strategic Partnership
 - Social Landlords Crime and Nuisance Group
- 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 (LAMP)
 - CAB
 - Victim Support
- 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 ALMO's Customer Care group
 - London Area Procurement Network (LAPN).

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 3 Council Members, 5 independent members, 5 tenants and 2 leaseholders. Details of Board members are listed in Appendix three.

The Sub-Committees

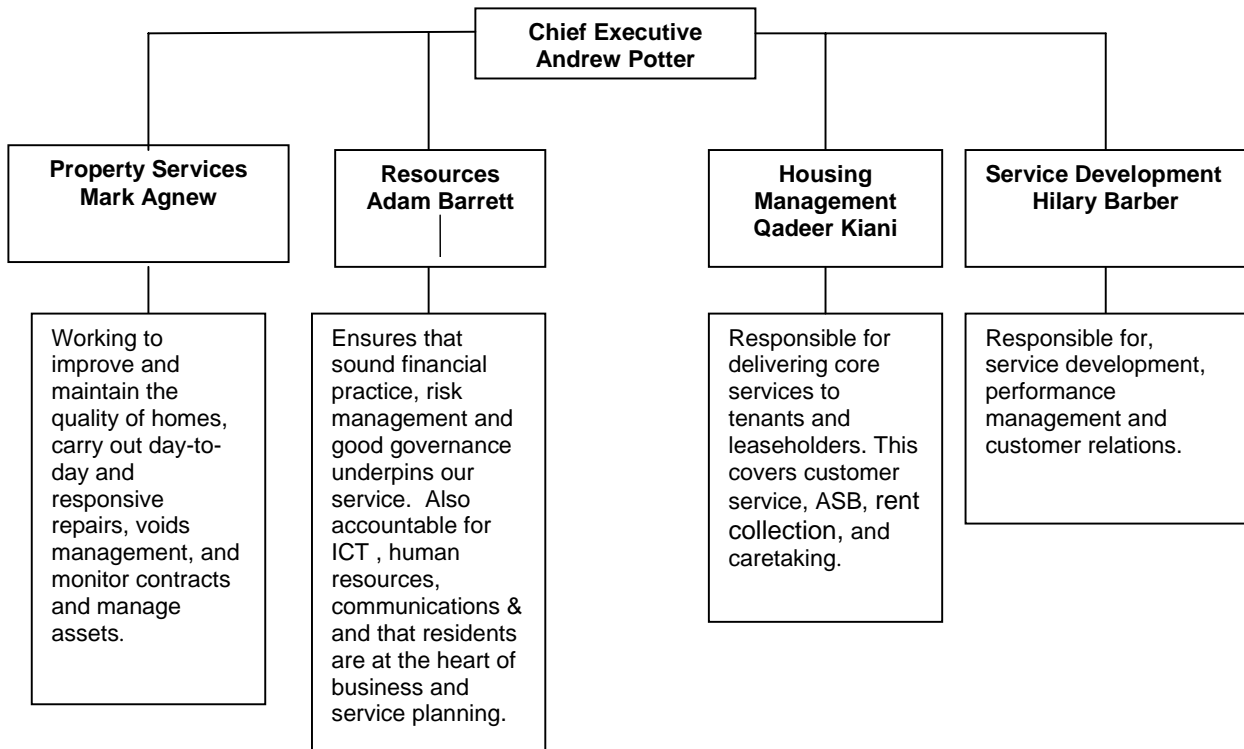
There are three sub-committees set up to consider things in more detail and exercise further scrutiny:

- 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:



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

- We will work in partnership with the Council, and monitoring by the Council is undertaken in a spirit of partnership.
- The Board and Senior Management Team are responsible for delivering and achieving our strategic objectives and for developing appropriate performance measures.
- 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.
- Our Performance Management Framework will build on the Council's current and future planned performance management framework.
- There will be 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 indicates how well a service is performing against its strategic aims and objectives. Performance monitoring is essential to ensure that we are focused on key priorities and service improvement.

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;
- 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 monitors performance every two months and the Senior Management Team every month;
 - A suite of performance management information reports have been developed and are available to all managers in an accessible format;
 - There are additional scrutiny arrangements for areas of weak performance – a six-weekly performance panel comprised of Board members, and executive scrutiny panels to examine areas of weak performance;
 - 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 regularly;
 - 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;
 - We have defined who is responsible for achieving performance targets and by when, included outcomes and have set SMART targets;
 - We have rolled out lower level plans to cascade down strategic objectives into individual work plans;
 - We have a service review programme which challenges delivery of the service and whether it is value for money, and identifies improvements required. 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.

3. Key performance indicators, standards and targets:
 - We have a set of key performance indicators (KPIs) for our Board and senior management team;
 - We have established targets for these KPIs (see appendix two), which are reviewed annually. Targets are set based on historic performance and benchmarking data. Delivery plan indicators are negotiated 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 Councils policy;
 - Dedicated staff responsible for data quality and performance reporting.
5. Data analysis:
- Responsibility for performance remains with operational managers who are best placed to explain why targets have been exceeded or missed.
 - However, this is supported by a dedicated central team which provides specialist knowledge and an aspect of objectivity and scrutiny.
6. Customer feedback
- We carry out an annual tenant satisfaction survey and a biennial leaseholder survey (jointly with other London ALMOs);
 - Service specific surveys include responsive repairs, estate services, new tenants, anti-social behaviour, income service, complaints and major works.
7. Contractors
- Clear performance standards that reflect residents priorities are agreed;
 - Clienting arrangements are strong and performance management focussed;
 - Our contract management arrangements include regular contract meetings where performance is discussed;
 - Contract management arrangements are conducted in the spirit of partnership.
8. Benchmarking
- We are active members of National Federation of ALMO's (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 SMT and the Board include comparative data;
 - We participate in the Housemark benchmarking clubs for voids, ASB and estate services; the HQN Rent income excellence network (RIEN); and the Checkmate club for repairs. We are also planning to use the Housemark complaints benchmarking. This helps us to compare performance and also to use 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:

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

How we identify and manage risks

We are working to make managers and staff aware of risks so they can be successfully identified, assessed and addressed. 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 (assessed as high, medium or low), which gives an overall risk rating. The register identifies an 'owner' for each of the potential risks who is responsible for managing that risk. Actions that can mitigate or prevent the risk from materialising are also identified, and appropriate resources are committed to manage the risk. Targets are set for the risk and progress in managing the risk are tracked and monitored.

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 inform 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 changes to funding arrangements that result in resources not being available to fund the Decent Homes repairs backlog;
- Project risks specifically in key improvement projects in repairs for the repairs scheduling system and the operatives pay review;

Our people

We employ nearly 500 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 below⁵:

Directorate	Office Staff	Caretaking or trade	Total
Housing	119	96	215
Resources	63	0	63
Property Services	105	87	192
Service Development	13	0	13
Total	301	183	484

The profile has changed significantly following the transfer of the repairs service from the Council – for example, there are now 67% of staff who are male compared to 57% before the transfer. The current profile of our staff is as follows:

- 67% are male and 33% are female;
- 41% are from Black and Minority Ethnic groups;
- 50% are over 45, 79% are over 35 and 3% are under 25 years old;
- 8% are disabled.

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 will be the keystone in the development of the organisation's Human Resources strategy, policies and procedures. It will identify our 'Values', determined through consultation with managers, staff and residents. These 'Values' will define the organisation and staff 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

⁵ Number of staff working for Lewisham Homes at 30/11/09.

responsible for what, and 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 Organisation 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.

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 learning from it.

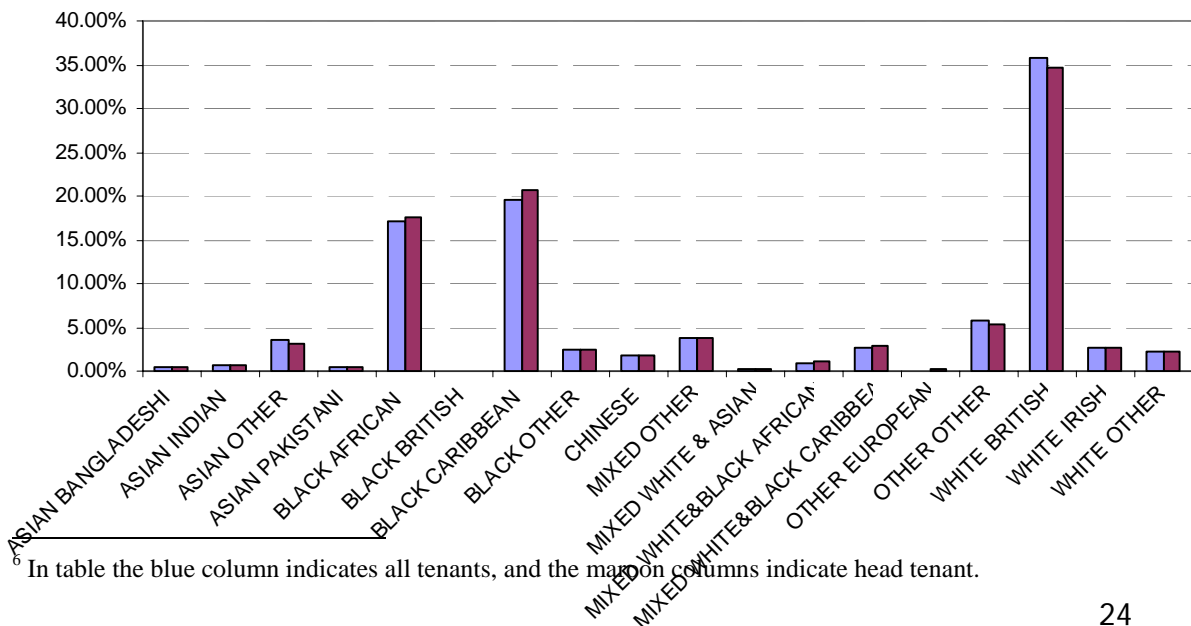
Customer profile

To improve customer insight, we are working to improve the quantity and quality of data held for all equality strands, including faith and sexuality. We are already using existing 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% (see table below for more detail⁶);
- 29% of residents with a disability or long term illness;
- 16% over the age of 65 and 6% under 25;
- 56% are female.

Resident Profiling by Ethnicity - Core Stock



In table the blue column indicates all tenants, and the maroon columns indicate head tenant.

63% of our tenants are receiving Housing Benefit. 21% of our tenants don't 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'.

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;
- Provide clear and timely feedback on how residents have influenced Services.

To deliver these aims we have:

- Developed a database to capture all the details of our involved residents, include how and what they want to be involved in, their preferred method of contact. We can now report on the profile of our involved residents and the impact their involvement is having.
- Rolled out our equality and diversity training for residents, in particular Resident Associations, to encourage and support equality amongst residents.
- Undertaken extensive consultation with identified hard to engage or underrepresented groups. The aim of this was to better understand how they want to be involved, barriers to involvement and how we can remove those barriers. From this we have produced a Hard to Reach Engagement plan to be delivered through 2010/2011.
- Delivered a successful annual Open Day with over 1,000 residents and community groups in attendance, with a focus on engaging on underrepresented communities.
- Improved our Resident Inspectors programme and increased numbers of residents involved.
- Set up a Resident Reading Group.
- Developed a strong partnership with Working Links to provide support for single parents on benefits to get back into work. This includes Discovery events to increase confidence of residents and drop in surgeries at our Holbeach Office.

We will continue to develop and use established consultation mechanisms such as our Area Panels, Resident Associations and Service Improvement Groups.

Communications

Ensuring all our stakeholders, particularly staff and residents, are effectively informed is a key aspect of our Communication Strategy. We communicate with residents in a range

of ways and are constantly working with residents to improve the content and how our communications are delivered. 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 and surveys;
- Wide ranging, from our resident magazine to newsletters, leaflets, posters, website, DVDs, texting and eflyers;
- In plain English and we avoid using jargon.

Staff need timely and clear information for them to work effectively. 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.

Equality and Diversity strategy

The current strategy contains six objectives, which are being delivered as follows:

1. Ensuring that everyone has equal access to our services:
 - Resident profiling – this provides insight about who our residents are and enables us to assess and monitor access to services, as well as plan service delivery. We are improving the quantity and quality of data held for each equality strand;
 - Resident involvement - a database has been developed which enables us to monitor residents who are involved and consulted. The hard to reach plan includes targeting 2-3 groups a year from 2010/11. We are also developing a youth engagement plan for early next financial year. Equalities training has been provided for involved residents;
 - Programme of Equality Impact Assessments (EIAs) – 19 services covered in 2008. These have also been carried out where there has been a change in staffing or service delivery since 2008, and this will continue going forward;
 - Completion of works to reception areas based on Disability Discrimination Act (DDA) requirements, following an independent audit.
 - Interpretation services are available and information is offered to residents in a variety of languages and formats, including large print, Braille, DVD (for sign up); and ten members of staff are trained in British Sign Language.

2. Delivering services that are relevant, responsive and sensitive:
 - Support to victims of domestic violence and racial harassment – improved publicity, including leaflets and by targeting women's groups, particularly hard to reach and ethnic minority groups. There are two officers within the Anti-social Behaviour Team who are specialists in dealing with domestic violence and hate crime cases to ensure access and consistency of support. There is also regular attendance at MARAC (the Multi-Agency Risk Assessment Conference), which includes a wide range of partners, including the Council, Police, drug and alcohol teams, and probation service.
 - Support for vulnerable tenants – clear policy and procedures for supporting vulnerable residents. We commissioned research engaging with vulnerable and hard to reach groups, using results to inform our approach. Floating support is offered where appropriate through the Council's contractor under Supporting People funding. A System to automatically alert staff to needs of vulnerable residents or residents is in place.
 - A review of lettable standards to include enhanced standard for tenants who are vulnerable or who have disabilities will form part of the Voids service review which is due to be completed in September 2010.

3. Ensuring that our contractors and consultants who carry out functions that range from major building works to auditing our financial records also share our vision and values and deliver to this strategy:
 - The procurement strategy, approved in September 2008, includes a commitment to ensure that all partners, contractors and suppliers deliver contracts in a way that is non-discriminatory and promotes equality of opportunity for staff, residents and businesses. A code of practice for contractors and suppliers also includes a requirement to not treat any group of customers less favourably; and to follow best practice and comply with all legislation in relation to equal opportunities.
 - Compliance with equalities requirements is a standard agenda item in monthly contract meetings.
4. Recruiting, developing and retaining the most talented people as well as valuing their varied skills and experiences:
 - Policies and procedures are in place to ensure equal opportunity in recruitment and management of staff, and access to learning and development opportunities. All person specifications include a commitment to implement our equal opportunity policies.
 - Data to enable equalities monitoring is captured for new staff, including temporary staff, and for the staff survey. Performance data is reported quarterly to senior managers, which includes the profile of staff and analysis for disciplinary and grievance actions by each equality strand.
 - The management development programme includes mentoring and coaching, and targets women and people from BME backgrounds. It is for middle managers with a view to developing them into potential senior managers.
5. Encouraging an honest and open culture which values the differences between us:
 - In June 2009 we formed an Equality and Diversity Challenge Group comprising of representatives from each directorate. The Group has considered issues relating to tenancy profiling, our approach to EIAs, the Single Equality Bill, monitoring sexuality, engaging hard to reach and marginalised groups and the responsibility of staff under the Disability Discrimination Act. The Group has received presentations from external organisations – including Stonewall (a campaign group for gay, lesbian and bi-sexual people).
 - Establishment of a staff forum for effective consultation and information provision, and to develop co-operation and trust. The terms of reference includes encouraging staff membership from the six equality strands.
 - Annual report to the Board on equalities monitoring and progress.
6. Recognising our important leadership role in promoting and encouraging tolerance, fairness and equality:
 - Board members have received equalities training and there is a nominated Board Champion for diversity.

- There is a strategy to encourage application for Board membership from diverse groups.
- Equalities training is now compulsory for all staff. A programme has been rolled out to staff and managers. Senior managers received training focusing on leadership of equalities issues.
- We promote Equality and Diversity activities to all staff, through the challenge group, team meetings and e-flyer.

We are currently reviewing our Equality and Diversity Strategy which is due to be launched by June 2010. We are also working to meet the requirements of the Social Housing Equality Framework, which will be peer reviewed by our partner ALMO, Homes for Islington.

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 an investment standard that enables homes to achieve the decent homes target, achieve affordable warmth and HECA targets, are sustainable, meet identified needs, and contribute to community development.

The strategy will be regularly reviewed to ensure the objectives are still relevant and meet both Council and national priorities.

Current Stock Composition

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

Table 1 - Stock archetypes

Archetype	Number
A - Pre 1945 Small Terraced Houses	92
B - Pre 1945 Semi Detached Houses	57
C - All other pre 1945 Houses	605
D - 1945-64 Small Terraced Houses	7
E - 1945-64 Large Terraced Semi & Detached Houses	38
F - 1965-74 Houses	196
G - Post 1974 Houses	889
H - Non Traditional Houses	68
I - Pre 1945 Low Rise Flats	609
J - Post 1944 Low Rise Flats	755
K - Medium Rise Flats	7,309
L - High Rise Flats	2,416
M - Bungalows	31
Total	13,072

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

In addition, Lewisham Homes manages around 4,400 properties on an interim basis. This includes the properties previously managed by Dunlop Haywards that are proposed for transfer to London & Quadrant Housing Association (approximately 3,600). These properties are not included in Lewisham Homes' asset management plans.

The stock condition survey undertaken in 2008 identified that only 43% of the permanent managed stock reached the Decent Homes Standard. Without significant investment the position is continuing to deteriorate. The capital funding currently available from the London Borough of Lewisham is averaging around £10m a year, and is insufficient to make a significant improvement in the overall condition of the properties.

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 has been developed through various forums including the overarching decent homes standard and residents' wishes. This will be considered by our Board in May 2010.

The building cost model was submitted to the Homes and Community Agency, setting out requirements for funding to meet the Lewisham Standard. An indicative allocation of £153.8 million has been confirmed.

Decent Homes procurement

In April 2009 we started the planning and procurement of the programme of work that will deliver compliance with the Decent Homes Standard. Residents have been recruited to sit on the Project Team and the Project Board. In addition Lewisham Homes has set up a Major Works Improvement Group which enables residents to influence the development of the programme without the need for them to make a heavy time commitment.

Currently this is scheduled to commence in November 2010 subject to the availability of funding. Strategic consultants and solicitors have been appointed. As funding will not be available till the financial year 2011/12, the programme will be procured in a way that will allow flexibility for both value of work and the time period over which the work will be carried out.

Value for money

Delivering value for money is one of our core objectives. Understanding residents' priorities and giving them the opportunity to make informed decisions is at the heart of our value for money strategy. Our approach is based on Audit Commission guidance on value for money and includes the following:

- **Inputs (Economy)** - we participate in the Housemark benchmarking process. The financial information from the first full year of operation (2008/9) has been used to benchmark against other organisations.

- **Outputs (Efficiency)** – some of our performance indicators are directly comparable with other organisations. Local indicators cannot be compared with others can allow progress to be tracked over time.
- **Effectiveness** – A range of measures are used to assess the effectiveness of our services:
 - 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 to assess priorities for service delivery and improvement through:

- Resident business planning - this process helped residents to prioritise service improvements and develop a plan. It picked up 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 identify particular service concerns and allow residents to negotiate with staff about how services should be improved.
- Mystery shopping and resident inspections - this provides direct quality control 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 incorporated into our business plan. The financial plan sets out high level financial goals that ensure both the company and HRA budgets are balanced. It forms the basis for working with the Council to reprioritise resources in line with residents' priorities.

High level principles approved in the 2008/9 financial strategy centred around reducing management costs and increasing investment in maintaining assets. This has largely been achieved as we go into 2010/11, with £6m being reprioritised from management costs to increased repairs investment. The key outstanding objective in the financial strategy is securing additional capital investment in the stock.

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 effectively test the market and robustly client our contracts, making sure 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 other organisations. In addition we use more detailed benchmarking in key 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, £3.3m of efficiency savings have been delivered for the company budgets. A further £1.8m of savings have been agreed as part of the budget strategy with an additional £1m of savings agreed in the Repairs Trading Account. The financial strategy for the years 2011/12 to 2013/14 includes further planned efficiencies of £2.9m – 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	Agreed
2011/12	6.5%	£1.3m	Planned
2012/13	4.0%	£0.8m	Planned
2013/14	4.0%	£0.8m	Planned

Efficiencies will be delivered through:

- Reductions in support service costs to control the balance of central support and front line service costs;
- Service reviews which include an assessment of value for money;
- Procurement decisions including the annual review of service level agreements with the Council;
- Process reviews such as the management of stores which will be used to reduce cost and increase quality;
- The 10% smarter staff suggestion scheme will be promoted in 2010/11 with consideration being given to staff rewards for the best ideas;
- Resident suggestions from improvement groups, service reviews and the Resident Business Plan will be used to ensure resources are not wasted.

Efficiency Targets

The key cost elements of managing the service at present are:

- Employees
- Operational Costs
- Service Level Agreements
- Repairs and Maintenance (Charged to the HRA)

Our proposed efficiencies over the next three years are set out in the tables below:

	2009/10	Inflation	investment	Efficiency savings	2010/2011
Employee	13,217,000	-32,000	323,000	-758,000	12,750,000
operational	4,426,500	121,000	237,000	-61,000	4,723,500
SLAs	3,406,500	0	573,000	-982,000	2,997,500
Total	21,050,000	89,000	1,133,000	-1,801,000	20,471,000
2010/2011 fee reduction %		-2.75%			
2010/2011 Savings as % of fee		-8.56%			

	2010/11	Inflation	investment	Efficiency savings	2011/12
Employee	12,750,000	291,000	0	-1,013,000	12,028,000
operational	4,723,500	71,000	205,000	-189,000	4,810,500
SLAs	2,997,500	45,000	0	-120,000	2,922,500
Total	20,471,000	407,000	205,000	-1,322,000	19,761,000
2011/2012 fee reduction %		-3.47%			
2011/2012 Savings as % of fee		-6.46%			

	2011/12	Inflation	investment	Efficiency savings	2012/13
Employee	12,028,000	341,000	0	-481,000	11,888,000
operational	4,810,500	96,000	198,000	-192,000	4,912,500
SLAs	2,922,500	58,000	0	-117,000	2,863,500
Total	19,761,000	495,000	198,000	-790,000	19,664,000
2012/2013 fee reduction %		-0.49%			
2012/2013 Savings as % of fee		-4.00%			

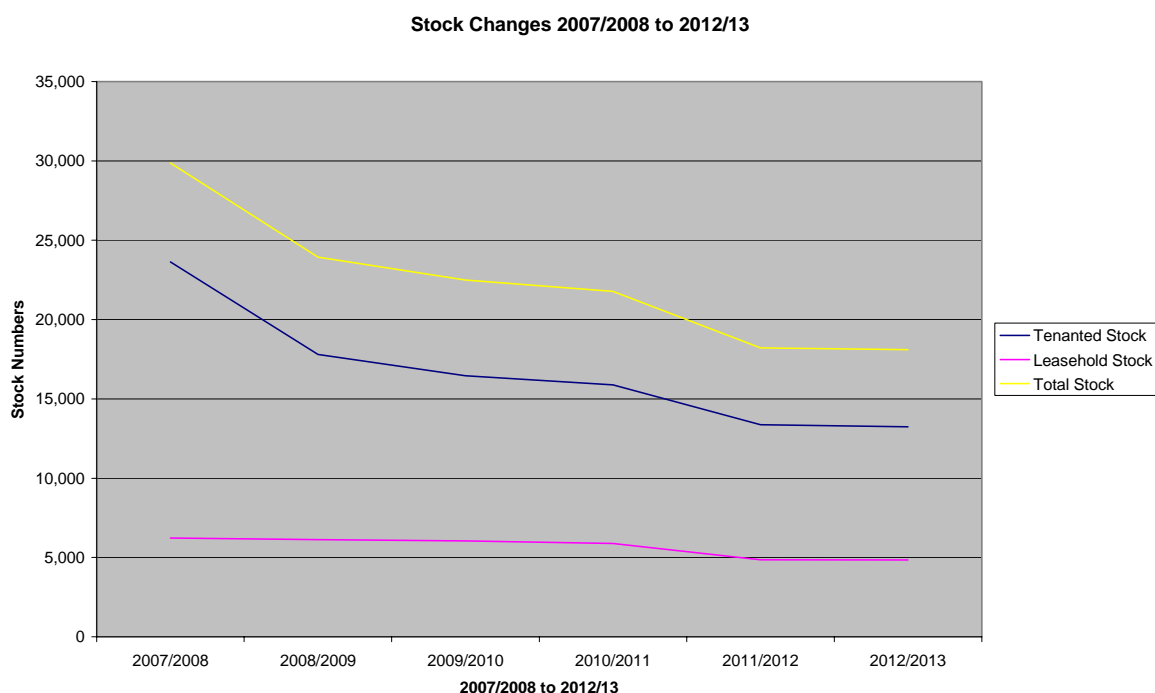
Gross efficiency savings of 8.6% have been agreed for 2010/11. This is the last year of major resource reprioritisation which has allowed for an additional £6m (or £413 per property) to be spent on maintenance. This represents an increase of 43% compared to 2007/8.

In 2011/12 planned efficiency savings are 6.5%. These will be achieved through downsizing the organisation as a result of a partial stock transfer to housing association, assuming a positive resident ballot in favour of transfer. Support costs will be reduced to ensure that the balance between support costs and front line costs is maintained at an appropriate level.

By 2012/13 all major resource reprioritisation will be complete. Efficiencies of 4% are planned in line with the Council's overall efficiency savings target. Of the 4%, it is planned that 1% is reinvested in the business to fund potential new service priorities or a refocusing of priority objectives. A key element of the budget strategy discussions with the Council will be ensuring that in future years efficiency savings are reinvested in the business, or invested in additional capital investment in the housing stock.

Our resources

Stock numbers are forecast to reduce in 2010/11 as a result of the transfer of properties to London and Quadrant Housing Trust, assuming a positive tenant ballot. Further reductions in managed stock will result from 'Right to Buy' sales, although in the current economic environment these are forecast as minimal and will not impact significantly on overall stock numbers. The predicted reduction in stock numbers is illustrated in the graph below.



Income and expenditure

We are funded from the Council's Housing Revenue Account (HRA). Forecasts of HRA resource and expenditure levels over the next three years are set out in the table below. Income is forecast to drop in 2010/11 as a result of assumed stock transfers and to be broadly stable following that. The HRA is forecast to be financially stable following several years of significant reductions in income and expenditure as a result of the programme of stock transfers.

Repairs and maintenance expenditure per unit is forecast to increase to subsidy maintenance levels as a result of the successful reprioritisation of resources which has seen management costs reduce and repairs and maintenance budgets rise.

Category	2009/10 Budget	2010/11 Budget	2011/12 Budget	2012/13 Budget
Income				
Dwelling Rents	-70,178,000	-64,151,000	-61,339,000	-65,327,000
Subsidy	-5,420,000	-5,259,000	-1,838,000	1,608,000
Other Income	-16,353,000	-15,064,000	-14,503,000	-14,516,000
Income Total	-91,951,000	-84,474,000	-77,680,000	-78,235,000

Expenditure				
Repairs & Maintenance	21,057,000	20,186,000	19,086,000	19,302,000
Support & Other Personnel Costs	4,262,000	3,846,000	3,742,000	3,824,000
Almo Fee	21,050,000	20,471,000	19,556,000	19,265,000
Housing Needs	731,000	602,000	586,000	574,000
Housing Strategy	589,000	489,000	496,000	506,000
Miscellaneous Expenditure	7,589,000	5,726,000	4,941,000	5,008,000
Other Management Costs	4,344,000	4,437,000	4,572,000	4,712,000
Debt Charges	31,529,000	27,917,000	25,518,000	25,446,000
Bad Debt provision	800,000	800,000	800,000	800,000
Expenditure Total	91,951,000	84,474,000	79,297,000	79,437,000
Grand Total	0	0	1,617,000	1,202,000
Stock numbers	17,919	16,371	15,051	14,985
Expenditure Per Unit	5,131	5,617	6,109	6,136

Capital

The Council's capital programme is under considerable pressure as a result of the current economic downturn and reduction in capital receipts. Key Council schemes are being funded by the Major Repairs Allowance (MRA) as an interim measure. Funding for 2010/11 onwards has been secured in line with the MRA allocated to the Council by the government. The table below sets out the estimates for MRA over the next three years.

Capital Resources	
Year	MRA (£m)
20010/11	12.8
2011/12	11.9
2012/13	11.9
Total	36.6

Management Fee

The management fee is reducing over the next three years, which is consistent with the reduction in management costs. The fee level set at 2011/12 is sufficient to provide an effective housing management service for 13,400 tenanted and 5,000 leasehold properties.

Budget forecast

The table below sets out forecast budgets over the next three years.

	2009/2010	2010/2011	2011/2012	2012/2013
	£	£	£	£
Staffing	13,217,000	12,750,000	12,028,000	11,888,000
Operational	4,426,500	4,723,500	4,810,500	4,912,500
SLAs	3,406,500	2,997,500	2,922,500	2,863,500
Total	21,050,000	20,471,000	19,761,000	19,664,000