

# Lewisham Homes Board Meeting

Thursday 26th November 2009

6.30pm – 8.30pm

Holbeach House, Catford, SE6 4TW

**Members of the Lewisham Homes Board and Lewisham Homes officers are requested to attend this meeting**

## Lewisham Homes Board

### Members

Julia Cotton (Chair)

David Gannicott (Vice-Chair)

Alan Barker

Chief May Agbakoba

Danielle Heath

John Paschoud

Lawrence Britton

Marion Nisbet

Mel Couldwell

Nick Joslyn

Ron Stockbridge

Ruth Oshikanlu

Sarah Smith

Terry James

Tim Fallon

## Lewisham Homes Officers

Andrew Potter – Chief Executive

Mark Agnew – Director of Property Services

Adam Barrett – Director of Resources

Hilary Barber – Head of Service Development

Qadeer Kiani – Head of Income

Mike Sims – Head of Governance

Nicola Clarke – Head of Governance

## London Borough of Lewisham

Janet Senior – Exec Director for Resources

Lesley Seary - Exec Director for Customer Services

Between 5.30pm-6.30pm Board members can meet the Chief Executive and Head of Governance to discuss reports in advance of the meeting. If you would like to attend, please contact Nicola Clarke.

### For more information please contact:

Nicola Clarke

Governance Manager

Lewisham Homes

Holbeach House, 9 Holbeach Road, Catford, London, SE6 4TW

E:[nicola.clarke@lewishamhomes.org.uk](mailto:nicola.clarke@lewishamhomes.org.uk)

# LEWISHAM HOMES BOARD MEETING AGENDA

**Thursday 26<sup>th</sup> November 2009, starting at 6.30pm  
Holbeach House, 9 Holbeach Road, SE6 4TW**

## Part A - Open items

	Item	Page	Report type	
<b>1</b>	Election of Chair and Vice Chair	verbal	Decision	<b>Mike Sims</b>
<b>2</b>	Welcome and introductions	verbal	Information	<b>Chair</b>
<b>3</b>	Questions from members of the public	verbal	Decision	<b>Chair</b>
<b>4</b>	Apologies for absence	verbal	Information	<b>Chair</b>
<b>5</b>	Declaration of interests	verbal	Information	<b>Chair</b>
<b>6</b>	Minutes of last meeting 29 <sup>th</sup> September & matters arising 2009	4	Decision	<b>Chair</b>
<b>7</b>	Chairs Actions	verbal	Decision	<b>Chair</b>
<b>8</b>	Chief Executive Update	10	Information	<b>Andrew Potter</b>
<b>9</b>	Appointment of Board Members to Committees	14	Decision	<b>Mike Sims</b>
<b>10</b>	LHL Financial Monitoring Report	20	Decision	<b>Adam Barrett</b>
<b>11</b>	LHL Budget Strategy 2010/11	34	Decision	<b>Adam Barrett</b>
<b>12</b>	Business Plan 2009/10 and KPI Performance		Decision <hr style="width: 50%; margin: 0 auto;"/> <small>(late circulation)</small>	<b>Hilary Barber</b>
<b>13</b>	Financial Inclusion Strategy	45	Decision	<b>Qadeer Kiani</b>
<b>14</b>	Board Forward Plan	64	Decision	<b>Mike Sims</b>
<b>Part B - Information Items</b>				

<b>1</b>	Board Members Enquiries	67	Information	<b>Mike Sims</b>
<b>2</b>	Inspections of Landlord's Electrical Installations	70	Information	<b>Mark Agnew</b>
<b>3</b>	Capital Programme Update	73	Information	<b>Mark Agnew</b>
<b>4</b>	Stage 3 Complaints – Independent Adjudicators Report	83	Information	<b>Andrew Potter</b>
<b>Part B – Exempt Items</b>				
<b>1</b>	Exempt Minutes of Meeting 29 <sup>th</sup> September	96	Decision	<b>Chair</b>
<b>2</b>	Trinity Estate – Concrete Repairs Contract Award		Decision (late circulation)	<b>Mark Agnew</b>
<b>3</b>	Summary of October 2009 Away Day	98	Information	<b>Mike Sims</b>
<b>4</b>	Minutes of Audit Committee 1 <sup>st</sup> September 2009	104	Information	<b>Terry James</b>
<b>5</b>	Notes of Performance Panel 16 <sup>th</sup> September and 28 <sup>th</sup> October 2009	110	Information	<b>David Gannicott</b>

# LEWISHAM HOMES

## Minutes of the Lewisham Homes Board meeting

held on Tuesday 29<sup>th</sup> September 2009, Holbeach House, Catford

### **Present**

#### **Board**

Julia Cotton (Chair)  
David Gannicott (V. Chair)  
Alan Barker  
Chief May Agbakoba  
John Paschoud  
Lawrence Britton  
Marion Nisbet  
Mel Couldwell  
Nick Joslyn  
Ruth Oshikanlu  
Terry James  
Tim Fallon

### **Apologies**

#### **Board**

Margaret Renshaw

#### **Lewisham**

#### **Homes Officers**

#### **LBL**

Lesley Seary (Executive Director for  
Customer Services)

#### **Lewisham**

Andrew Potter (Chief Executive)

#### **Homes**

Adam Barrett (Director of Resources and Company Secretary)

#### **Officers**

Hilary Barber (Head of Service Development)

Mark Agnew (Director of Property Services)

Mark Leahy (Director of Housing)

Mike Sims (Head of Governance)

Nicola Clarke (Governance Manager)

#### **LBL**

Genevieve Macklin (Head of Strategic Housing)

Richard Hards (Senior Group Manager for Strategic Housing)

#### **In**

Danielle Heath (Proposed Resident Board Director)

#### **Attendance**

Sarah Smith (Proposed Independent Board Director)

John Culleton (Leaseholder)

	<b>PART A – BOARD MEETING</b>	<b>Action</b>
<b>1</b>	<b>Welcome and Introductions</b> The Chair opened the meeting at 6.40pm and welcomed everyone to the meeting.	
<b>2</b>	<b>Apologies for Absence</b> The Chair gave apologies for Margaret Renshaw (Director).	
<b>3</b>	<b>Declarations of Interest</b>	
<b>3.1</b>	None	
<b>4</b>	<b>Minutes of the meeting of 30 July 2009 and Matters Arising</b>  <b>Accuracy</b> None.  <b>Matters arising</b> None.  <b>Decision</b> The minutes were recorded as an accurate record of the meetings.	
<b>5</b>	<b>Chairs Actions and Questions from the Public</b>	
<b>5.1</b>	None	
<b>6</b>	<b>Chief Executive Update</b>	
<b>6.1</b>	The Chief Executive introduced an update report for information.	
<b>6.2</b>	Board noted the joint event on 17 <sup>th</sup> September with Homes for Islington Board and Peter Marsh, Chief Executive of the TSA, was a great success. Plans will be put in place to hold the event again at a future date if possible.	
<b>6.3</b>	Board noted that the revised Decent Homes Bid has been submitted to the Homes for Communities Agency, and will update Board with the outcome of any change with the current position.	<b>Chief Executive</b>
<b>6.4</b>	Board noted that the communal and electrical risers risk assessment had been completed, and that all high risk electrical works will now be progressed. Board requested that an update on whether Lewisham Homes was going to join the “safe as houses scheme” be reported at the next meeting.	<b>Chief Executive</b>
<b>6.5</b>	Board noted that an Equality and Diversity training session would be incorporated into its October away day.	

	<p><u>Decision</u> The report was noted.</p>	
<b>7</b>	<b>Major Works Procurement Project</b>	
<b>7.1</b>	The Director of Property Services introduced a report for decision updating Board on the progress regarding the Major Works Procurement Project (previously referred to as the Stock Investment Project) that will deliver compliance with the Decent Homes Standard.	
<b>7.2</b>	The Board noted a presentation from Richard Hand of Ridge and Partners updating them on the information to be included in the OJEU Contract Notice for contractors and current progress to date on the project.	
<b>7.3</b>	Board requested that the full risk register relating to the project is reported at its next meeting.	<b>Director of Property Services</b>
	<p><u>Decision</u> Board agreed:</p> <ul style="list-style-type: none"> <li>• To acknowledge the delays caused by the enforced period of consideration following the Ministers letter of 17<sup>th</sup> July advising round six ALMO's of revised funding timescales.</li> <li>• To combine recommendations 2.2 and 2.3 of the report to read "Board delegates to the Chief Executive and Company Secretary the authority to approve the Procurement Strategy and issuing of the notice" and report back to Board at its next meeting.</li> </ul>	<b>Director of Property Services</b>
<b>8</b>	<b>LHL Financial Monitoring Report and LHL Budget Strategy Update</b>	
<b>8.1</b>	The Director of Resources introduced a report for decision updating the Board on the July 2009 financial monitoring forecasts for the Lewisham Homes' company budgets, the repairs service trading account and the HRA managed budget.	
<b>8.2</b>	The Director of Resources reported that the total summary forecast position for the Company as a whole for 2009-10 is a surplus of £720K. This surplus is made up of £216K in the Repairs trading account and £504K in the Company's main account.	
<b>8.3</b>	Board noted that Lewisham Homes had transformed a repairs service previously making a £1.5m loss to one now showing a £216K profit. Board requested that the financial success of the Repairs Service be reported in a more digestible format at its next meeting and that the success of this projected should be made known to key stake holders.	<b>Director of Resources</b>
<b>8.4</b>	Board requested that the Value for Money report that was written for LBL regarding the new operative pay scheme be circulated to Board before its next meeting.	<b>Director of Resources</b>
	<p><u>Decision</u> Board agreed:</p>	

	<p>To note the position on the following:</p> <ul style="list-style-type: none"> <li>• Lewisham Homes Accounts.</li> <li>• The Repairs Service trading account.</li> <li>• The HRA Capital Programme.</li> <li>• The HRA Managed budgets.</li> </ul>	
<b>9</b>	<b>Business Plan 2008/09 and KPI Performance</b>	
<b>9.1</b>	The Head of Service Development introduced a report for decision setting out Lewisham Homes' key performance indicators (KPI's) and progress against target times for tasks in the Business Plan for 2009/10.	
<b>9.2</b>	Board noted that the areas of poor performance continue to be Voids and Income Collection, whilst areas of good performance are Gas Safety, Complaints and Compliments. The Board accepted assurances from the Chair of the Performance Panel that areas of poor performance continued to be heavily scrutinised at the Performance Panel meetings.	
<b>9.3</b>	Board requested that business plan task number 217 should read "Equality and Diversity training has been rolled out to managers in a learning package – staff have until the end of August to complete the training."	<b>Head of Service Development</b>
	<b>Decision</b> Board agreed to approve the proposed approach to rectify under performing areas.	
<b>10</b>	<b>Lewisham Homes Debt Management Policy</b>	
<b>10.1</b>	The Director of Resources introduced a report for decision setting out the draft debt management policy for Lewisham Homes.	
<b>10.2</b>	Board requested that a distinction between current debt and former debt be included in the final version of the policy.	<b>Director of Resources</b>
<b>10.3</b>	Board requested that a "jargon buster" be included in the final version of the policy.	<b>Director of Resources</b>
	<b>Decision</b> Board agreed to approve the debt management policy, subject to recommendations made.	
<b>11</b>	<b>Customer Care Strategy</b>	
<b>11.1</b>	The Head of Service Development introduced a report for decision setting out how the customer care strategy was developed and the key points of the strategy.	
<b>11.2</b>	Board requested that comparable standards on how the execution of the strategy will be implemented and monitored be included in the final policy.	<b>Head of Service Development</b>
	<b>Decision</b> Board agreed to approve the proposed approach to customer care as set	

	out in the Customer Care Strategy, subject to recommendations made.	
<b>12</b>	<b>Board Training and Development Programme 2009/10</b>	
<b>12.1</b>	The Head of Governance introduced a report for decision seeking guidance from Board on issues of the size of the budget required for its personal development programme and whether or not development should, in some way, be linked to the code of conduct or not in the future.	
<b>12.2</b>	Board requested that information relating to spend of other organisations on the Development of Board Directors be sought.	<b>Head of Governance</b>
	<b><u>Decision</u></b> Board agreed:	
	<ul style="list-style-type: none"> <li>• That the existing budget for personal development was broadly appropriate, and that it should be reviewed as part of the budget setting process for 2010/11 in light of benchmarking with similar organisations.</li> <li>• That the Chair authorises the proposed spend for the development programmes.</li> <li>• To defer whether a more explicit statement concerning development undertakings needed to be included within its Code of Conduct and consider when a new code of conduct is presented.</li> </ul>	<b>Director of Resources</b>
		<b>Head of Governance</b>
<b>13</b>	<b>Capital Programme Update</b>	
<b>13.1</b>	The Director of Property Services introduced a report for decision providing Board with an update on the current position of the Lewisham Homes capital programme 2009/10 and the status of the 2010/11 capital allocation.	
	<b><u>Decision</u></b> Board agreed:	
	<ul style="list-style-type: none"> <li>• To approve a bid to the Council for £750k of additional capital resources to fund high priority electrical rise renewals.</li> </ul> <p>To note the position on the following:</p> <ul style="list-style-type: none"> <li>• The expenditure to the end of July of £1.775m and the current forecast for the year of £13.170m against the total budget of £13.804m.</li> <li>• The re-profiled budgets for certain schemes, all of which are contained within the overall £13.8m budget.</li> <li>• That additional schemes approved by the Board in May 2009 will now be included in the programme to offset this shortfall. These include the concrete repairs at Trinity estate and some landlord's electrics.</li> <li>• The high risk schemes as set out in 4.2.7.</li> <li>• The current level of funding allocated to 2010/11.</li> </ul>	
<b>14</b>	<b>Forward Plan</b>	
<b>14.1</b>	Board noted that some of the agenda items currently on the November	<b>Head of</b>



Committee	<b>Lewisham Homes Board</b>	Item No.	<b>8</b>
Report Title	<b>Chief Executive's Update</b>		
Contributor	<b>Chief Executive – Andrew Potter</b>		
Class	<b>Information</b>	Date	<b>26<sup>th</sup> September 2009</b>

**1. Purpose of the Report**

Update Board Members.

**2. Recommendation**

Note the report.

**3. Report**

This report will be presented at each Board meeting to provide summary information to Board Members on current activities within the business.

**Governance, Strategy and Finance**

**4. Business Plan 2010/13**

This will be presented to the January 2010 Board and is completing its consultation period with stakeholders. Due to the level of uncertainty in 2010/11 it will need re-visiting in September 2010 when a more accurate overall direction can be agreed.

**5. Decent Homes Task Force and Funding Update**

The Government set-up a Decent Homes Task Force to look at all the Round 6 ALMOs that have not got two stars to see what support and funding options were available. We provided the Task Force with an update on our progress, however, since a number of ALMOs are seeking Judicial Review the Task Force has stopped. Lewisham is not part of the Judicial Review but is continuing to lobby the Government.

**6. Additional Board Meeting – February 2010.**

To ensure there is sufficient Board time to debate items we are considering planning an additional Board in February 2010. The date will be confirmed.

**7. Board Christmas Dinner**

There will be discussion on future options session followed by drinks in December. Board members are asked to identify their preferred date for this session, either 11<sup>th</sup> or 18<sup>th</sup> December so that arrangements can be made.

**8. National Tenant Voice**

Julia Cotton has made an application to join the National Tenant Voice which is a group that will act as a sounding Board for the government and represent

tenants issues. There was a high number of applicants and we are waiting to see the outcome.

## 9. Senior Management Team Update

Denise Hadfield has joined us as Interim Director of Housing while we advertise the post.

Qadeer Kiani has joined as Interim Head of Income and will report to the Chief Executive giving a dedicated focus on improving our income performance. Once performance improves it is anticipated the income service will revert back under the Director of Housing.

## 10. Capital Programme Funding 2010 – 2012

Lewisham Homes is currently in discussions with the Council with a view to ensuring that the capital budget allocations for 2010/11 and 2011/12 match the Major Repairs Allowances MRA that the Council receives for the Lewisham Homes managed stock.

	2010/11	2011/12	2012/13	Total
	£	£	£	£
MRA forecast allowances	12,356,000	11,570,000	11,570,000	35,496,000
LH capital budgets	8,300,000	8,000,000	0	16,300,000
<b>Shortfall</b>	<b>-4,056,000</b>	<b>-3,570,000</b>	<b>11,570,000</b>	<b>19,196,000</b>

This would result in an increase in budgets from the current budgeted levels of £8.3m in 2010/11 and £8m in 2011/12. No budgets have yet been allocated for 2012/13.

In addition there are shortfalls from previous years which Lewisham Homes estimates amount to £4.1m which would need to be addressed as part of the Council's commitment to match capital budgets with MRA allocations.

The Council is intending to revise its capital budget allocations as part of its annual budget setting process.

## Operational Updates

### 11. Inspection Update

The date of inspection has been confirmed as the fortnight beginning 21<sup>st</sup> June 2010.

We are currently undertaking our gap analysis and developing the project plan. In the run-up to inspection we have increased our capacity in a number of arrears to support performance improvement (income, Voids and Customer Services).

### 12. Repairs Service

Summary of the Improvement Programme progress.

- Revising of the schedule of rates and operative pay – staff consultation is in progress and we are expecting to have the new pay and rates operating by April 2010.

- Opti-time automatic scheduling system. This was due in September 2009, however, due to issues with one supplier the project has been delayed until late November.
- Electronic stores system is out to tender and on track to go live in December 09.
- VFM review on the fleet is being done in partnership with the Council by March 10.
- VFM Board Report will be presented at the January or February Board that will demonstrate how the Repairs Service is delivering value for money in line with the organisations VFM Strategy.

### **13. Decent Homes Procurement**

The Procurement of the Major Works Programme to deliver full compliance with the Decent Homes Standard is currently running behind schedule. However the delay is capable of being recovered for a start on site in November 2010.

The Section 20 Leaseholder Notice of Intention has been circulated to the Project Team for comment. We are consulting with the Council in advance of issuing the S20 Notice which will need to be sent to all 4,800 leaseholders.

The OJEU Contract Notice cannot be issued until the S20 Notice has expired. The Contract Notice is now expected to be posted in December.

### **14. Work Placement**

As part of the working partnerships with the Council, Lewisham Homes has secured six people to work in the work placement scheme.

### **15. Garage Project**

We have set-up a dedicated project to look at the garages we manage to update the data and to look a future options for the garages that will maximise income and identify investment or other uses in places of low demand or the garages are not financially viable.

### **16. New Phone System**

We are introducing an upgraded phone system and separating from the Councils system in January 2010. The system is the same technology as the call centre operating at Wearside.

### **17. One Customer Number and on-line Access**

We have introduced ONE number for customers to contact us on 20286134000 plus our freephone for repairs. We have also increased customer on-line access to view their accounts and update their personal information.

### **18. Text Rent Arrears Reminders**

We are introducing TEXT arrears reminders to customers as part of our drive to improve performance and service.

**19. Customer Survey (STATUS)**

We will be carrying out our customer survey in February 2010 and reporting the results in April 2010.

**20. Customer Excellence Assessment**

This assessment will be taking place in November 2009.

**21. Investors in People Assessment**

This will be taking place in early December 2009.

**22. ISO9001 – Gas Servicing**

This will be assessed in January 2009.

If you require any further information on this report please contact Andrew Potter on 0208 314 8969 or [andrew.potter@lewishamhomes.org.uk](mailto:andrew.potter@lewishamhomes.org.uk)

Meeting	<b>Lewisham Homes Board</b>	Item No.	<b>9</b>
Report Title	<b>Appointment of Board Members to Committees</b>		
Report Of	<b>Head of Governance – Mike Sims</b>		
Class	<b>Decision</b>	Date	<b>26<sup>th</sup> November 2009</b>

## **1. Purpose of the Report**

- 1.1 Agree membership of Committees.

## **2. Recommendations**

That Board:

- 2.1 Agrees its Committee membership for the cycle of meetings until November 2010.

## **3. Background of the Report**

- 3.1 At its meeting on 24<sup>th</sup> March 2009 Board agreed that it would continue with its current Committee Membership until the first ordinary meeting after the AGM namely the meeting on 26<sup>th</sup> November 2009. Board also agreed to extend the membership of Audit Committee from 5 members to 8.

## **4. Current Membership**

- 4.1 Current membership is attached at Appendix 1.
- 4.2 The memberships of Audit, Remuneration and Ethics Committee are currently fixed under standing orders as 8, 4 and 3 respectively. For Performance Panel there is no fixed number of members since this is not a formal permanent committee of the Board and its relevance will be reviewed post Audit Committee inspection.
- 4.3 The only Committee where places are reserved based on whether Board Directors are Residents, Councillors or Independents is Ethics Committee (1 of each) and the Chair of the Board should sit on this Committee as Chair of the Ethics Committee.

## **5. Dates of Meetings**

- 5.1 The likely frequency of meetings is included in Appendix 1. The proposed calendar for all meeting dates will be circulated for consultation in the New Year following the publication of the Council's timetable.

## **6. Terms of Reference**

- 6.1 The terms of reference for Committees is attached for information at Appendix 2.

## **7. Implications**

### 7.1 Legal Implications

7.1.1 None specific to this report.

### 7.2 Financial Implications

7.2.1 None specific to this report.

### 7.3 Value for Money Implications

7.3.1 None specific to this report.

### 7.4 Equality and Diversity Implications

7.4.1 The Board should consider development and learning opportunities for diverse groups in the community who may have previously been disadvantaged in similar circumstances in finalising its membership.

### 7.5 Consultation Implications

7.5.1 Board has previously not yet been consulted about Committee membership for the next year.

**If you require further information on this report please contact Mike Sims on [mike.sims@lewishamhomes.org.uk](mailto:mike.sims@lewishamhomes.org.uk)**

<b>Audit Committee</b>		
	<b>Meeting Dates 2009/10</b>	<b>Likely Meeting Dates 2010/11</b>
Terry James (Chair)		
Alan Barker	17/12/2009	May 2010
	10/03/2010	July 2010
Lawrence Britton		Sept 2010
Marion Nisbet		Nov 2010
Chief May Agbakoba		Jan 2011
<b>3 x vacancies</b>		March 2011

<b>Remuneration Committee</b>		
	<b>Meeting Dates 2009/10</b>	<b>Likely Meeting Dates 2010/11</b>
David Gannicott (Chair)	December 2009	2/3 Meetings Jan 10 – Mar 11
Julia Cotton		
Mel Couldwell		
Ruth Oshikanlu		

<b>Ethics Committee</b>		
	<b>Meeting Dates 2009/10</b>	<b>Likely Meeting Dates 2010/11</b>
Julia Cotton (Chair)		Meets only when required
John Paschoud		
Terry James		

<b>Performance Panel</b>		
	<b>Meeting Dates 2009/10</b>	<b>Likely Meeting Dates 2010/11</b>
David Gannicott	08/12/2009	Meets 6 weekly until inspection
Alan Barker	20/01/2010	
Lawrence Britton	03/03/2010	
Julia Cotton		

## 4.1 Membership of Committees and Working Groups

### Committees

#### 4.1.1 Remuneration Committee

(RC) comprises three Directors and a lead officer Head of HR.

#### 4.1.2 Audit Committee

(AC) comprises of five Directors and a lead officer Director of Resources.

#### 4.1.3 Ethics Committee

(EC) comprises three Directors and a lead officer Company Secretary.

### Working Groups

4.1.4 The Board will from time to time establish Working Groups to review the organisations functions, advise the Board and recommend to the Board any appropriate decisions. These Working Groups have no limit on membership numbers.

### Audit Committee

4.2.1 Appointment of the external auditors

4.2.2 To consider the annual accounts and make recommendations to full Board

4.2.3 Review the external auditors report and take action as necessary

4.2.4 Appointment of internal auditors

4.2.5 To review and consider the annual internal audit

4.2.6 To receive all internal audit reports and report to full board

**4.2.7** To ensure compliance with the Management Agreement as regards attempted and detected fraud.

**4.2.8** Implement and monitor hospitality policy

**4.2.9** Implement and monitor 'whistle blowing policy'

**4.2.10** Ensure there is an effective and consistent framework of,

- Financial Standing Orders
- Financial Regulations
- Contract Standing Orders
- Scheme of Delegation

and that these are regularly and comprehensively reviewed.

**4.2.11** Ensure that risk management issues are addressed; appropriate strategies are developed, and report to full Board.

**4.2.12** To review the value for money strategy and report to Board

### **Remuneration Committee**

**4.2.13 Review terms and conditions of employment for company staff**

To consider the appointment of specialist consultants to advise on the employment terms and conditions for Lewisham Homes staff in comparison with alternative providers of services provided by the company.

**4.2.14 Review options to incentivise staff**

To consider the appointment of specialist consultants to advise on options to reward staff, either in financial or non-financial terms, for improved performance and the achievement of corporate targets.

**4.2.15 Review remuneration of the Chief Executive and Service Directors**

To determine the level of remuneration and terms and conditions for the Chief Executive and Directors

## **Ethics Committee**

- 4.2.16** To advise the Board and the organisation on a Code of Conduct for Directors and to promote, develop and maintain high standards of conduct by Directors and Associate Directors of the organisation
- 4.2.17** To monitor and make recommendations to the Board and the organisation for updating the Code of Conduct as necessary but at least annually and for liaising with Chairs Agenda Planning Committee on organising training for Directors on ethical conduct.
- 4.2.18** To respond to national reviews and consultations on corporate governance and standards related issues.
- 4.2.19** To consider complaints and allegations made against Directors and take appropriate action provided that the Committee may not itself remove a Director from office but may make such a recommendation to the Board.
- 4.2.20** To consider any Director or Directors concerns that they have been unfairly or inequitably treated in relation to Board matters and which is not appropriately covered within the Code of Conduct
- 4.2.21** Recommend to the Board any amendments, additions or deletions of Lewisham Homes' Standing Orders.

Committee	<b>Lewisham Homes Board</b>	Item No	<b>10</b>
Report Title	<b>LHL Financial Monitoring Report</b>		
Report Of	<b>Director of Resources - Adam Barrett</b>		
Class	<b>Decision</b>	Date	<b>26th November 2009</b>

**1. Purpose of the Report**

- 1.1 This report updates the Board on the September 2009 financial monitoring forecasts for the Lewisham Homes' company budgets, the repairs service trading account and the Housing Revenue Account (HRA) managed budgets.

**2. Recommendation**

- 2.1 That Board notes the mid-year financial monitoring actual income and expenditure and forecasts for the year 2009/2010 for :

- Lewisham Homes' Accounts.
- The repairs service trading account
- The HRA Capital Programme
- HRA Managed Budgets

**3. Introduction**

- 3.1 This report sets out the financial monitoring forecasts for the month of September 2009/10. These forecasts are based on actual Income and Expenditure up to the end of September 2009.

- 3.2 The report is structured as follows:

**1. Summary monitoring statement – Lewisham Homes and Repair Service Trading Account**

**2. Summary monitoring statement – HRA Managed Budgets**

- Lewisham Homes Company Account
- Repairs Service Trading Account
- HRA Repairs and Maintenance (R&M)
- HRA Capital Programme
- HRA Managed Income and Utilities Budget

**Financial Monitoring**

- 3.3 Lewisham Homes' management agreement with the Council requires preparation of monitoring forecasts for HRA budgets managed by Lewisham Homes on behalf of the Council and for the Lewisham Homes Company Account including the Repairs Service trading account. Overall responsibility for the HRA strategy and balancing the HRA remains with the Council.

- 3.4 This report identifies any major forecast variations to the budgets for 2009/2010 and assesses their potential impact on the HRA and the Company's financial position.

3.5 The report uses the following colour coding:

- **Red** – High Risk – Significant Financial Impact
- **Amber** – Medium Risk – Moderate Financial Impact
- **Green** – Low Risk – Minor Financial Impact

The new forecast position has been derived after reviewing the half year activity levels, and also reflecting the impact of any unforeseen income and expenditure variations.

Projections for the rest of the year will be closely monitored in the coming months and any material variations to projections for the rest of the financial year that cannot be addressed by management action will be duly reported to the Board appropriately.

### 3.6 Table 1 - Summary Budgets and Forecast for 2009/2010 –Lewisham Homes and Repair Service Trading Account

	<b>Budgets 2009/2010</b>	<b>Revised Budgets 2009/2010</b>	<b>Forecast to March 2010</b>	<b>Variance – Forecast to Revised Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget	0	0	(743)	(743)
LHL Company				
Repairs Services Trading	(233)	(233)	(326)	(93)
<b>Totals</b>	<b>(233)</b>	<b>(233)</b>	<b>(1,069)</b>	<b>(836)</b>

( ) = Under-spend or Surplus

3.7 The total summary forecast position for the Company as a whole for 2009-2010 is a surplus of £1.069m. This surplus is made up of £326k in the Repairs trading account and £743k in the Company's main account.

### 3.8 Table 2 – Summary Budgets 2009/2010 – HRA Managed Budgets

	<b>Budgets 2009/2010</b>	<b>Revised Budgets 2009/2010</b>	<b>Forecast to March 2010</b>	<b>Variance – Forecast to Revised Budget</b>
<b>Description</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
HRA Managed – Repairs & Maintenance	20,700	21,405	21,405	0
HRA Managed – Capital Programme	13,690	13,804	12,554	(1,250)
HRA Managed – Income	(85,672)	(84,398)	(85,414)	(1,016)
HRA Managed – Utilities	2,834	3,055	3,860	805
HRA Utilities Reserve	0	0	(681)	(681)
<b>Total</b>	<b>(48,448)</b>	<b>(46,134)</b>	<b>(48,276)</b>	<b>(2,142)</b>

( ) = Under-spend or Surplus

- 3.9.1 The HRA managed budgets have been analysed in the above table. The main categories are - Repairs & Maintenance; Capital; Income & Utilities and the Utilities Reserve.
- 3.9.2 The R&M budgets are forecast to budget, by ensuring that any pressures are contained within existing budgets.
- 3.9.3 The Capital budget has been re-profiled to reflect changes in priorities, reduced costs as a result of tender prices being lower than forecast and some delays in schemes. This has resulted in a reduction in the forecast expenditure of £1.25m. These resources will be carried over into 2010/2011.
- 3.9.4 The two principle changes are a reduction in forecast ICT expenditure of £450k and the removal of the Decent Homes fee budget of £500k.
- 3.9.5 The key element in the ICT reduction is the removal of a provision of £300k for backscanning documents pending a review of the actual records that need to be retained.
- 3.9.6 The reduction in the Decent Homes fee budget is due to these costs being charged to the company account. The rationale for this change is that without any actual capital asset expenditure against which to set these charges it is difficult to justify them as capital charges. It is proposed to allocate the £500k released by these changes to resident priorities identified in the resident business plan and by the major works forum.
- 3.9.7 The Income budget is projected to under-spend by £1,016k. This net position is due to the extra major works income of £1.25m projected for 2009/2010. This is in respect of routine service charges and major works income invoiced and recovered from leaseholders. The utilities budgets are projected to overspend by £681k as a result of energy price increases. This will be covered by the drawdown from the utilities reserve.

#### 4. Lewisham Homes Company Accounts

- 4.1 The company is forecasting to return a surplus of £743k for 2009/2010.

**Table 3 – Lewisham Homes Company**

	<b>Budgets 2009-2010</b>	<b>Revised Budgets 2009-2010</b>	<b>Forecast 2009-2010</b>	<b>Variance to Revised Budgets 2009-2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Income	22,042	22,420	22,544	(123)
Employees	14,756	14,886	14,056	(830)
Operational Costs	3,581	3,588	4,000	412
SLAs	3,706	3,946	3,744	(203)
Total	0	0	(743)	(743)

( ) = Under-spend or Surplus

4.2 **Appendix A and B** provides information on the company financial position as at the end of September 2009 and projections to the end of the year, with an analysis of the main budget heads – Income, Employee costs, Operational costs and SLAs split across Directorates.

#### 4.3 **Income - Green**

4.3.1 The income forecast to the end of the year is estimated at £123k above the budget. This is made up of £107k rechargeable income due the company from the repairs service trading account. The balance of £16k is projected income from grants received by the resident involvement team, to contribute to the cost of resident events.

#### 4.4 **Employee Costs – Green**

4.4.1 .There is a projected net underspend of £830k on employee costs. The underspend is due to a number of factors including the release of the working balance which is not forecast to be required in 2009/10, vacancies which have not yet been recruited to and the budget policy that budgets at the top of grade and assumes that all staff are members of the pension scheme. These assumptions build a natural element of surplus into the budget model. In addition, proposals to deliver savings via TUPE transfer of staff rather than through redundancy mean that provisions made for notice periods will no longer be required.

#### 4.5 **Operational Costs – Amber**

4.5.1 Operational budgets have been forecast to over-spend by £412k. The Repair Service improvement project and some revenue funded ICT projects are the main reasons for the projected over-spend on the operational budgets. These projects are to be funded from the company 2008/2009 reserves and were not allocated specific budgets for 2009/2010.

4.5.2 Another area of expenditure contributing to the projected over-spend is the legal costs. This area is projected to over-spend by £86k primarily due to the recent clearance of a backlog of rent arrears cases requiring court hearings. The 2009/2010 legal budgets were based on limited historical data. These budgets will be reviewed at the end of the current financial year.

#### 4.6 **SLAs – Green**

4.6.1 The SLA budgets are expected to under-spend by £203k. This under-spend is derived mainly from ICT, Learning & Development and Commercial Properties SLAs.

### **5. Repair Service Trading Account – Green**

5.1 The Repair Service Trading account is forecasting a surplus of £326k for the 2009/2010 financial year. This is an increase of £93k on the budget position.

**Table 4 - Repair Service Trading Account**

	<b>Budget 2009/2010</b>	<b>Forecast 2009/2010</b>	<b>Variance to Budget</b>
	<b>£'000</b>	<b>£'000</b>	
<b>Income:</b>			
Response Repairs	(6,950)	(6,950)	0
Response Emergency -	(300)	(340)	(40)
Voids & Disrepair	(3,900)	(4,375)	(475)
<b>Repairs Income:</b>	<b>(11,150)</b>	<b>(11,665)</b>	<b>(515)</b>
Other Income:	(746)	(754)	(8)
<b>Total Repairs Income</b>	<b>(11,896)</b>	<b>(12,419)</b>	<b>(523)</b>
<b>Expenditure:</b>			
Internal Variable Costs	5,959	6,151	192
External Variable Costs	1,626	1,873	247
Fixed Costs	1933	2,153	220
Direct Service Overheads	825	710	(115)
SLAs – LBL	741	687	(54)
Support Recharges	579	519	(60)
<b>Total expenditure:</b>	<b>11,663</b>	<b>12,093</b>	<b>430</b>
<b>(Surplus)/Deficit</b>	<b>(233)</b>	<b>(326)</b>	<b>(93)</b>

() = Under-spend or Surplus

- 5.2 **Appendix C** provides detailed information on the current financial monitoring position of the trading account to the end of September 2009.
- 5.3 **Income – Amber**
- 5.3.1 Repair Services are forecast to generate extra Income of £515k. This is mainly from the following sources; out of hours repairs, fire damage, other insurance funded repairs and private sector leasing orders which are funded through the general fund and not the HRA.
- 5.3.2 The income projections also assume that the budgeted income from the HRA Repairs budget will be achieved. If this is not achieved then this will have a direct impact on the projected surplus for the service.
- 5.4 **Internal Variable Costs – Amber**
- 5.4.1 These consist of operative wages, materials costs and fleet charges. These costs are forecast to over-spend by £192k. This is because costs will increase as a direct result of the extra work that is expected to be carried out to generate the extra income.

## 5.5 External Variable Costs – Amber

5.5.1 This represents payments made to subcontractors for work carried out for the service. Subcontractors are engaged to carry out work of a specialist nature such as glazing and asbestos removal. They are also engaged to cover busy periods where the service has not got enough labour resources to meet work demands. The forecast extra income of £515k to be generated will result in an increase in the level of sub-contracting, this is projected to be £247k over budget.

## 5.6 Fixed Costs - Amber

5.6.1 This consists of employee costs and other overheads. Employee costs are forecast to over-spend by £220k. This is due to some key posts being covered on an interim basis at a cost higher than budget.

5.6.2 The Voids letting team has now been merged with the Voids contracting team, to encourage seamless working practices and hence assist in the improvement of void turnaround times. To aid this process an interim has been engaged to work closely with the Voids manager for the initial period to streamline processes.

Lastly, three extra administrative agency staff have also been engaged to assist the service during the transition period prior to the implementation of the Optitime work scheduling system.

The extra expenditure relating to the above two staffing issues are the main reasons for the projected over-spend on employee costs.

## 5.7 SLAs - Green

5.7.1 SLAs are fixed charges agreed with the Council principally for the use of the depot, insurance and ICT. These costs are forecast to under-spend by £54k. This savings has mainly been achieved by the cessation of the Switchboard SLA.

## 6. HRA Repairs& Maintenance Lewisham Homes Managed – Green

6.1 **Appendix D** is a detailed analysis of the year to date September 2009 financial monitoring position of the Repairs & Maintenance Budgets. The analysis is between Lewisham Homes and Budgets allocated to Hostels across the various work streams.

6.2 The HRA Repairs Budget is currently under-spending by - £585k. As expected the under-spend position has reduced from the last reported position of £794k in September. This trend is expected to carry on for the rest of the year.

6.3 Although the HRA Repairs budget is forecast to budget, there are signs of pressures within the Voids budget. This is mainly because of the recent activity tackling sub-letting. This activity has resulted in an increase in the weekly average number of voids.

6.4 Further analysis will be carried out and the void rate will be monitored over the next couple of months to establish whether the budgeted void rate needs to be changed. The results of this exercise will be reported to the board in January 2010.

6.5 The response repairs budget is currently under-spending. If this trend continues, then any pressures within the Voids budget is expected to be covered by the under-spend in the response repairs budget. However if there is an increase in demand

for response repairs in the coming months, and the weekly voiding rate continues at the current rate, then the risk is a potential over-spend in the HRA R&M budgets.

**Table 5 – HRA Repairs Budget Monitoring**

	<b>Budgets 2009/2010</b>	<b>Revised Budgets 2009/2010</b>	<b>Forecast 2009/2010</b>	<b>Variance</b>
<b>Description</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cyclical works & external decorations	2,800	3,150	3,150	0
Voids	3,600	3,786	3,786	0
Planned schemes	600	600	410	(190)
Planned gas works	936	936	1,236	300
Planned M&E works	709	752	733	(19)
OAP decorations	50	50	50	0
Responsive repairs	7,275	7,320	7,245	(75)
Disrepair cases	400	450	510	60
Gas and boiler repairs	2,290	2,290	2,168	(122)
Lift repairs	200	200	325	125
Asbestos works	194	320	203	(117)
Fire assessments	115	190	113	(77)
Pest control	200	200	300	100
Other responsive M&E repairs	967	797	812	15
<b>Lewisham Homes Total</b>	<b>20,336</b>	<b>21,041</b>	<b>21,041</b>	<b>0</b>
<b>Hostels</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>-</b>
<b>R&amp;M Budgets Total</b>	<b>20,700</b>	<b>21,405</b>	<b>21,405</b>	<b>-</b>

() = Under-spend or Surplus

**7. HRA Capital Expenditure – (Lewisham Homes Managed) – Green**

7.1 The Capital budget monitoring report shows an actual spend to date position of

£3.4m. The 2009/2010 budgets of £13.8m is forecast to under-spend by £1.25m.

- 7.1.1 The reported under-spend of £1.25m as stated earlier in paragraph 3.9.3 is due to a re-profiling of budgets to reflect the changes in priorities and the decision to review the backscanning arrangements for Electronic Document Management Resources that are not utilised in 2009/10 will be carried forward and made available to fund the 2010/11 capital programme.
- 7.2 Find below a summary table analysed by scheme status. **Appendix E** provides a more detailed monitoring report which outlines the budget monitoring position by type of work, and split between schemes started before 2008-2009 and schemes started post this financial year. A separate Capital monitoring Board report will be presented to the board by the Director of Property Services.

**Table 6 - HRA Capital Budget Monitoring – Summary by Status of Projects**

Status of Schemes	Spend Year to Date - Sept 2009	Budget 2009/2010	Forecast 2009/2010	Variance to Budget
	£'000	£'000	£'000	£'000
Pre-contract	0	932	527	(405)
In contract	2,492	11,949	11,107	(842)
Practically complete	863	919	915	(4)
Closed	5	5	5	0
<b>Grand Total</b>	<b>3,360</b>	<b>13,805</b>	<b>12,554</b>	<b>(1,251)</b>

() = Under-spend or Surplus

## **8. HRA – (Lewisham Homes Managed) – Green**

### **8.1 Income - Green**

- 8.1.1 The revised income budget is forecast to exceed budget levels by £1m. This extra income is mainly derived from income from major works.

### **8.2 Utilities – Amber**

- 8.2.1 The utilities expenditure budgets have also been revised to £3.05m, with the forecast expenditure at £3.86m. Majority of this forecast over-spend is the energy budget. The projected over-spend in the energy budget is £681k, this will be covered by a drawdown from the Energy Reserves.

## **9. Implications**

### **9.1 Financial Implications**

- 9.1.1 Contained within the report.

## **9.2 Legal Implications**

- 9.2.1 The Board has a duty to ensure that Lewisham Homes can trade as a going concern and is able to meet its financial liabilities. The Board must ensure that its income in the form of the management fee is sufficient to meet the financial obligations it sets out in its budget.

## **9.3 Value for Money Implications**

- 9.3.1 None specific to this report.

## **9.4 Equality and Diversity Implications**

- 9.4.1 None specific to this report.

## **9.5 Consultation Implications**

- 9.5.1 None specific to this report.

**If you require any further information on this report please contact Adam Barrett on 020 8314 3405 or [adam.barrett@lewishamhomes.org.uk](mailto:adam.barrett@lewishamhomes.org.uk)**

## Lewisham Homes' Monthly Monitoring Statement 2009/10

September 2009

	2009/10 Original Budget	2009/10 YTD Budget	2009/10 YTD Actual	2009/10 Forecast	Variance Forecast to Budget	Variance % Budget
<b>Income</b>					Increase / (Decrease)	
Other Income	0	0	(2,659)	(2,659)	2,659	0.0%
Management Fees Income	(21,050,100)	(10,525,050)	(10,484,867)	(21,050,100)	0	0.0%
Rechargeable income	(1,331,110)	(665,555)	(359,341)	(1,438,497)	107,387	(8.1%)
External Income	(39,170)	(19,585)	(36,835)	(52,244)	13,074	(33.4%)
<b>Total Income</b>	<b>(22,420,380)</b>	<b>(11,210,190)</b>	<b>(10,883,702)</b>	<b>(22,543,500)</b>	<b>123,120</b>	<b>(0)</b>
<b>Expenditure</b>						
<i>Employee</i>						
Direct Payroll Cost	13,734,577	6,867,289	6,651,280	13,627,215	107,362	0.8%
Other Staff Cost	1,151,292	575,646	96,017	429,130	722,162	62.7%
<b>Total Employee Cost</b>	<b>14,885,869</b>	<b>7,442,935</b>	<b>6,747,297</b>	<b>14,056,345</b>	<b>829,524</b>	<b>5.6%</b>
<i>Operational</i>						
Depreciation	163,500	81,750	0	148,834	14,666	9.0%
Other Staff Costs	429,500	214,750	170,374	452,351	(22,851)	(5.3%)
Premises	102,500	51,250	43,112	108,686	(6,186)	(6.0%)
Supplies and Services	2,701,441	1,350,721	1,357,503	3,107,918	(406,477)	(15.0%)
Transport	165,600	82,800	68,127	156,928	8,672	5.2%
Residents Training	25,000	12,500	6,626	25,000	0	0.0%
<b>Total Operational Cost</b>	<b>3,587,541</b>	<b>1,793,771</b>	<b>1,645,741</b>	<b>3,999,717</b>	<b>(412,176)</b>	<b>(0)</b>
SLAs	3,946,970	1,973,485	1,482,799	3,743,555	203,415	5.2%
<b>Total expenditure</b>	<b>22,420,380</b>	<b>11,210,190</b>	<b>9,875,837</b>	<b>21,799,617</b>	<b>620,763</b>	<b>2.8%</b>
<b>Net operating surplus / (deficit) for year</b>	<b>0</b>	<b>0</b>	<b>(1,007,865)</b>	<b>(743,883)</b>	<b>743,883</b>	

## Appendix B

Budget Manager	(All)
Project Grp	(All)
Cost Centre	(All)
Account	(All)

## Subjective Analysis by Directorate for the month ended 30th September 200

Appendix B

Directorate	Budget Grp	Annual Budget	Profiled Budget	YTD Actual	Accrual / ADJUST	Total YTD	variance YTD	Forecast for rest of year	Total Forecast	Variance for year
<b>Chief Exce</b>										
	Employee	1,256,750	628,375	536,267	45,745	582,012	46,363	591,482	1,173,494	83,256
	Income	(127,370)	(63,685)			0	(63,685)	(127,370)	(127,370)	0
	Operational	189,220	94,610	75,025	(3,190)	71,835	22,775	157,757	229,592	(40,372)
<b>Chief Exce Total</b>		<b>1,318,600</b>	<b>659,300</b>	<b>611,292</b>	<b>42,555</b>	<b>653,847</b>	<b>5,453</b>	<b>621,869</b>	<b>1,275,716</b>	<b>42,884</b>
<b>Housing</b>										
	Employee	6,884,749	3,442,375	3,342,076	135,283	3,477,359	(34,985)	3,519,391	6,996,750	(112,001)
	Income	0	0	(12,674)		(12,674)	12,674	(400)	(13,074)	13,074
	Operational	478,420	239,210	487,549	(179,647)	307,902	(68,692)	213,744	521,646	(43,226)
	SLAs	141,500	70,750	8,205		8,205	62,545	128,920	137,125	4,375
<b>Housing Total</b>		<b>7,504,669</b>	<b>3,752,335</b>	<b>3,825,157</b>	<b>(44,364)</b>	<b>3,780,793</b>	<b>(28,458)</b>	<b>3,861,654</b>	<b>7,642,447</b>	<b>(137,778)</b>
<b>Property</b>										
	Employee	2,318,558	1,159,279	1,030,000	48,267	1,078,268	81,011	1,184,193	2,262,461	56,097
	Income	(453,070)	(226,535)	(117,351)	(84,990)	(202,341)	(24,194)	(287,116)	(489,457)	36,387
	Operational	513,043	256,522	38,262	15,869	54,130	202,391	342,252	396,383	116,660
	SLAs	1,736,250	868,125	427,673	112,240	539,913	328,212	1,094,003	1,633,916	102,334
<b>Property Total</b>		<b>4,114,781</b>	<b>2,057,391</b>	<b>1,378,584</b>	<b>91,386</b>	<b>1,469,970</b>	<b>587,421</b>	<b>2,333,333</b>	<b>3,803,303</b>	<b>311,478</b>
<b>Resources</b>										
	Employee	4,425,812	2,212,906	1,487,781	121,876	1,609,658	603,248	2,013,982	3,623,640	802,172
	Income	(21,839,940)	(10,919,970)	(10,668,687)	0	(10,668,687)	(251,283)	(11,244,912)	(21,913,599)	73,659
	Operational	2,406,858	1,203,429	896,692	315,183	1,211,874	(8,445)	1,640,223	2,852,097	(445,239)
	SLAs	2,069,220	1,034,610	961,931	(27,250)	934,681	99,929	1,037,833	1,972,514	96,706
<b>Resources Total</b>		<b>(12,938,050)</b>	<b>(6,469,025)</b>	<b>(7,322,283)</b>	<b>409,809</b>	<b>(6,912,474)</b>	<b>443,449</b>	<b>(6,552,874)</b>	<b>(13,465,348)</b>	<b>527,298</b>
<b>Grand Total</b>		<b>0</b>	<b>0</b>	<b>(1,507,251)</b>	<b>499,386</b>	<b>(1,007,865)</b>	<b>1,007,865</b>	<b>263,982</b>	<b>(743,883)</b>	<b>743,883</b>

Repair Service Trading Account Budget Monitoring - September 2009/2010  
Appendix C

	Actual	Budget YTD	Variance - Actual to	Budget	Forecast	Variance - Budget to
	YTD - Sept 2009/2010	Sept 2009/2010	Budget	2009/2010	2009/2010	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income:</b>						
Response Repairs & Int. Decs.	(2,951)	(3,475)	524	(6,950)	(6,950)	0
Response - Emergency	(177)	(150)	(27)	(300)	(340)	(40)
Voids & Disrepair	(2,206)	(1,950)	(256)	(3,900)	(4,375)	(475)
<b>Total Income:</b>	<b>(5,334)</b>	<b>(5,575)</b>	<b>241</b>	<b>(11,150)</b>	<b>(11,665)</b>	<b>(515)</b>
Recovery of Call Centre Cost and other Clienting Costs	(352)	(352)	0	(704)	(704)	0
Recovery of Wearside Lease	(25)	(21)	(4)	(42)	(50)	(8)
<b>Total Recoveries:</b>	<b>(377)</b>	<b>(373)</b>	<b>(4)</b>	<b>(746)</b>	<b>(754)</b>	<b>(8)</b>
<b>Total Income Including Recoveries</b>	<b>(5,711)</b>	<b>(5,948)</b>	<b>237</b>	<b>(11,896)</b>	<b>(12,419)</b>	<b>(523)</b>
<b>Expenditure:</b>						
Wages	1,781	1,971	190	3,941	4,078	137
Materials	626	738	112	1,475	1,568	93
Sub-Contracting Costs	854	828	(26)	1,656	1,873	217
Fleet	236	256	20	512	505	(7)
Salaries	1,045	967	(79)	1,933	2,153	220
Direct Service Overheads	359	413	54	826	710	(116)
SLAs & Recharges	603	660	57	1,320	1,206	(114)
<b>Total Expenditure</b>	<b>5,504</b>	<b>5,832</b>	<b>328</b>	<b>11,663</b>	<b>12,093</b>	<b>430</b>
<b>(Surplus)/Deficit</b>	<b>(207)</b>	<b>(117)</b>	<b>(91)</b>	<b>(233)</b>	<b>(326)</b>	<b>(93)</b>

Appendix D  
Repairs & Maintenance Monitoring - September 2009  
Appendix D

	Original Budget	Revised Budget	YTD spend actual	YTD budget	YTD underspend / (overspend)	Academy commitments	Forecast	Forecast Underspend / (overspend)
Lewisham Homes	20,335,722	21,040,722	8,136,404	10,520,361	2,383,957	1,780,234	21,040,815	(93)
Areas subject to stock transfer	0	0	0	0	0	0	0	0
Chrysalis	0	0	0	0	0	0	0	0
Hostels	364,278	364,278	131,560	182,139	50,579	69,057	365,010	(732)
	20,700,000	21,405,000	8,267,965	10,702,500	2,434,535	1,849,291	21,405,825	(825)

**Budgets managed by Lewisham Homes**

	Original Budget	Revised Budget	YTD spend actual	YTD budget	YTD underspend / (overspend)	Academy commitments	Forecast	Forecast Underspend / (overspend)
<b>Planned Schemes</b>								
Cyclical works & external decorativ	2,800,000	3,150,000	935,484	1,575,000	639,516	0	3,150,000	0
Voids	3,600,000	3,785,722	1,369,816	1,892,861	523,045	809,944	3,785,722	0
Planned schemes	600,000	600,000	403,649	300,000	(103,649)	40,474	410,000	190,000
Planned gas works	936,000	936,000	286,832	468,000	181,168	150	1,236,000	(300,000)
Planned M&E works	709,000	752,000	282,857	376,000	93,143	23,534	733,000	19,000
OAP decorations	50,000	50,000	8,319	25,000	16,681	2,753	50,000	0
	8,695,000	9,273,722	3,286,957	4,636,861	1,349,904	876,855	9,364,722	(91,000)
<b>Responsive</b>								
Responsive repairs	7,275,000	7,320,000	2,708,508	3,660,000	951,492	500,255	7,270,000	50,000
Disrepair cases	400,000	450,000	183,276	225,000	41,724	83,635	510,000	(60,000)
Gas and boiler repairs	2,290,000	2,290,000	1,294,280	1,145,000	(149,280)	74,439	2,168,000	122,000
Lift repairs	200,000	200,000	171,123	100,000	(71,123)	113,864	325,000	(125,000)
Asbestos works	194,000	320,000	5,057	160,000	154,943	6,004	203,000	117,000
Fire assessments	115,000	190,000	28,212	95,000	66,788	4,005	113,000	77,000
Pest control	200,000	200,000	184,558	100,000	(84,558)	3,331	300,011	(100,011)
Other responsive M&E repairs	966,722	797,000	299,840	398,500	98,660	117,847	812,489	(15,489)
	11,640,722	11,767,000	4,874,854	5,883,500	1,008,646	903,379	11,701,500	65,500
Total Expenditure	20,335,722	21,040,722	8,161,811	10,520,361	2,358,550	1,780,234	21,066,222	(25,500)
less Recoveries	0	0	(25,407)	0	25,407	0	(25,407)	25,407
Net Expenditure	20,335,722	21,040,722	8,136,404	10,520,361	2,383,957	1,780,234	21,040,815	(93)

## HRA Capital Monitoring Statement 2009/2010 - September 2009

## Appendix E

	Budget 2009/2010 g	YTD Actual 2009/2010 i	Accruals 2009/2010 j	YTD Actual and Accruals 2009/2010 o	Forecast 2009/2010	Variance
2007/2008 Schemes	660,325	356,275	0	356,275	660,325	0
<b>Total 2007/2008 Schemes</b>	<b>660,325</b>	<b>356,275</b>	<b>0</b>	<b>356,275</b>	<b>660,325</b>	<b>0</b>
<b>Lewisham Homes Programme - 2009/2010</b>						
Structural & Essential Works	2,615,313	635,710	0	635,710	2,592,171	(23,142)
Decent Homes	5,241,037	425,489	195,426	620,915	5,042,582	(198,455)
Mechanical & Electrical	3,160,555	1,594,878	(135,708)	1,459,170	3,177,934	17,379
Tenants Panel Package	385,274	20,826	300	21,126	392,552	7,278
ICT	490,600	0	58,800	58,800	272,000	(218,600)
Fees for future schemes	499,500	0	0	0	0	(499,500)
Caretaking	136,405	136,905	1	136,906	136,906	501
Salaries	280,000	0	0	0	280,000	0
Unallocated	335,498	0	0	0	0	(335,498)
<b>Total Lewisham Homes - 2009/2010</b>	<b>13,144,182</b>	<b>2,813,808</b>	<b>118,818</b>	<b>2,932,626</b>	<b>11,894,145</b>	<b>(1,250,037)</b>
<b>Total Schemes - 2009/2010</b>	<b>13,804,507</b>	<b>3,170,084</b>	<b>118,818</b>	<b>3,288,902</b>	<b>12,554,470</b>	<b>(1,250,037)</b>

Committee	<b>Lewisham Homes Board</b>		Item No	<b>11</b>
Report Title	<b>LHL Budget Strategy 2010-11</b>			
Contributor	<b>Director for Resources - Adam Barrett</b>			
Class	<b>Decision</b>	Date	<b>26<sup>th</sup> November 2009</b>	

## **1. Purpose of the Report**

- 1.1 This report updates the Board on the September 2009 financial monitoring forecasts for the Councils Housing Revenue Account (HRA), the capital programme and Lewisham Homes company account including the repairs service trading account.

## **2. Recommendation**

- 2.1 Approve the Lewisham Homes budget strategy.

## **3. Budget Strategy**

- 3.1 The Lewisham Homes Directors report for the year 2008/9 highlighted that significant progress had been made in ensuring that sufficient revenue resources were made available to support the provision of Lewisham Homes service obligations.
- 3.2 This progress has been made through the Council and Lewisham Homes working in partnership to ensure that management cost efficiencies were delivered in the HRA which allowed an increase in investment in Repairs and Maintenance.
- 3.3 These core principles will continue to form the basis of the financial and business planning strategy for 2010/11. The budget proposals and financial control totals set out in this budget strategy report are consistent with this approach.
- 3.4 The key area of financial concern for Lewisham Homes is the level of available capital resources. The current level of available capital resources are insufficient to address the backlog works required to the stock to bring the stock up to the governments decent homes standard.
- 3.5 The release of additional resources will be dependent on the achievement of a 2\* inspection rating in 2010 and the level of resources made available by the government as a result of a successful inspection. There will be significant pressures on government finances going forward in both the short and medium term.
- 3.6 Until there is greater certainty about the level of available resources and the policy options that may be available to access additional funds it is not possible to put forward detailed strategy proposals. Lewisham Homes must therefore continue to monitor economic and policy developments and be in a position to carry out a swift review of strategic options with the Council following its inspection in the summer of 2010.

#### **4. Housing Revenue Account (HRA)**

- 4.1 The Council retains responsibility for preparing the HRA budget strategy and managing the HRA account. The HRA sections of the Council's Financial Survey are included in Appendix A.
- 4.2 Lewisham Homes along with tenants are consulted on the Council's HRA strategy. The Board is asked to consider and comment on the draft response to the Council's HRA strategy as set out in Appendix. A summary of the key areas is set out in paragraphs 4.9 to 4.14 below.
- 4.3 The Housing subsidy settlement determines the level of resources available to fund the HRA. This sets out the principles around:
- rent rises
  - debt levels
  - management allowances
  - maintenance allowances
  - major repairs allowances
  - guideline rents payable to the Government
- 4.4 The draft settlement is expected at the end of October and the final settlement just before Christmas.
- 4.5 Since being created as an Arms Length Management Organisation (ALMO) in January 2007 Lewisham Homes has worked towards ensuring that the financial management of the HRA is carried out to support the core principles of value for money, transparency and fairness.
- 4.6 In delivering value for money Lewisham Homes has sought to reduce management costs and realign resources to investing in maintaining the stock. Lewisham Homes has also set up various resident involvement groups including a Major Works Group, a Repairs forum, a Leasehold Improvement Group and a Housing Management Improvement Group. In addition Lewisham Homes has worked with residents as part of this years budget planning process on developing a resident led business plan. By involving residents in setting service priorities Lewisham Homes ensures that it is targeting its resources at the right priorities which is a key first step in securing value for money.
- 4.7 Lewisham Homes will continue to focus on delivering cost savings to free up additional resources to fund priority areas. To do this Lewisham Homes will set challenging savings targets for the areas it is responsible for within the Lewisham Homes company account. Lewisham Homes will also seek to identify those areas in the wider HRA which could be subject to review in order to deliver efficiency savings.
- 4.8 In ensuring transparency and fairness Lewisham Homes will ensure that it can explain how the costs it charges for services have been calculated and will ensure that services are charged for fairly so that leaseholders and tenants receiving the same service will pay the same charge. A major review of service charges was carried out as part of last years budget process to ensure that service charges for leaseholders and tenants were calculated on the same basis.
- 4.9 The board is recommended to make the following proposals to the Council in response to the Council's HRA strategy.

### **Support Cost Savings**

- 4.10 The Communities & Local Government Department (CLG) has recently carried out a consultation exercise which sets out a series of criteria which should be met before charging costs to the HRA. In addition the Council will be seeking to make substantial cost savings from 2011/12 onwards as a result of the impact on public finances of the credit crunch. A combination of reviewing which services should be charged to the HRA and a reduction in the cost levels of those which are chargeable to the HRA should result in significant HRA savings.

### **Repairs and Maintenance and Capital budget Allocations**

- 4.11 Income from leasehold revenue repairs and major capital works is currently treated as income in the HRA. No additional allowance is made to the revenue repairs budgets or the capital budgets available to Lewisham Homes to invest in the stock. The effect of this is that the level of resources available to support repairs and investment in tenanted properties is less than the maintenance and MRA allowances allocated to Lewisham Council by the government. It is proposed that as part of the HRA budget strategy the repairs and maintenance budgets are calculated on the basis of passporting maintenance and MRA allowances plus an addition for any leasehold repairs and maintenance or capital income received.
- 4.12 Lewisham Homes are currently in discussions with the Council as to how to ensure that MRA allocations are passported to the capital programme. Lewisham homes is seeking to ensure that from 2010/11 MRA is pass ported to the capital budgets and that any backlog of under allocated MRA that has arisen since 2007/8 is reimbursed by 2013/14.

### **Pest Control**

- 4.12 Pest control expenditure is currently funded from within the R&M budgets. It is the view of Lewisham Homes officers that expenditure on pest control should be funded from outside of the repairs and maintenance allocation and that a separate budget for pest control should be established within the HRA.

### **Revenue Contribution to Capital**

- 4.13 The key resource shortfall in the HRA is currently the ability to fund investment in the stock. By ensuring that the maximum level of efficiency savings are made in the HRA it should be possible to generate an HRA surplus. These surplus resources could then be allocated to support investment in the capital programme.
- 4.14 A summary of the resource costs of the proposals is set out in the table below.

<b>Budget</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>Total</b>
Pest Control	300,000			300,000
Leasehold Major Works		3,000,000		3,000,000
Leasehold Minor Works	500,000			500,000
Revenue Contribution to Capital			1,193,000	1,193,000
<b>Total increased resources in asset investment</b>	<b>800,000</b>	<b>3,000,000</b>	<b>1,193,000</b>	<b>4,993,000</b>

## **5. HRA Capital Budgets**

- 5.1 Lewisham Homes is seeking to ensure that the level of capital budgets allocated are equivalent to the resource levels set out in the original Decent Homes bid made by the Council to the government. The bid assumed that all MRA and supported borrowing allowances available to the Council would be used to support the Decent Homes bid. The forecast resources for 2010/11 onwards are set out in the table below.

The table below sets out the current MRA budget allocation compared to the level of MRA allowances received for the stock that Lewisham Homes manages. Lewisham Homes is seeking to ensure as part of the budget process that budgets are set in line with the MRA allowances received.

	2010/11	2011/12	2012/13	Total
	£	£	£	£
MRA forecast allowances	12,356,000	11,570,000	11,570,000	35,496,000
LH capital budgets	8,300,000	8,000,000	0	16,300,000
<b>Shortfall</b>	<b>-4,056,000</b>	<b>-3,570,000</b>	<b>11,570,000</b>	<b>19,196,000</b>

- 5.2 Lewisham Homes is currently working with the Council to address the shortfall in the MRA allocation. It should be noted that the shortfall in 2012/13 is due to the rolling forward of the budget strategy and the fact that no initial budget allocation has yet been made for 2012/13. The funding gap that is being addressed is the £7.6m shortfall in allocations in 2010/11 and 2011/12.

Further discussions are taking place with the Council on the shortfall in funding for the years 2007/8 to 2009/10 with a view to agreeing the amount and timescale for reinvesting these resources in the stock.

## 6. Lewisham Homes Company Account

- 6.1 The business plan approved by the board in March 2009 contained budget proposals for the company for the next three years. It is not proposed to make any significant amendments to the budget proposals for the 2010/11 financial year.
- 6.2 The broad principles of the strategy approved by the board for the 2010/11 financial year and those currently proposed are set out in the table below.

Lewisham Homes Fee and Income 20010/2011	Lewisham Homes 2009/10 Business Plan £	Lewisham Homes proposed 2010/11 Fee £
Fee at 01/04/2009	21,035,100	21,050,000
<b>In year changes</b>		
Inflation	525,900	526,250
Pension Contribution	98,000	98,000
<b>Inflation and Pension Contribution</b>	<b>623,900</b>	<b>624,250</b>
Growth	352,000	0
Delay in savings as a result of Chrysalis transfer	0	417,000
<b>Total Growth</b>	<b>352,000</b>	<b>417,000</b>
<b>Savings</b>		
Efficiency savings (3%)	-500,000	-631,500
Additional savings (as agreed with LBL)	-700,000	-700,000
Savings from Chrysalis transfer	-1,000,000	-502,000
<b>Total savings</b>	<b>-2,200,000</b>	<b>-1,833,500</b>
<b>Budget Transfers</b>		
Repairs and maintenance funding of client position	0	-30,000
<b>Revised Fee</b>	<b>19,811,000</b>	<b>20,227,750</b>

- 6.3 The strategy approved by the board assumed a £1m saving in staff costs due to the TUPE transfer of staff in the Chrysalis area to the successful bidder for the stock. The strategy assumed £1m of savings in SLA costs and £200,000 of staff cost reduction through support cost savings.
- 6.4 The key variation in the fee requirement for 2010/11 is due to a delay in the forecast stock transfer date from the 1<sup>st</sup> of April 2010 to the 1<sup>st</sup> of September 2010. This has resulted in a reduction of forecast staff savings from £1m to £0.583m. The company will therefore require an additional £0.417m to fund the salaries of staff who will not transfer to the successful provider until September 2010.
- 6.5 Fee negotiations are currently taking place with the Council on the level of additional resources that will be made available to fund the delay in the transfer.
- 6.6 The other key element that may vary from the business plan assumptions is the level of inflation. This may be substantially lower than the business plan assumption of 2.5%. In the event of this being reflected in a lower pay settlement the Council is likely to seek a reduction in the level of fee increase to Lewisham Homes. As long as the inflation increase in the fee matches the pay award and the real level of inflation in Lewisham Homes operating and SLA costs then this will have no negative impact on the companies overall financial position.
- 6.7 The business plan model allows for £352,000 to fund additional expenditure in priority areas that will improve services to residents and further the organisations objectives of providing excellent services to its residents.
- 6.8 The revised business plan efficiency savings proposed for 2010/11 are set out in the table below.

	<b>2009/10</b>	<b>Inflation</b>	<b>Growth</b>	<b>Efficiency</b>	<b>2010/11</b>
Employee	13,232,000	428,800	352,000	-783,000	13,229,800
Operational	4,456,000	111,400		0	4,567,400
SLA's	3,362,000	84,050		-1,000,000	2,446,050
Total	21,050,000	624,250	352,000	-1,783,000	20,243,250
2010/11 Fee reduction		-3.83			
2010/11 Gross Savings		-8.47			

- 6.9 The only changes from the original business plan budget approved in March is a reduction in savings of £417,000 to reflect the delay in the Chrysalis transfer and an increase of £15,000 in the level of the management fee approved at the start of 2009/10.

## **7. Repairs Service Trading Account**

- 7.1 The Repairs trading account will be subject to substantial change in 2010/11. The strategy for delivering value for money in the repairs service has as key elements an ability to compare the cost of repairs charged to the HRA and an ability to demonstrate that these charges compare favourably with other London social housing providers.
- 7.2 To ensure that these objectives can be met Lewisham Homes is proposing the move to the National Housing Federation (NHF) version 6 schedule of rates. This

will ensure that the costs we charge for repairs can be compared more easily to those of other organisations.

- 7.3 Benchmarking analysis with other organisations indicates that by marking up the costs of the schedule by 8% Lewisham Homes would sit in the middle of the cost comparison group. This is forecast to result in a reduction in average repairs job cost in the HRA from £112 to £104.
- 7.4 Business modelling of the Repairs service has been undertaken which makes assumptions on the level of available income, this is consistent with the HRA budget model, the level of operative productivity and the level of fixed costs. The analysis of these factors indicates that there is a substantial savings requirement to allow the Repairs service to live within its available income.
- 7.5 The savings outlined in the following paragraphs will bring costs back in line with income and enable the Repairs service to operate within available resources.
- 7.6 The efficiency savings forecast to be generated within the HRA as a result of the £8 reduction in average job cost amount to £0.5m. These resources would be available to allocate to planned schemes such as external decorations.

#### Repairs Budget Proposals 2010/11

	Budget	Efficiency	Growth	Budget
	09/10			10/11
	£000's	£000's	£000's	£000's
<b>INCOME</b>				
Responsive Repairs	-6,950	-350	563	-6,737
Response Emergency	-300	0	0	-300
Voids & Disrepair	-3,900	0	216	-3,684
	-			
<b>REPAIRS INCOME</b>	<b>11,150</b>	<b>-350</b>	<b>779</b>	<b>-10,721</b>
<b>OTHER INCOME</b>	<b>-746</b>	<b>0</b>	<b>704</b>	<b>-42</b>
	-			
<b>TOTAL REPAIRS INCOME</b>	<b>11,896</b>	<b>-350</b>	<b>1,483</b>	<b>-10,763</b>
<b>EXPENDITURE</b>				
Internal Variable Costs	5,959	-409	338	5,888
External Variable Costs	1,626	-68	0	1,558
Fixed Costs	1,933	-108	19	1,844
Direct Service Overheads	825	-352	0	473
SLAs - LBL	741	-154	0	587
Support Recharges	579	-150	0	429
<b>TOTAL EXPENDITURE</b>	<b>11,663</b>	<b>-1,241</b>	<b>357</b>	<b>10,779</b>
<b>(SURPLUS)/DEFICIT</b>	<b>-233</b>	<b>-1,591</b>	<b>1,840</b>	<b>16</b>

#### Income

- 7.7 Income is forecast to reduce as a result of the transfer of stock in the Chrysalis area. Offset against this is an increase in income of £350,000 in respect of income for work carried out to the Council's hostel and Private Sector Leasing stock.

### **Internal Variable costs**

Internal variable costs consist of operatives wages, materials and fleet costs. There are savings in these costs attributable to a reduction in the Chrysalis stock. Cost increases are due to an increased workforce and fleet requirement due to a reduction in the overbooking inherent in the current pay scheme.

### **External Variable costs**

There is a reduction in sub-contracting costs as a result of the reduced prices negotiated as part of the recent tender exercise.

### **Fixed costs**

Savings in supervision and call centre costs are associated with a reduction in workload as a result of the Chrysalis transfer.

### **Overheads**

Savings in support service recharges are as a result of integrating services with core Lewisham Homes services.

Costs are reduced as a result of the outsourcing of the night call out call centre service.

As a result of these measures the trading account is broadly in balance showing a small deficit of £16,000. Further efficiencies will be required in 2011/12. This is due to a further reduction in income of approximately £600,000 due to the full year impact of the Chrysalis stock loss.

A key consideration for the 2011/12 budget and business plan will be how to generate additional income for the repairs service. Further cost cutting in the service will be difficult without threatening the services operational capacity and viability. Additional income generation would up to a point require only small increases to the fixed cost base. Relatively small increases in income will therefore generate significant increases in profitability. These surpluses are then available to reinvest in service delivery.

## **8. Residents Business Plan**

- 8.1 The 2010/11 financial year marks the first year in which Lewisham Homes has worked with its residents on a resident business plan. Resources amounting to £0.5m were identified which could be specifically earmarked to priorities arising out of the planning event. To the extent that priorities could be achieved with no additional cost or by reprioritising existing resources no limits were placed on residents proposals.
- 8.2 Four events have been held to date. An initial meeting in August attended by 60 residents many of whom had not been previously involved in any of the forums, focus groups and panels supported by Lewisham Homes. The residents identified key priorities for improvement that should form the focus of business planning.
- 8.3 The second event was a planning day involving a smaller group of residents who identified core priorities which Lewisham Homes staff were asked to bring forward business proposals to address.
- 8.4 The third day involved Lewisham Homes staff in presenting proposals to residents and discussion and negotiations sessions to ensure that these proposals were addressing the priorities residents had identified. Lewisham Homes staff were then asked to finalise these proposals and bring them back to the fourth day.

- 8.5 The fourth day involved residents fine tuning the proposals and evaluating the priorities which could be delivered within the business plan budget. A series of proposals amounting to £0.5m have been produced which will be presented to the board as part of the budgeting and business planning process for 2010/11. Residents are working on their own business plan report which it is proposed will be sent to every resident and a presentation to the board to highlight there proposals. A number of residents who were involved will be working with Lewisham Homes staff on how they can monitor the implementation of their business plan.
- 8.6 Ensuring that the resources available to Lewisham Homes within the company and the HRA are allocated in support of residents priorities is a key first step in ensuring the delivery of Value For Money (VFM).

## **9. Implications**

### **9.1 Financial Implications**

Contained within the report.

### **9.2 Legal Implications**

The Directors of the Company have a duty to ensure that Lewisham Homes trades as a going concern. This means that Directors must ensure that the financial forecasts for the company are reasonable and that they demonstrate that the company has the resources to meet its financial obligations to its creditors. Setting a balanced budget based on reasonable forecasts is a key element in a Director discharging this duty.

Directors of the company must also ensure that the resources available to the company are used to promote its objectives. The objectives of the company are set out in the memorandum and articles of association. These provide the company with broad powers to carry out activities in support of the provision of a housing service.

### **9.3 Value for Money Implications**

Contained within the report.

### **9.4 Equality and Diversity Implications**

None specific to the report.

### **9.5 Consultation Implications**

Contained within the report.

**If you require any further information on this report please contact Adam Barrett on 020 8314 3405 or [adam.barrett@lewishamhomes.org.uk](mailto:adam.barrett@lewishamhomes.org.uk)**

## 10. HOUSING REVENUE ACCOUNT

- 10.1 The Housing Revenue Account (HRA) is a statutory account which sets the Landlord costs and income for the housing stock. It is a ring-fenced account that cannot be run at a deficit.
- 10.2 The change in delivery of Lewisham's housing management service is almost complete following the stock options appraisal submitted in July 2005, which recommended a mixed approach to improving the stock to meet the Government's Decent Homes Strategy. The approach involves some stock transfers, a refurbishment through a Private Finance Initiative (PFI) and the establishment of an Arms Length Management Organisation (ALMO).
- 10.3 The completed and expected dates of the various stock transfers are set out in Table 6.

**Table 6 – Stock Transfer Timetable**

<b>Transfer</b>	<b>Actual / Anticipated Date of Transfer</b>	<b>Number of Tenanted Units in Transfer</b>
Lewisham Park	23 April 2007	161
Phoenix	3 December 2007	5,509
Grove Park	7 July 2008	1,090
Foreshore	4 August 2008	32
Orchard	26 January 2009	86
Lee	28 September 2009	474
Catford	July 2010	532
Rushey Green	July 2010	759
Forest Hill	July 2010	1122
Excalibur	September 2010	157

### **Housing Revenue Account Forecast**

- 10.4 These changes have placed considerable challenges both on the HRA and General Fund over the past few years particularly in relation to support costs. Therefore, the HRA position has been considered alongside the General Fund. Once the remaining stock transfers have taken place the HRA will have a smaller income both from rents and subsidy whilst the pressure to incur expenditure will still be considerable. The lower income base will reduce the ability to be flexible in incurring additional expenditure. Furthermore, there is an increasing need to make sure the various providers of services are carrying out the service to the right level, such as Repairs & Maintenance.

### **2010/11 and Future Years Forecast**

- 10.5 The HRA model is continually updated and refined, with changes agreed by all parties including Lewisham Homes and estimates on budgetary provision given to managers on a regular basis.
- 10.6 The current estimated cumulative deficit on the HRA for the period 2010/11 to 2014/15 is £2.461m. However, savings of £1.461m have already been identified for 2010/11 which would leave the 2010/11 HRA at a balanced account. If additional savings of £1m are found for 2011/12 onwards, the HRA will be able to maintain a balanced account into 2014/15.

- 10.7 The current forecasts assume no changes to the HRA subsidy regime. However, the Department for Communities & Local Government (DCLG) issued a consultation paper on 21 July 2009 on the review of Council Housing Finance, including abolishing the current Subsidy System, with any changes to be implemented by 2012/13, if primary legislation is required. The impact of any changes to the subsidy system will be assessed when full details are announced by the DCLG and forecasts updated accordingly. This assessment will include the impact on the General Fund, as well as the HRA.
- 10.8 Lewisham Homes have been fully informed of current forecasts and pressures, and have been provided with the latest HRA budget model. The Authority has carried out an assessment of the R&M budget requirement, forecast average stock numbers and subsidy receivable. The HRA strategy ensures that the R&M budget meets the subsidy level. The Council and Lewisham Homes have reached agreement on the resources allocated to Repairs & Maintenance and have put budgets in place to reflect this agreement.
- 10.9 In addition, it was agreed that there should be no automatic inflationary increase to Tenants and Leaseholders service charges, due to the nature of savings requirements impacting on management overheads which are recharged out as part of the service charges, and the need to realign budgets with actual income.
- 10.10 Management costs continue to be higher than allowances received through the subsidy system. Efficiency savings of 4% on Management costs have been factored into the 5 year forecasts.
- 10.11 The current HRA budget model assumes that savings will be achieved through reduced costs once stock has transferred out of the HRA. One of the major pressures which continues is to reduce the cost of support services provided to the HRA, via Direct HRA charges and through Lewisham Homes' fee. Whilst it is assumed that the HRA will be charged less for some support costs, this will have a direct impact on the General Fund if there cannot be a corresponding reduction in the actual costs of providing the support function.
- 10.12 Where stock is subject to a transfer out of Council control, the Council assumes that the new providers of the service will not choose to purchase services from the Council. Therefore there will continue to be a need to seek reductions in costs in providing support services. In addition to this, it is expected that support costs will be reduced as part of the process in achieving efficiencies in the HRA. The General Fund Budget Strategy allows for some of this impact
- 10.13 Lewisham Homes will also be reviewing its requirement for services from the Council over the next few months and this will add to the efficiencies required in the General Fund, particularly as they are likely to not require some of the services. Currently, Lewisham Homes' management fee includes £3.7m for services provided by the Council.
- 10.14 The 2010/11 financial year will be the 10<sup>th</sup> year of the Government's Rent Restructuring Programme. The Council is obliged to set rents progressively closer to a formula rent. Housing subsidy and rent rebate subsidy also reflect the movement to the formula rent. The average weekly rent is currently £76.79 and at the present time in the projections, it is estimated that rents will increase by 2.55% (£1.96 per week) to £78.75.
- 10.15 It should be noted that the forecast rent rises, are based on the assumption that the Government will not seek to increase the Guideline Rent in 2010/11 by 6.1%, as

announced as part of the 2009/10 determination (current official policy). This was announced when RPI inflation was high at 5%.

- 10.16 In March 2009, the Government announced their intention to reduce the 2009/10 Guideline increase to 3.1%, down from 6.2%. Local Authorities generally did reduce their rent rises accordingly, as did the Council.
- 10.17 The rent increase forecast for 2010/11 is based on the assumption that RPI inflation will be set to zero and Guideline Rent will increase by 3.3%, which is similar to the 2009/10 increase. This would equate to an actual rent rise in the region of 2.55%. Any deviation to these forecasts will either increase or reduce the forecast deficit accordingly.

### **Savings Proposals**

- 10.18 The HRA strategy seeks to balance the budget up to 2014/15. Officers have previously identified savings proposals of £1.461m which will go towards balancing the 2010/11 account.
- 10.19 Lewisham Homes have put forward a range of suggestions for savings which includes reductions in support costs, Environment Recharges and further reductions in Lewisham Homes management fee. These are currently being discussed with the Authority.
- 10.20 The savings proposals will be developed over the coming months and will be updated once agreements have been reached and the 2010/11 Subsidy allowances have been issued. The proposals for increases in rents and any increase in tenants service charges will need consultation with Tenants.
- 10.21 It should be noted that there is a potential impact of £1.247m in 2010/11 on the General Fund from the savings proposals outlined above. It is felt that whilst a realignment with HRA budgets due to the transfer of stock may be appropriate, it will not automatically enable a cost reduction programme in line with reduced budgets. Therefore, any shortfall will need to be borne by the General Fund. This is reflected in the General Fund Revenue Budget strategy.
- 10.22 An update of the HRA Strategy, savings proposals, proposed rent & service charge increases and comments from consultation with tenant representatives will be reported to Mayor & Cabinet in the Autumn. Mayor & Cabinet will make the final budget decisions in the new year.

### **Conclusion**

- 10.23 The HRA position is balanced for 2010/11. There is an estimated shortfall of £1m in 2011/12, thereafter no additional net savings are estimated to be required in the HRA for the period to March 2015. As the 4% pa efficiency savings requirements remains for the HRA over the period 2010/15, this does give scope for some re-cycling of resources to higher priority areas in 2010/12. Such proposals will be brought forward in the Autumn. However, given the Government's announcement on housing subsidy, no meaningful projections can be given beyond March 2012. Therefore, although not requiring any net savings at the moment, once the details of the Government's proposals are known this position will need to be thoroughly reviewed.

Meeting	<b>Lewisham Homes Board</b>	Item No.	<b>13</b>
Report Title	<b>Financial Inclusion Strategy</b>		
Report Of	<b>Head of Income – Qadeer Kiani</b>		
Class	<b>Decision</b>	Date	<b>26th November 2009</b>

## **1. Purpose of the Report**

- 1.1 This report sets out the draft financial inclusion strategy for Lewisham Homes.

## **2. Recommendations**

- 2.1 That Board approves the Financial Inclusion Strategy for Lewisham Homes.

## **3. Background of the Report**

- 3.1 The lack of a corporate approach to financial inclusion was identified as a weakness in the service review of income management carried out by the Housing Quality Network in May 2009.

## **4. Context**

- 4.1 This strategy sets out Lewisham Homes philosophy and ethos on supporting vulnerable residents who may be financially or socially excluded. It is the intention of this strategy to ensure that residents' incomes are maximised either through welfare benefit or worklessness initiatives.

- 4.2 The strategy is linked to Lewisham Homes debt management policy which sets out the organisation's corporate approach to income management.

- 4.3 Lewisham Homes will work through and with a number of third sector advice and support agencies to deliver this strategy. The list below is not exhaustive but includes the main agencies through which this strategy will be implemented:

- Lewisham Credit Union
- Refugee Agency,
- The 190 Centre,
- Age Concern Lewisham,
- Drug Intervention Programme (DIP)
- Lewisham Disability Coalition,
- Foundation 66
- Lewisham Multi Lingual Advice Service
- Lewisham Council Housing Benefit Service

- 4.4 Lewisham Homes will also work with and through the Department of Work for Pensions to deliver the objectives of this strategy.

## **5. Implications**

- 5.1 Legal Implications

5.1.1 There are no legal implications arising from this strategy. However, the implementation of this strategy will however provide residents with the additional or maximised income to avoid or reduce legal action taken by Lewisham Homes to recover outstanding debts.

## 5.2 Financial Implications

5.2.1 Investment in financial inclusion will enable Lewisham Homes to increase the levels of income available to residents through employment or maximised income levels. This is expected to ensure that residents have the financial advice and support to pay charges owed to the organisation

## 5.3 Value For Money Implications

5.3.1 Ensuring that income revenue streams are maximised through increased collection is a key value for money objective. The delivery of advice and welfare services will support the tenancy sustainment objectives of the organisation, thereby avoiding costly court action which results in additional financial and social costs.

## 5.4 Equality and Diversity Implications

5.4.1 The strategy outlines the groups that are more likely to be affected by issues of financial and thereby social exclusion from research carried out by the Joseph Rowntree Foundation and the Chartered Institute of Housing. This includes the elderly who are aged over 70, young householders, women who became single parents at an early age, asylum seekers, homeless persons and vulnerable persons with disabilities or learning needs. The financially excluded are most likely to have rent arrears.

5.4.2 From our own research 76% of tenants in the 16-19 age group were in arrears. The highest percentage of tenants in arrears are those of African or Caribbean or racially mixed backgrounds having over 60% tenants in arrears compared with 47% of all tenants.

## 5.5 Consultation Implications

5.5.1 Area Panels were consulted on this strategy in November. There were no comments made by the Panels.

**If you require further information on this report please contact Qadeer Kiani on 020 8314 9199 [quadeer.kiani@lewishamhomes.org.uk](mailto:quadeer.kiani@lewishamhomes.org.uk)**

# Lewisham Homes

## Financial Inclusion Strategy

DRAFT

**DRAFT V3.0**

**October 2009**

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**APPENDICES**

***Appendix A      Equality Impact Assessment***

## 1. Introduction

Lewisham Homes is an Arms Length Management Organisation (ALMO) which was set up by Lewisham Council on 22nd January 2007 as one of a number of investment vehicles to improve housing services and deliver the Decent Homes Standard (DHS) by 2012.

Lewisham Homes manages 12,000 social housing tenancies and 4,700 leasehold properties within the borough, as well as 5,000 social housing tenancies and 2,000 leasehold properties (which are being managed on an interim basis). We have applied for £145 million of additional funding resource to deliver the DHS to the properties we manage by 2012.

Our mission is ***"To deliver great housing services for thriving neighbourhoods."***

The initiatives in this document are aligned with our mission, and have the primary objective of improving performance and the quality of the income management service delivered to residents. In addition, they are aimed at enhancing our resident's skills and knowledge in order that financial exclusion can be reduced or eliminated in the areas where stock is managed by Lewisham Homes.

Our last mock inspection report - published in February 2009 - highlighted areas for improvement in the services we deliver to support vulnerable residents and improve income collection. This strategy, will, along with other corporate improvements we are implementing in our organization, is designed to enable us to achieve two stars.

Supporting our residents by providing them with the programmes, tools, services, and assistance to sustain their tenancies by overcoming issues of financial and social exclusion (and where absolutely necessary maximising their entitlement to welfare benefits), is for us a key part of this process.

This strategy will have a real impact on our residents' future financial viability, and hence our own revenue stream.

## 2. What is Financial Inclusion

Financial inclusion means access for individuals to affordable financial products and services. This also includes people having the skills knowledge and understanding to make best use of these products and services on offer.

Across the UK, there are significant numbers of financially excluded individuals who do not have access to the most basic financial products and services. These include bank accounts, insurance products, affordable credit and money advice.

Four million people now have to pay up to 40% more for their gas and electricity because they cannot, or do not feel able to, use bank accounts, and therefore have to use expensive pre-payment meters. These people also have great difficulty cashing cheques. Two thirds of those without bank accounts rely for credit on cheque traders, moneylenders and pawnbrokers, whose average rate of interest exceeds 200%.

The key aspects of financial inclusion include the following:-

- Very low numbers of tenants and residents with bank accounts
- Unavailability of access to free money advice
- Debt - including rent arrears
- Unwillingness or lack of funds to take out insurance policies
- Absence of savings or assets.
- Poor financial knowledge and understanding
- No assets
- Unaffordable credit - reliance on extortionate credit

### **3. Causes of Financial Exclusion**

Financial exclusion is the result of a raft of causes which include:

- Products that do not meet the needs of low income consumers
- High interest rates and charges
- Crime- residents who live in areas facing higher levels of antisocial behaviour or crime often pay higher levels of insurance premiums
- Poor or lack of information through residents not having knowledge about how or where to access appropriate financial services.
- Lack of confidence and a fear of approaching financial institutions because of concern at being refused products or services.
- Cultural barriers.
- Lack of marketing by financial institutions wishing not to attract people on low incomes as customers

### **4. Affected Groups and Implications**

Research by the Joseph Rowntree Foundation and the Chartered Institute of Housing shows that there are some groups who are more likely to be at risk of financial exclusion.

These are :

- Householders who have never had a secure job or who are in receipt of benefits (the largest group).
- Elderly people (aged over 70) who are part of a cash-only generation.

- Young householders who have not yet made use of financial services, but may do so in the future.
- Women who became single mothers at an early age.
- Some minority ethnic groups - particularly Pakistani and Bangladeshi households - make limited use of financial products due to language barriers, religious beliefs and lack of knowledge.
- Asylum seekers and refugees
- Homeless persons
- Vulnerable persons: those with disabilities or learning needs

Financial exclusion results in individuals incurring extra costs as day-to-day money management is often more difficult and expensive, making it harder to find a job (partly because employers need a bank account in which to pay wages). Families are unable to plan for their future and vulnerable groups are more likely to experience financial distress, hardship and poverty.

## 5. Government Objectives

The Government has three goals for increasing levels of financial inclusion in the UK:

- Everyone should be able to manage their money effectively and securely through having access to a bank account, and the confidence and capability to get the most from it.
- Everyone should be able to plan for the future with a reasonable degree of security.
- Everyone should have the information, support and confidence they need to prevent avoidable financial difficulty and to know where to turn if they find themselves in financial distress.<sup>1</sup>

Most of those who are financially excluded and in need of help are often the least likely to know how to ask for it. Lewisham Homes is in an instrumental position to identify those who need the relevant advice, experience and support to help them towards financial inclusion.

We have demonstrated our commitment to the financial inclusion agenda by raising awareness in the areas that we work in, and through the partnership working that has begun with third sector agencies working to support our most vulnerable clients.

## 6. Local Context

This strategy is informed by local information which takes account of our resident profile to enable Lewisham Homes to support financial inclusion, and the related income maximisation objectives of the organisation.

Lewisham is a diverse borough with Black and Minority Ethnic (BME) residents in the

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<sup>1</sup> Financial inclusion, The way Forward HM Treasury March 2007

borough representing 38.4% of the population. The ONS census of 2001 showed that Lewisham had a younger age structure than the national norm with an average age of 37.5 years. It is also a borough with a high level of relative poverty. Government data now ranks Lewisham as the 39th most deprived Local Authority in England based on the Government's indicators.

For December 2008, 3.8% of the working age population in Lewisham were claiming Job Seekers Allowance, compared to 3% overall for England. Lewisham also has a low economic activity rate, compared to the average for England.

It is estimated that the levels of unclaimed benefits and financial exclusion across Lewisham is high although the exact numbers are unknown.

## 7. Vulnerable Groups

Most of Lewisham Homes' tenants are at higher risk of financial exclusion purely because of their tenure type. From the results of our 2008 status survey the majority of tenants fall into the 'at risk' financially excluded groups.

In 2008 we carried out a tenant satisfaction survey which provides the profile of Lewisham Homes tenants. Of the residents surveyed the results showed that<sup>2</sup>

- 65% of residents live alone, with 21% comprising one parent families with children under 16.
- 53% of our households contain some one with a long-term illness, or disability which limits their daily activities or the work they can do.
- 39% of our tenants have held their tenancies for less than 5 years.

Our tenants have low incomes with nearly two thirds of status survey respondents earning less than £200 per week and 5% earning £500 or more per week, making it more challenging for some of our residents to afford their rents.

Within the borough, Lewisham has a higher than average percentage of the population who are benefit claimants and an average age of 37 years.

Additionally we have gained a greater understanding of the literacy levels both nationally and locally through research<sup>3</sup> which shows that :

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<sup>2</sup> Lewisham Homes Status Tenant Satisfaction Survey March 2009.

<sup>3</sup> National literacy trust website

- 16 % of people are functionally illiterate and can be described as having a reading age which is below that of an 11 year old.
- 14 % of Lewisham borough residents are functionally illiterate
- 29% of Lewisham Homes residents live in either New Cross or Evelyn; functional illiteracy rates for these wards are 23% and 28% respectively.

With this knowledge, we recognise the need to use innovative and creative ways to communicate with our residents so that messages about financial exclusion can be understood by all.

In May 2009 we commissioned a vulnerability consultation exercise with residents from major vulnerable groups<sup>4</sup>, through a series of stakeholder focus groups and interviews.

The results showed that:

- There is a high level of welfare benefit need amongst our vulnerable tenants. 75% of those sampled received housing benefit.
- Higher levels of younger people were in arrears

Status survey results would suggest that the majority of our tenants (59%) can be described as 'white' whilst 31% are from Afro Caribbean and other Black and Ethnic Minority groups (BME groups).

## **8. Rent Arrears**

Our rent arrear levels would suggest that financial difficulties and possible exclusion is affecting residents.

At the end of March 2009 we collected 99.2% of the rent due for 2008-09 for that year. However the arrears outstanding stood at £2.5 million. For the last 3 years Housing Benefit has contributed between 53% and 55% towards our rental income collection. compared with compared with most inner London boroughs where the contribution is around 60%.

Unresolved rent arrears issues can result in people losing their tenancies.

Through future surveys and tenancy profiling exercises, we will be including specific questions on financial exclusion and capability and use the results to inform future development of this strategy.

## **9. Where are we now ? - Our current financial inclusion activity**

Since Lewisham Homes was set up some progress been made towards the promotion of financial inclusion for our residents.

Some of the activities we are currently doing are outlined overleaf.

<p>Advice and support</p>	<p>We have formed alliances with a number of third sector advice and support agencies and have developed draft protocols which outline referral pathways.</p> <p>These include :</p> <p>Refugee Agency, The 190 Centre, Age Concern Lewisham, Drug Intervention Programme (DIP) and the Lewisham Disability Coalition, Foundation 66 and Lewisham Multi Lingual advice Service</p> <p>Formal protocols have also been set up with Lewisham Council Housing Benefit service.</p>
<p>Financial Services</p>	<p>We have partnered with Lewisham Credit Union to offer residents in loans for £500.00 to clear rent balances of £1,000 or less rent owed which is match funded by a payment of £100.00 by Lewisham Homes to offset loan interest payments.</p> <p>We offer a low cost home contents insurance scheme operated by Lewisham Council that allows tenants to pay insurance weekly with their rent.</p>
<p>Increasing financial awareness amongst residents</p>	<p>We have and will continue to run Friday Foyers aimed at promoting housing benefit take up in addition to other tenancy sustainment activities.</p> <p>Promoting budget management and planning skills at Lewisham Homes Open days held annually; 2008 and 2009.</p> <p>We have worked in association Lewisham Council's Housing Benefit Service to promote housing benefit take up</p>
<p>Encouraging effective money management</p>	<p>We have increased the number of direct debit payment dates.</p>
<p>Tackling worklessness</p>	<p>We have set up a number of initiatives to help tenants get back into work and improve their financial situation. This includes collaborating with Working Links to refer residents onto job skills training and placement programmes.</p> <p>We have obtained Future Jobs funding for 6 placements each lasting 6 months to support the creation of jobs for long term unemployed young people and others who face significant disadvantage in the labour market. The fund aims to create jobs primarily aimed at 18-24 year olds who have been out of work for nearly a year.</p> <p>We have successfully applied for Working Neighbourhood funding to deliver outreach work on estates to match people to job opportunities</p>

	and providers. This is a joint project with London & Quadrant and Family Mosaic Housing and this programme will run for 2 years until 2010.
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Whilst we have made good progress, we recognise that there are still gaps in the service.

From the advice we receive from other agencies, and through benchmarking our services against other organisations, we have identified where we need to be.

## 10. Our Strategic Objectives

We have set ourselves the following objectives to overcome financial exclusion for our residents:

### Committed Teams

We want financial inclusion work to be part of our day-to-day activities rather than it being viewed as a specialist area of work.

Our staff should be able to provide basic advice, sign-posting residents towards the appropriate advice and support - either provided internally, or to a specialist agency with whom we have developed working protocols.

We will achieve this objective by :-

- Launching this strategy
- Training our staff by running financial awareness training which will better equip them to provide basic advice and information about affordable credit services offered by the credit union.

We will know when this objective has been achieved through:

- The results of future planned surveys, and
- From regular analysis of the number of cases and outcomes of referrals to sign-posted agencies.

### Empowered Residents

People who are financially excluded, and in need of advice and information, often do not know where to go for advice and information. We will use all available methods to ensure that residents know about the free money advice that is available to them.

When people have a better understanding of the financial services and products available to them they are more likely to make informed choices.

We will achieve this objective by :

- Providing on our website more self-help tools, and more information about internal and external advice agencies that can assist our residents
- Delivering financial awareness events for our residents in conjunction with other agencies

We will know when this objective has been achieved as we will:

- Carry out surveys to assess the level of awareness of the services that we and external agencies provide. Over time, we would expect to see an increase in awareness.
- Measure the level of referrals to support agencies; we would expect this to increase as more residents become more aware of these services
- Measure the number of hits on the webpage about financial inclusion and advice and support.

### **Promoting Bank Accounts**

People who do not use, or who do not have a bank account, often experience greater difficulties managing their money which results in them paying more for goods and services, and more to access their money. They often have no alternative but to turn to costly non-mainstream financial providers, such as doorstep lenders.

Those without bank accounts are unable to pay their rent by Standing Order or Direct Debit - which is the most efficient method of collection for Lewisham Homes.

We want to provide more support to residents wishing to open bank accounts by:

- Providing more information about the different types of bank accounts on offer at sign up and on our website and through articles in our Homes magazine.

#### **We will know when this objective is being achieved once:**

- We are able to measure whether the proportion of tenants without a bank account is reducing (we will begin to measure this by collecting the information in future status surveys, as we do not have baseline information on the number of tenants with bank accounts.)
- In time we would expect a corresponding increase in the number of residents paying by direct debit

### **Working with Lewisham Credit Union**

Credit unions are co-operative financial institutions owned and controlled by the members who use their services. They are not-for-profit organisations and exist to provide a safe place for members to save their money, and to get loans and other financial services at reasonable rates.

The interest rates that credit unions charge are regulated by the Financial Services Authority (FSA). Their rates of interest are substantially lower than doorstep lenders' rates.

Credit unions provide affordable credit and accessible means of saving.

We will encourage the use of Lewisham Credit Union amongst our residents, and we will achieve this objective by:

- Promoting the credit union through the sign up process.

We will know when this objective is being achieved as Lewisham Crown Savers Credit Union will record all new memberships that are created as a result of Lewisham Homes promotional activities.

We will also measure the number of tenancies sustained through by the number of loans taken up to clear rent accounts of under £1,000.

### **Worklessness Initiatives**

Working with other agencies to deliver programmes designed to reduce unemployment, and increase employment skills for residents will reduce dependency on out-of-work benefits.

We will achieve this objective by:

- Submitting funding applications either independently or in collaboration with other social landlords to set up programmes to address unemployment amongst groups most likely to be affected by financial exclusion
- Setting up programmes offering literacy and job skills training combined with mentoring and coaching for residents
- Signposting residents to employment agencies such as working links to maximise their employment and training opportunities

**We will know when this objective is being achieved by :**

- Measuring and recording the numbers of participants from programmes run, and referrals made, who have successfully gained employment.

### **Maximising Benefit Take-Up**

We recognise that some groups of residents will be unable to participate fully in worklessness programmes either because they are not of working age or are sick or disabled, and therefore have to rely on benefits as their main source of income.

We will maximise welfare benefit entitlement for our residents by :

- Introducing a welfare benefit service advisory service

We will know when this objective is being achieved by:

- Measuring the level and types of welfare benefits claimed for tenants each year
- Measuring and increasing the level of welfare benefit overpayments successfully challenged for tenants on an annual basis

## **11. Partnership Working**

The overall success of this strategy is dependant on partnership working. The experience and specialist knowledge of partner agencies and organisations will enable us to deliver our goals.

We will be establishing protocols and agreements with organisations operating within Lewisham borough and will work with agencies, such as the Department of Work and Pensions, to deliver our objectives

## **12. Impact of the Strategy**

It is the intention of this strategy to have the following impact for residents :

- Debt and welfare benefit advice tailored to residents' needs
- Improved knowledge and understanding of financial products and services available
- Residents having increased confidence to use financial products and services
- The ability to maintain tenancies by prioritising rent payments and avoiding increased levels of debt
- The ability for affordable credit, reducing reliance on doorstep lenders and other forms of high cost credit

For the organisation, investment in financial inclusion initiatives is expected to deliver the following outcomes:

- A reduction in rent transaction costs due to an increase in the use of more efficient collection methods such as direct debit
- A reduction in court costs
- Increased levels of customer satisfaction
- An increase in the level of welfare benefits maximised for those most in need and unable to work.

## **13. Development of the Strategy**

This strategy has been developed with reference to:-

- Consultation with our customers regarding the income management service, in particular service standards;
- Audit Commission and TSA guidance and regulations, including the Key Lines of Enquiry (KLOEs);
- Lewisham Homes' strategies, policies and projects - notably the Customer Care and Vulnerability Strategy;

- The strategies and policies of partners, including the London Borough of Lewisham's Community Strategy;
- The findings and recommendations from the Audit Commission's indicative inspection of Lewisham Homes in November 2008.
- The findings and recommendations from the Service Review of Income Management carried out by HQN in 2009;
- Research into best practice, including discussions with other social landlords and membership of HQN's Rent Income Excellence Network;
- Examination of Audit Commission inspection reports;
- The review and updating of Lewisham Homes' income management procedures.

#### **14. Ownership and Responsibility**

The Director of Housing is responsible for the implementation of the Income Management Strategy. This responsibility includes the dissemination and promotion of the Strategy, monitoring compliance and co-ordinating regular review and revision.

Tackling financial exclusion is the shared responsibility of everyone at Lewisham Homes, and will require the involvement of not just specialist teams and officers from the income, community involvement and leasehold sections - but a range of operational activities.

This approach will "join-up" various parts of Lewisham Homes and external agencies so that the customer experience in this context is holistic.

#### **15. Distribution and access**

The Strategy will be reviewed and updated annually, and will be distributed and accessible as follows:

- Published on our website, and in summary form in our Newsletter;
- Sent to customers and stakeholders on request;
- Sent to partner agencies, and Government Offices;
- Available for download from Lewisham Homes' corporate website;
- Accessible to blind, partially sighted people, and people with learning difficulties;
- Available in community languages;
- Available to the public in a variety of places, including locations that target audiences may visit/contact;
- Summary presentations will be used for public meetings etc.

#### **16. Contact**

To comment on this document please contact **Will Sharpe, Community Involvement Officer**, on **0800 028 2 028**

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## Appendix C: Equalities Impact Assessment

<b>Income &amp; Financial Inclusion Strategy</b>	Team responsible Income Department	New Document Yes	Date of assessment October 2009	Date for review November 2010
<b>Who is the policy/service aimed at?</b>	1. All Lewisham Homes residents 2. Lewisham Homes staff 3. Lewisham Homes SMT & Board.			
<b>Summary of the policy/service</b>	<i>It is the purpose of this document to set the strategic direction for Lewisham homes income management service and to ensure that a consistent service is delivered to residents of all ages, and from all ethnic and social groupings to enable and support them to pay their rent, sustain their tenancies and reduce dependency on welfare benefits as far as practicably possible.</i>			
<b>What consultation has been done/ is planned to develop this policy/service?</b>	<i>It is planned that this document will be presented to partner agencies who support vulnerable residents at an inter agency forum meeting, staff involved in delivering income management services, Lewisham Homes area panels and board as part of the consultation process.</i>			
<b>Name of other teams or organizations involved in the delivery of the policy/service</b>	<i>The following departments input is required for this strategy to succeed:- Housing tenancy teams, Multi agency advice and support forum members, Housing Benefit Department Lewisham Homes Leasehold team</i>			
<b>How and where will information about this policy/service be publicized?</b>	<i>On Lewisham Homes internet and intranet sites as well as at the consultation meeting referred to above.</i>			

Consider whether the following statements are true for each of the groups listed below, in connection with this policy or service:

- There has been a significant or disproportionate number of complaints
- There has been underrepresentation identified
- There are gaps in our knowledge which prevent us from making this assessment

**If yes to any of the above – please specify nature of the evidence, whether the impact is positive or adverse, and whether this can be explained**

There are gaps in Lewisham Homes knowledge of the profile of its customer base. Through increased profiling a comprehensive understanding of residents needs will be developed which will be built into the future design of the service.

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## Item 14

### Lewisham Homes Board Forward Plan 2009-10

#### 28<sup>th</sup> January 2010

Report Title	Presenter	Status
<b>Meeting items</b>		
Minutes of meeting 26 <sup>th</sup> November 2009 & matters arising	Chair	Decision
Chairs Action	Chair	Decision
Questions from Members of Public	Chair	Decision
Chief Executive Update	Andrew Potter	Information
LHL Financial Monitoring Report	Adam Barrett	Decision
Business Plan 2009/10 and KPI Performance	Hilary Barber	Decision
Transfer of Sheltered Housing Cleaning to Lewisham Homes	Denise Hadfield	Decision
Business Plan 2010-13	Hilary Barber	Decision
Board Forward Plan	Chair	Decision
<b>Information Items</b>		
Capital Programme Update	Mark Agnew	Information
VFM Review of Repairs Service	Mark Agnew	Information
Equality & Diversity monitoring	Hilary Barber	Information
Board Member Enquiries	Mike Sims	Information
<b>Exempt items</b>		
Exempt Minutes 26th November 2009	Chair	Decision
Contract Awards	Mark Agnew	Decision
Notes from Performance Panel 9 <sup>th</sup> December	Chair Performance Panel	Information
Draft Minutes from Remuneration Committee 30 <sup>th</sup> November 2009	Chair Remuneration Committee	Information
Draft Minutes from Audit Committee 17 <sup>th</sup> December 2009	Chair Audit Committee	Information

#### February 2010 (date to be advised)

Report Title	Presenter	Status
<b>Meeting items</b>		
Chairs Action	Chair	Decision
Questions from Members of Public	Chair	Decision
Lewisham Homes Self Assessment	Andrew Potter	Decision
Decent Homes Approvals: Project procurement Strategy Lewisham Homes Standard Asset Investment Plan	Mark Agnew	Decision
Communications Strategy 2010	Adam Barrett	Decision
Anti Social Behaviour Strategy	Denise Hadfield	Decision
Value for Money Strategy	Adam Barrett	Decision
ICT Strategy 2010	Adam Barrett	Decision
Business Continuity Plan	Mark Agnew	Decision
Dates of Board Meetings from April 2010 to March 2011	Mike Sims	Decision
<b>Information Item</b>		
Staff Satisfaction Survey	Adam Barrett	Information

## Item 14

25<sup>th</sup> March 2010

Report Title	Presenter	Status
<b>Meeting items</b>		
Presentation by Audit Commission on Inspection	To be confirmed	Information
Minutes of meeting 28 <sup>th</sup> January 2010 & February 2010 & matters arising	Chair	Decision
Questions from Members of Public	Chair	Decision
Chairs Action	Chair	Decision
Chief Executive Update	Andrew Potter	Information
LHL Financial Monitoring Report	Adam Barrett	Decision
Business Plan 2009/10 and KPI Performance	Hilary Barber	Decision
Residents Compact (Annual Review)	Adam Barrett	Decision
Amendments to Company Standing Orders	Mike Sims	Decision
Board Forward Plan	Chair	Decision
<b>Information Items</b>		
Organisational Learning – Customer Feedback results	Hilary Barber	Information
Capital Programme Update	Mark Agnew	Information
Board Members Enquiries	Mike Sims	Information
<b>Exempt items</b>		
Exempt Minutes 28 <sup>th</sup> January 2010	Chair	Decision
Contract Awards	Mark Agnew	Decision
Notes from Performance Panel 20 <sup>th</sup> January & 3 <sup>rd</sup> March 2010	Chair Performance Panel	Information
Minutes of Audit Committee Meeting 9 <sup>th</sup> March 2010	Chair Audit Committee	Information

# **Part B**

## **Information Items**

Committee	<b>Lewisham Homes Board</b>		Item No.	<b>1</b>
Report Title	<b>Directors Enquiry System</b>			
Contributors	<b>Head of Governance – Mike Sims</b>			
Class	<b>Information</b>	Date	<b>26<sup>th</sup> November 2009</b>	

### 1. Purpose of the Report

- 1.1 Summarises enquiries received from Board members since the introduction of the Board Member Enquiry System.

### 2. Recommendations

- 2.1 The Board notes the report.

### 3. Enquiries Received

<b>Date Received</b>	<b>Board Member</b>	<b>Enquiry</b>	<b>Date Responded</b>	<b>Response</b>
15.07.08	Terry James	People Strategy	17.07.08	1) Agreed and indicated that the ethnicity targets for staff in the People Strategy should be amended.  2) Suggested that two organizations, PATH and the Federation of Black Housing Organisations be contacted and a meeting arranged to assist with the People Strategy.
19.09.08	Terry James	People Strategy	22.09.08	1) Confirm that the ethnicity targets were adjusted.  2) Both organisations had been met and there has been positive outcomes.
06.10.08	Mel Couldwell	Customer Care Standards	16.10.08	1) Visit to Home Park on 29 September 2008 resolved all issues.
19.11.08	Nick Joslyn	Decent Homes average costs	26.11.08	1) A spreadsheet of a Stock Condition Survey for recently completed Sayes Court was provided.
30.01.09	Marion Nisbet	Repairs Service	13.02.09	1) After several attempts to contact tenant re leak,

				a forced entry will be carried out on 16 <sup>th</sup> February 2009. 2) A letter explaining this action was hand delivered to the property on 12 <sup>th</sup> February 2009.
14.02.09	John Paschoud	Planned Works	18.02.09	Consultation on Refurbishment of Existing Door Entry Phone System
11.03.09	Marion Nisbet	Caretaking	17.03.09	New closure arm to be fitted 24/03/09
31.03.09	John Paschoud	Repairs Service	16.04.09	Approval to extend the height of the fence to overcome the ball game issues and children climbing the fence
31.03.09	Nick Joslyn	Decent Homes	16.04.09	The information requested was handed to Nick in paper form.
01.05.09	Alan Barker	Void Properties	03.05.09	The property in question is not void, and has had no repair work since 2008.
05.05.09	Alan Barker	Resident Involvement	11.05.09	Lewisham Homes do not have an age bar for residents to be involved, as every persons contribution is valid regardless of their age.
07.05.09	John Paschoud	Property Services	21.05.09	London Borough of Lewisham, is carrying out a 12 month monitoring programme. The monitoring period ends in October 2009, when we expect to be able to make a decision as to exactly what measures to take to alleviate the problem.
08.05.09	John Paschoud	Property Services	11.05.09	A carpentry Manager visited the property on Friday 8 <sup>th</sup> May and carried out an inspection of both the communal hall floor and the staircase inside the dwelling. As a result of this visit, two repairs have been raised.
03.07.09	Mel Couldwell	Decent Homes	03.07.09	There is a need for consideration to be given to our residents on an individual basis. This will always exist due to circumstances in which individual needs have to take priority, usually

				surrounding issues relating to health or age problems.
22.06.09	Tim Fallon	Health and Safety	08.07.09	A letter was drafted by the CEO providing answers to all the questions. Electronic documents that had been requested were also forwarded on.
08.07.09	Tim Fallon	Health and Safety	08.07.09	A letter was drafted by the CEO providing answers to the questions regarding Fire Safety in Tower blocks.
22.07.09	Marion Nisbet	Markwell Close TRA	27.07.09	A letter was drafted by Adam Barrett providing answers to all the questions raised.

**If you require further information on this report please contact  
Mike Sims on 020 8314 6075 or email [mike.sims@lewishamhomes.org.uk](mailto:mike.sims@lewishamhomes.org.uk)**

Committee	<b>Lewisham Homes Board</b>	Item No.	<b>2</b>
Report Title	<b>Inspections of Landlord's Electrical Installations</b>		
Contributors	<b>Director of Property Services</b>		
Class	<b>Information</b>	Date	<b>26<sup>th</sup> November 2009</b>

## **1. Purpose of the Report**

- 1.1 To update Board members with relation to inspections that had taken place of the landlord's electrical installations in communal areas of blocks of flats managed by Lewisham Homes.

## **2. Recommendations**

- 2.1 That Board notes the report.

## **3. Background of the Report**

- 3.1 The Electricity at Work Regulations state that the recommended inspection and testing regime for fixed electrical systems is every ten years.
- 3.2 There is a statutory duty to comply with the Electricity at Work Regulations 1989 and ensure that electrical systems in our workplaces and estates are fit for purpose and safe, so as to avoid any untoward incident involving fixed electrical systems and to give due diligence. Records and inspection reports must also be kept of all tests and inspections.
- 3.3 In the event of an incident, lack of test and or inspection records could expose Lewisham Homes to litigation and failure of due diligence.
- 3.4 There is already in place a planned schedule of works relating to work on electrical risers and lateral mains, which in 2009/2010 has been to the value of £270k, and applied to the following properties:

- Arlington House
- Langford House
- Burnett House
- Lacey House
- Brockhill Crescent
- Excelsior Gardens
- Dawson Court.

These are planned reactive works, not identified through the survey of high rise blocks.

3.5 A commitment of £30,000 had already been made to conduct a survey of the electrical risers in the high rise blocks which is now complete.

#### 4. Context

4.1 In ascertaining Lewisham Homes compliance with the regulations:

- A condition survey of electrical risers has been undertaken during 2009, to 68 high rise blocks (6 floors and above). This identified approximately £400k of works required to address urgent electrical repair/replacement works. A schedule of work to address these is currently out to tender, with works to be commissioned and completed during 2010.
- The survey also identified less urgent work required to electrical risers and lateral mains within the high rise blocks.

4.2 Consideration is now given to:

- a] Capital has been allocated to undertake £400,000 of the highest priority works, with £61k to be spent in 2009/10 and the balance in 2010/11. A further £500k has previously been provisionally allocated for 2011/12.
- b] Commissioning a survey of all low and medium rise residential blocks at an estimated cost of £293,550 to identify any high risk items requiring investment to meet current safety standards. This will include all lateral mains, landlord supplies and lighting installations. Survey to be made up of:
  - 5 Storey blocks = (95 blocks) at an estimated cost of £42,750
  - 4 Storey blocks = (250 blocks) at an estimated cost of £100,000
  - 3 Storey blocks = (217 blocks) at an estimated cost of £126,800
  - 2 Storey blocks = (60 blocks) at an estimated cost of £24,000This survey will identify other works required to maintain or upgrade fixed electrical systems within these blocks.
- c] Establish a programme of inspecting and testing all low rise and domestic premises over a ten year period. This will include all lateral mains, landlord supplies and lighting installations.
- d] Establishing a central database for recording all tests and inspections carried out.

## **5. Conclusion**

- 5.1 To provide a comprehensive picture, further surveys are required of all medium rise blocks and also the undertaking of periodic testing of electrical services to low rise premises. The purpose of such surveys and inspections is to give assurance of the integrity of the electrical systems and services across the whole of our estate and develop a programme of work to address high risk items.

**If you require further information on this report please contact Ron Dixon on 020 8314 7138 or email [ron.dixon@lewishamhomes.org.uk](mailto:ron.dixon@lewishamhomes.org.uk)**

Meeting	<b>Lewisham Homes Board</b>	Item No.	<b>3</b>
Report Title	<b>Capital Programme Update</b>		
Report Of	<b>Director of Property Services – Mark Agnew</b>		
Class	<b>Information</b>	Date	<b>26<sup>th</sup> November 2009</b>

## **1 Purpose of the Report**

- 1.1 The report provides an update on the current position of the Lewisham Homes (LH) capital programme 2009/10 and the status of the 2010/11 capital allocation.

## **2 Recommendation**

- 2.1 Board notes the expenditure to the end of September of £3.35m and the current forecast for the year of £12.55m. The reported position is further broken down between Lewisham Homes projects for 2009/2010 and pre 2008 projects in Appendix 1.
- 2.2 Board notes the high risk schemes as set out in paragraph 5.8.
- 2.3 Board notes the proposals for the 2010/11 programme

## **3 Context**

- 3.1 This report reflects the actual expenditure to 30<sup>th</sup> September and the current forecast spend for the remainder of the year. The forecasts are updated monthly, reflecting actual spend and progress in each scheme to produce a single consistent database from which all reporting is generated.
- 3.2 Appendix 1 shows the status of each scheme, the majority of which are on site or completed. Tenders are being assessed for all schemes classified as in a pre-contract stage.

## **4 Capital Programme Resources**

- 4.1 The capital programme managed by Lewisham Homes is funded through capital resources made available by Lewisham Council. The main resource used to fund the housing capital programme is the Major Repairs Allowance. This is a grant made available by the government to fund major repairs to a Council's housing stock. The other main resource is supported borrowing. This is where the government agrees to the Council borrowing up to a certain amount of money with the government agreeing to provide revenue support to fund the interest costs associated with this borrowing.
- 4.2 The financial model submitted with the Council's Decent Homes bid assumed that all of the MRA and supported borrowing resources would be earmarked to support the Decent Homes programme for Lewisham Homes. The Council would retain the

resources from the sale of Council Houses and other land assets to fund its own capital programme.

- 4.3 The credit crunch and associated drop in land and property values has resulted in a significant drop in capital receipts, which has meant that the Council faces a significant shortfall in the resources available to fund its capital programme. As a result the Council has not allocated all of the MRA and supported resources available to it to the Lewisham Homes capital programme.
- 4.4 Table 1 below sets out the original estimated level of MRA and borrowing resources available over the next three years. It also sets out the funding commitments that the Council has made to the Lewisham Homes capital programme as reported to the board in May 2009.

Table 1 - May 2009 Reported Position

<b>Capital Programme Resources</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>Total</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
MRA	13,348	13,961	11,913	12,000	51,222
Borrowing	2,600	2,600	2,600	2,600	10,400
<b>Total</b>	<b>15,948</b>	<b>16,561</b>	<b>14,513</b>	<b>14,600</b>	<b>61,622</b>
Lewisham Homes	10,000	9,890	6,660	3,000	29,550
<b>Shortfall</b>	<b>5,948</b>	<b>6,671</b>	<b>7,853</b>	<b>11,600</b>	<b>32,072</b>

Table 2 - Current Updated Position

<b>Capital Programme Resources</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>Total</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
MRA Gross	13,379	14,332	12,849	12,035	52,595
Homelessness	-213	-238	-242	-245	-938
Tenant Management Organisations (TMOs)	-347	-368	-251	-221	-1,187
LH Net MRA	12,819	13,726	12,356	11,569	50,470
Borrowing	2,600	2,600	2,600	2,600	10,400
<b>Total LH</b>	<b>15,419</b>	<b>16,326</b>	<b>14,956</b>	<b>14,169</b>	<b>60,870</b>
Lewisham Homes	11,147	10,890	8,300	8,000	38,337
<b>Shortfall</b>	<b>4,272</b>	<b>5,436</b>	<b>6,656</b>	<b>6,169</b>	<b>22,533</b>

- 4.5 The final outturn for 2008/09 was £11.147m. This was £1.147m more than projected and reported to the board in May 2009.
- 4.6 Since the May board report the council has allocated additional M.R.A. resources amounting to £7.7m. This is made up of £1m 2009/10 for the Chrysalis properties, and £6.7 spread over 2010/11 and 2011/12 as identified in Table 2 above.

- 4.7 The revised position in Table 2 indicates that over the four year period from 2008/9 to 2011/12 an estimated £60.87m of capital resources will be available. Over the same period the funding commitments made by the Council to Lewisham Homes amount to £38.3m. The shortfall between the available resource levels and the committed funds is £22.53m.
- 4.8 The Council has acknowledged a commitment to ensure that Major Repairs Resources will be repaid to the housing programme. Lewisham Homes staff are working with the Council to identify how this will be achieved.
- 4.9 Table 3 - Lewisham Homes Resources & Expenditure (Including ex Chrysalis)

	2008/09	2009/10	2010/11	2011/12	Total
<b>Resources and Expenditure</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Pre 2008/9 Resources	4,947				4,947
New Resources LH	10,000	9,890	8,300	8,000	36,190
Agreed adjustment with LBL		114			114
Additional Chrysalis		1,000			1,000
<b>Total Resources</b>	<b>14,947</b>	<b>11,004</b>	<b>8,300</b>	<b>8,000</b>	<b>42,251</b>
Brought forward resources	0	3,800	1,250	2,397	
<b>Resources transferred to 2010/11</b>		-350	350		
<b>Revised Resources inc b/f</b>	<b>14,947</b>	<b>14,454</b>	<b>9,900</b>	<b>10,397</b>	
Expenditure	-11,147				-
Forecast Expenditure		-13,204	-7,503	-3400	24,107
Total Expenditure					-
<b>Carry Forward Resources</b>	<b>3,800</b>	<b>1,250</b>	<b>2,397</b>	<b>6,997</b>	<b>35,254</b>

- 4.10 Table 3 above shows that the total resources carried forward from previous years and new resources amount to £42.25m (including ex Chrysalis). Expenditure commitments already entered into amount to £24.1m. This leaves £6.99m available to fund new capital schemes this includes the agreed carry forward of £350k in respect of Chrysalis.

- 4.11 An analysis of the years in which these resources are available to allocate is set out in the following table.

Table 4 – Analysis of available resources 2008/2009 to 2011/2012

<b>Resource Allocation</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>Total</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Allocated %	100	100%	72%	33%	
Actual & forecast	11,147	13,204	7,153	3,400	34,904
Chrysalis			350		350
Total Programme	11,147	13,204	7,503	3,400	35,254
Balance of Resource available inc c/f	0	0	2,397	6,997	6,997
<b>Overall Total Resources</b>					<b>42,251</b>
Provisionally Approved schemes			660		
Unallocated Resources	0	0	1,737	6,997	
<b>In Year Total Resources</b>		<b>0</b>	<b>9,900</b>	<b>10,397</b>	

- 4.12 Operational policy for managing the capital programme ensures that there are limits on the proportion of available resources that can be allocated. This is to ensure that unforeseen emergency expenditure can still be accommodated. The operational rules set out that in year 1 of the programme 100% of available resources can be allocated, in year 2 up to 75% of available resources and in year 3 up to 50% of available resources.
- 4.13 This results in £6.99m of resources being available to commit to schemes now with £1.73m being held as contingency for release in subsequent years. Should none of the unallocated funds be required from now until the end of the 2009/2010 financial year, then the unallocated resources will be included as part of the 2010/11 budget process.

## **5 Forecast outturn position for 2009/10**

- 5.1 Following Board approval on 29th September a number of scheme budgets have been restated and additional schemes introduced as approved. The latest month's return (at the end of September ) shows a total forecast of £13.204m (including Chrysalis, Pre 2008 Schemes and the 2008-11 programme).
- 5.2 The budget for the year is £14.454m as per Table 3 (£13.144m LH 2008-11, £660k pre 2008 schemes and £650k Chrysalis) leaving £1.25m available as resources for additional schemes in the current year. This is in part because tenders have been received for less than the pre-tender estimate, re-profiling of the ICT, reduced fee expenditure as a result of the delay to Decent Homes funding.
- 5.3 Of this £1.25m, £218.6k is attributable to a reduction in the ICT spend and £499.5k to the delayed decent homes fee expenditure. Both these are ring fenced and will be expended next year. The balance of £533k ( expressed as £335.5k "unallocated funds" plus currently forecast slippage on individual schemes totalling £197.5) is to be off set by accelerating other approved schemes e.g. Hazel Grove and bringing

forward programmes that span 2009/2010 and 2010/11. Specifically, we are looking at accelerating the boiler replacement programme to take up the shortfall

- 5.4 Consideration is also being given to further schemes that can be quickly introduced this year rather than next year, to contribute to this years spend they need to be schemes where no leaseholder consultation is required. Table 5 below is a summary of the forecast position on Capital by category.

Table 5 – Forecast Outturn 2009/10

<b>Category</b>	<b>Revised Budgets 2009/10</b>	<b>Forecast Expenditure 2009/10</b>	<b>Variance to Budget</b>
	£'000	£'000	£'000
Pre 2008 Schemes	660	660	0
Structural & Essential	2,615	2,592	-23
Decent Homes	5,241	5,042	-199
Mechanical & Electrical	3,161	3,178	17
ICT	491	272	-219
Resident Led Programmes	385	393	8
Fees for Future Schemes	500	0	-500
Improvements to Caretakers Env.	136	137	1
Salaries for All Years	280	280	0
Ex Chrysallis Schemes	650	650	0
Unallocated	335		-335
<b>Total</b>	<b>14,454</b>	<b>13,204</b>	<b>-1,250</b>

- 5.5 Appendix 1 sets out on a scheme by scheme basis the status of each scheme, the current year's forecast spend and the measure of time/ cost and quality as an assessment of the risk attached to each scheme. This is indicated by ranking each scheme as red/ amber or green on the basis of time, cost and quality (Customer Satisfaction) and is explained in Appendix 2. These were agreed by the Board at the September meeting.
- 5.6 Appendix 3 shows the monitoring of the completed schemes as also agreed at the September Board meeting.
- 5.7 This assessment provides a risk monitoring mechanism which highlights the extent that the individual schemes are impacting on the spend profile for the year.
- 5.8 Below is the detailed commentary on the schemes identified as high risk (i.e. red):

- **Long term voids** – the budget is currently £75k. The current forecast is £129k as £50k has been spent on two properties carried forward from 2008/09. The balance of the budget (£25k) is being spent on consultants specifying the works. Once the specifications are received a decision will be taken on whether to undertake any works this year by adding additional budget or bringing budget forward from next year.
- **Bircham Path** - forecast of £137k against budget of £110k. When the works were specified assumptions were made over the number of kitchens to be replaced. Having now gained access to all the properties this has proved too low and further kitchens have needed to be replaced.
- **Planned schemes** – tenders have been returned for the works under the contract classed as capital far less than anticipated, £107k against a budget of £170k. We are considering additional opportunities and the planned works revenue budget is to be reviewed to identify any other works of a capital nature to take up the remaining budget.
- **Honor Oak** - the combined forecast for both schemes is currently £1.07m against a budget for the year of £1.192m with the balance of the budget rolled forward into 2010/11. The contractor has been slower than anticipated in starting this contract and some technical and access problems have been experienced. The contract period appears to be slipping and is likely to run into 2010/11. This has meant that the forecast for the current year has been reduced, although the project overall is not exceeding the budget allocation. Action has been taken and the contractor has agreed to increase resources in order to recover some of the slippage
- **Lift refurbishment** where £68k is forecast against a budget of £44k. An invoice received this year was inadvertently in previous forecasts attributed to 2008/09 and therefore not included in the previous forecast.

5.9 The remainder of the schemes show as red include explanation on the appendix, the amounts involved are small, less than £10,000.

#### 5.10 **The Ex Chrysalis Capital Programme**

5.10.1 The current ring fenced budget for the year is £650k, with the balance of £350k included in next year. The intention is that all identified works will be completed prior to the stock transfer, currently planned for summer 2010.

5.10.2 The tenders for the works have recently been received and are currently being checked by the contract administrator, however, the prices received appear significantly below the budget. Consideration is being given to bringing properties forward from next year.

### 6 **2010/11 Capital Programme Allocation**

6.1 The capital allocation for 2010/11 from Lewisham Council is £8.3m as set out in 4.4 above, in addition to the budgets rolled forward. Of this, £4.769m has been committed to complete existing schemes and on new heating and electrical requirements

- 6.2 As previously outlined, the agreed priorities for unallocated capital are:
- health and safety requirements;
  - keeping buildings wind and weather tight;
  - emergency works/systems failures; or
  - to meet decent homes requirements
- 6.3 Remaining works will be based on the Stock Condition Survey carried out by Savills in 2008.
- 6.4 There are small schemes identified as priority by officers that are being included, such as lift and boiler replacements. An allocation of £500k to fund a Resident Led Programme during 2010/11 is also proposed.
- 6.5 However the majority of the funding is to be applied on keeping buildings wind and weather tight. Wind and weather tight works have been identified by reviewing external Decent Homes failures of properties.
- 6.6 To ensure economies on preliminaries and access costs, It is intended that a programme of works will be undertaken to repair/ replace windows and other external components alongside the external decorations.
- 6.7 The properties to be included for survey have therefore been selected based on the poor condition of their external decorations as well as window and roofs requiring repair or replacement.
- 6.8 The specification will be prepared following a survey and tendered with capital works brought in up to the level of the budget available.
- 6.9 The intention is that all properties with external decorations identified as very poor or poor on the stock condition survey should receive external decorations with repair or replacement in the next 2 years.
- 6.10 The proposed schemes to be funded from capital in 2010/11 will be reviewed by residents on the Major Works Forum prior to finalisation. The schedule of proposed work will be submitted to the Board as part of the budget planning process in January 2010.

**If you require further information on this report please contact Mark Agnew  
on 020 8314 7329 or email [mark.agnew@lewishamhomes.org.uk](mailto:mark.agnew@lewishamhomes.org.uk)**

## APPENDIX 1

Scheme	Status	Time	Cost	Quality	Budget for year	Profiled Budget	Spend year to date	Unpaid invoices / accruals	Total spend to date	Variance to profiled budget	Committed Expenditure	Forecast expenditure for remainder of year	Total forecast expenditure	Variance to budget for year	Comments
					£	£	£	£	£	£	£	£	£	£	
<b>Pre 2008 Schemes</b>					660,325		356,275		356,275		304,050	422,899	660,325		
<b>2008 - 2011 Programme</b>															
<b>Structural &amp; Essential Works</b>															
Long Term Voids	In contract	G	R	N/A	75,000	0	35,500	28,643	64,143	-64,143	65,037	65,037	129,180	54,180	Awaiting specifications for works
Disrepair Properties.	Pre-contract	G	G	N/A	75,000	0	0	0	0	0	0	0	75,000	75,000	0
Hughesfield Est. Security & Communal works	In contract	G	G	N/A	197,474	85,938	55,415	0	55,415	30,523	142,059	142,059	197,474	0	
Glastonbury Hse / Falmouth Cl. / Barnstaple Hse.	Practically complete	G	G	N/A	86,036	86,036	71,235	13,719	84,954	1,082	510	510	85,464	-572	
Somerville (Doors, Windows & Porches)	In contract	G	G	N/A	207,338	136,436	91,494	-710	90,784	45,652	116,554	116,554	207,338	0	
Valentine & Pikethorne Struct. Repairs.	In contract	G	G	N/A	460,068	192,696	81,445	21,454	102,898	89,798	378,862	378,862	481,760	21,694	Additional concrete repairs
Merridale - Structural Repairs	Practically complete	G	G	N/A	164,436	177,398	164,436	0	164,436	12,952	0	0	164,436	0	
Dartmouth Road - Renewal of Roof Covering	In contract	G	R	N/A	146,479	146,479	0	0	146,479	0	91,043	91,043	91,043	-55,436	Full extent of works still not known
Longfield Crescent - Concrete Repairs	In contract	G	G	N/A	304,530	124,184	3,112	563	3,675	120,509	300,000	300,000	303,675	-855	
Magnolia House - Roof Renewal	In contract	G	G	N/A	146,479	146,479	0	0	0	146,479	147,250	147,250	147,250	771	
Endwell Court. Window Replacement.	In contract	A	G	N/A	131,701	76,960	16,150	7,125	23,275	53,685	102,127	102,127	125,402	-6,299	
Bircham Path remedial works	In contract	G	R	N/A	110,774	62,072	55,960	0	55,960	6,112	81,112	81,112	137,073	26,299	Additional kitchens now included
Planned schemes	Pre-contract	G	R	N/A	170,000	0	0	0	0	0	0	107,076	107,076	-62,924	tendered price lower than anticipated
Trinity fees	Practically complete	G	G	N/A	90,000	0	60,963	0	60,963	-60,963	29,037	29,037	90,000	0	
Trinity Concrete		G	G		250,000	0	0	0	0	0	0	250,000	250,000	0	
					2,615,313	1,234,668	635,710	70,793	706,503	528,165	1,453,592	1,885,668	2,592,171	-23,142	
<b>Decent Homes</b>															
Honor Oak (Phase 4)	In contract	R	R	N/A	1,057,100	421,552	54	77,326	77,380	344,172	829,250	829,250	906,630	-150,470	Likely to be an extension of time claim that will
Honor Oak (Phase 5)	In contract	G	R	N/A	135,103	0	0	14,300	14,300	-14,300	157,360	157,360	171,660	36,557	
Mercator-Rawlinson House	In contract	G	G	N/A	854,075	520,000	44,538	98,970	143,508	376,492	731,057	731,057	874,565	20,490	Overspend likely due to boiler adaptations
Hazel Grove	In contract	G	G	N/A	910,196	412,168	0	0	412,168	911,473	911,473	911,473	911,473	1,277	
Evelyn St. Laurel Hse/Abinger Gr./Shelduck Crk./Guille	In contract	G	G	N/A	507,699	246,934	98,683	-1	98,682	148,251	390,512	390,512	489,195	-18,504	Contingency and provisional items reduced
Sayes Court - Various	In contract	G	A	N/A	607,612	267,412	94,470	0	94,470	172,941	481,930	481,930	576,401	-31,211	Block omitted as included for ex decs, recently
Sayes Court - Woodcote House	In contract	G	A	N/A	735,149	360,584	187,743	-3	187,743	172,841	490,791	490,791	678,534	-56,615	Contingency and provisional items not required
Lanyard/ Argosy	In contract	G	G	N/A	434,103	4,831	0	4,831	4,831	0	429,294	429,294	434,125	22	
					5,241,037	2,233,480	425,489	195,426	620,915	1,612,566	4,421,668	4,421,668	5,042,582	-198,455	
<b>Mechanical &amp; Electrical</b>															
Lifts Refurbishment - Contract One	Practically complete	G	G	N/A	91,946	91,946	94,277	0	94,277	-2,331	0	0	94,277	2,331	Under spend on contract sum
Lifts Refurbishment - Contract Two	In contract	G	R	N/A	44,740	83,921	44,612	400	45,012	38,909	23,620	23,620	68,632	23,892	Previous year reported incorrectly, adjustment
Disability Lifting Equip. (renewals)	Closed	G	G	N/A	5,000	3,100	3,077	1,773	4,850	-1,750	0	0	4,850	-150	
Replacement Domestic Boilers	In contract	G	G	N/A	1,842,800	921,400	815,026	-166,095	648,931	272,469	1,193,869	1,193,869	1,842,800	0	
Central Boilers	Practically complete	G	G	N/A	27,609	13,805	9,426	-3	9,426	4,379	19,429	19,429	28,855	1,246	
Replacement fan coil units.	Practically complete	G	G	N/A	3,395	0	0	0	0	0	3,395	3,395	3,395	0	
Lightning Protection Systems	Practically complete	G	G	N/A	3,461	3,461	3,461	0	3,461	0	0	0	3,461	0	
New Door Entry Systems	Practically complete	G	G	N/A	128,957	122,866	157,133	-28,176	128,957	-6,091	0	0	128,957	0	
Refurb door entry systems	In contract	G	G	N/A	663,601	658,740	255,569	34,325	289,894	368,846	373,707	373,707	663,601	0	
Ventilation System refurb.	Practically complete	G	R	N/A	9,842	4,760	4,760	0	4,760	0	0	0	4,760	-5,082	none
Cold water tank replacement	Practically complete	G	G	N/A	123,195	123,474	123,194	0	123,195	280	0	0	123,195	0	
IRS (digital TV)	Practically complete	G	R	N/A	2,345	1,094	1,094	0	1,094	0	0	0	1,094	-1,251	none
Hillcrest CCTV	Practically complete	G	G	N/A	50,693	50,693	49,730	963	50,693	-3	0	0	50,693	0	
Milton Crk. CCTV & Barriers (Woodpecker Rd)	In contract	G	G	N/A	61,121	54,620	33,520	21,100	54,621	-1	9,500	9,500	64,121	3,000	Additional camera and hardware
Electrical Distribution Boards Pepys Estate	Pre-contract	G	R	N/A	40,000	0	0	0	0	0	0	0	33,394	-6,606	n/a
Electrical Rising and Lateral Mains	Pre-contract	G	G	N/A	61,850	0	0	0	0	0	0	0	61,850	61,850	Budget waiting approval
					3,160,555	2,133,879	1,594,878	-135,708	1,459,170	674,710	1,623,521	1,718,764	3,177,934	17,379	
<b>Lewisham Homes, General Schemes</b>															
ICT	In contract	G	R	N/A	490,600	0	0	58,800	58,800	-58,800	213,200	213,200	272,000	-218,600	na
Tenants Panel Package (Resident Led Programme)	In contract	G	G	N/A	385,274	4,000	20,826	300	21,126	-17,126	371,425	371,425	392,552	7,278	
Fees for future schemes		G	R	N/A	499,500	191,000	0	0	0	191,000	0	0	0	-499,500	
Improvements to Caretakers environment	Practically complete	G	G	N/A	136,405	126,100	136,905	1	136,906	-10,806	0	0	136,906	501	
Salaries for all years	In contract	G	G	N/A	280,000	0	0	0	0	0	280,000	280,000	280,000	0	na
					1,791,779	321,100	157,732	59,101	216,832	104,268	864,625	864,625	1,081,458	-710,321	
<b>Unallocated</b>					335,498	0	-	0	0	0	0	0	0	-335,498	
<b>Lewisham Homes 2008-11 Programme</b>					13,144,182	5,923,128	2,813,808	189,611	3,003,420	2,919,708	8,363,405	8,890,725	11,894,145	-1,250,037	
<b>Pre 2008 Schemes</b>					660,325	0	356,275	0	356,275	0	304,050	422,899	660,325	0	
<b>Lewisham Homes Total</b>					13,804,507	5,923,128	3,170,084	189,611	3,359,695	2,919,708	8,667,455	9,313,624	12,554,470	-1,250,037	
<b>Ex Chrysalis</b>	Pre-contract	G	G	N/A	650,000	0	0	0	0	0	0	650,000	650,000	0	LBL agreed slippage of £350 to 2010/11
<b>TOTAL including Chrysalis and PRE 2008</b>					14,454,507	5,923,128	3,170,084	189,611	3,359,695	2,919,708	8,667,455	9,963,624	13,204,470	-1,250,037	

Appendix 2

**Risk Monitoring Guide to status on individual schemes.**

	<b>GREEN</b>	<b>AMBER</b>	<b>RED</b>
<b>TIME</b> (Monitors delivery within the year)	On programme to spend within the year	Delayed to the extent that up to £50k is rolled into subsequent year	Delayed to the extent that over £50k is rolled into subsequent year
<b>COST</b> (Monitors expenditure against approved annual budget)	Within 5% of the latest approved budget	Forecast overspend more than 5% of latest approved budget or £50k.	Forecast overspend in excess of 15% or £100k of latest approved budget
<b>QUALITY</b> (Monitors resident satisfaction survey at the time of handover)	95% of residents are either "satisfied" or above	90% of residents are "satisfied" or above	Below 90% of residents are satisfied

Appendix 3

**Key Performance Indicators - Completed Schemes**

	YEAR TO DATE	COMPLETED SINCE LAST REPORT
Total number of contracts or phases (if sectional completion applies) completed	14	
TIME: number of contracts or phases completed within 5% of contract project programme (defined as contract date to practical completion)	14	
COST: Number of contracts or phases completed within 5% of last approved budget	11	
QUALITY: (based on customer satisfaction surveys sent out at the end of projects) Of the satisfaction surveys returned the total number of contracts where 70% of residents were "satisfied" or above.	n/a	

Meeting	<b>Lewisham Homes Board</b>	Item No.	<b>4</b>
Report Title	<b>Stage 3 Complaints – Independent Adjudicators Report</b>		
Report Of	<b>Chief Executive – Andrew Potter</b>		
Class	<b>Information</b>	Date	<b>26th November 2009</b>

## **1. Purpose of the Report**

- 1.1 This report is to provide Board with first annual report of the Independent Adjudicator for Lewisham Homes 1<sup>st</sup> June 2008 – 31<sup>st</sup> March 2009.

## **2. Recommendations**

- 2.1 Board notes the report.

## **3. Background of the Report**

- 3.1 In September 2006, the Mayor and Cabinet of the London Borough of Lewisham agreed to introduce an Independent Adjudicator (IA) at stage three of the Council's complaints procedure, following a review of the procedure commissioned by the Chief Executive on behalf of the Mayor. The main objectives of the IA role were to give complainants a better service with a detailed and independent review of their complaints, as well as reducing the number of complaints going to the Local Government Ombudsman [LGO] for consideration. Subsequently, the Mayor and Cabinet agreed to make the IA position permanent. It was also agreed that the IA would deal with stage three complaints against the Council's partners including Lewisham Homes.
- 3.2 The report is attached at Appendix 1.

**If you require further information on this report please contact Andrew Potter on 020 8314 8969 or email [andrew.potter@lewishamhomes.org.uk](mailto:andrew.potter@lewishamhomes.org.uk)**

## Item 4 - Appendix 1

# First Annual Report of the Independent Adjudicator for Lewisham Homes 1 June 2008 – 31 March 2009

Linzi Banks

This is the first Annual Report of the Independent Adjudicator for Lewisham Homes.\* It covers the period from 1 June 2008 to 31 March 2009. It is organised as follows:

- Section 1: Background and role**
- Section 2: Procedure**
- Section 3: Performance**
- Section 4: Issues from the casework**
- Section 5: Summary of recommendations**
- Appendix: Digest of cases**

*\*The report covers Lewisham Homes. A separate annual report has been produced for the London Borough of Lewisham and its other partner organisations.*

*Although some of the housing cases I dealt with, and included here, did not involve Lewisham Homes, throughout this report I sometimes refer to 'the Council'. This is both for simplicity's sake, and because my role has been to consider complaints about the Council, which ultimately is the body held responsible by the users of Council services and by the Local Government Ombudsman.*

## Section 1: Background and role

In September 2006, the Mayor and Cabinet of the London Borough of Lewisham agreed to introduce an Independent Adjudicator (IA) at stage three of the Council's complaints procedure, following a review of the procedure commissioned by the Chief Executive on behalf of the Mayor. The main objectives of the IA role were to give complainants a better service with a detailed and independent review of their complaints, as well as reducing the number of complaints going to the Local Government Ombudsman [LGO] for consideration. Subsequently, the Mayor and Cabinet agreed to make the IA position permanent. It was also agreed that the IA would deal with stage three complaints against the Council's partners including Lewisham Homes.

The role of the IA is defined as follows:

- To thoroughly investigate third stage complaints, and where necessary and appropriate, arrange meetings with the complainant and officers;
- To contact the relevant service area/partner to discuss any aspect of the complaint, where necessary;
- To keep the Council's Corporate Complaints and Quality Manager and her team up to date on the progress of complaints;
- To attend a quarterly review meeting with the Council's Head of Service Development;
- To make recommendations within 30 days of receiving the complaint;
- To present an annual report summarising the outcomes of third stage complaints and include lessons to be learnt;

- To be proactive in ensuring that a complaint is dealt with within the target time; to liaise with the service area/partner if they are not providing information within this defined timescale; and to escalate the matter if, and when, necessary;
- To offer advice to officers, and to negotiate and facilitate a satisfactory resolution to a complaint;
- To provide updates to the Council's Departmental Management Team (DMT) on lessons learnt from complaints, and to share the learning with service areas/partners.

Roger Jeffries, an ex-Housing Ombudsman with vast experience in local government, conducted the review referred to above, and piloted the IA role from November 2006 to October 2007: establishing what the role should comprise and the associated protocols, and developing awareness of the IA among senior management at the Council.

Margaret Doyle, a consultant with significant experience in complaint handling and mediation, succeeded Mr Jefferies as IA in October 2007, and built on what he had achieved: not only determining complaints, but also developing the complaint handling process and making suggestions for service improvements. Margaret worked with the Council on an interim basis until the end of May 2008, when a decision was made to fill the post.

This decision resulted in June 2008 in my secondment to the Council from the Local Government Ombudsman, for whom I have worked as an Investigator and mediator since May 1991 (including five years investigating complaints against Lewisham). The secondment was initially for one year (until the end of May 2009) and aimed to bring yet another perspective to the IA role and complaint handling by the Council. I am pleased to report that the secondment has now been extended until the end of December 2009. I understand that a decision will be made before then about how next to fill the post.

Meanwhile, I would like to thank Margaret Doyle for her invaluable support and advice in the first few weeks of my appointment. I am also very grateful for the assistance I have received throughout from the Council's Corporate Complaints Team, and from the complaints officers with whom I have liaised extensively in the departments and partnerships.

## **Section 2: Procedure**

The protocol for the handling of complaints at stage three (developed, reviewed and improved where necessary by the IAs and the Council's Corporate Complaints Team over the last three years) sets out the obligations of the service departments within the Council and of the Council's partners in relation to providing background information to the IA; the timescales for providing that information; and the implicit obligation to accept the IA's findings, including the payment of compensation if recommended (any disagreement to be taken at executive director level and recorded as part of this report).

The protocol has worked well, and I have had full cooperation from officers in terms of following it. There continues to be a positive response to the IA role, and no department or partner has refused to accept my recommendations or awards.

On occasion, officers have commented on those recommendations and awards when I have circulated my draft findings (as I am required to do before writing to the complainant). I have found their comments most useful and, in some instances, I have been persuaded to change my view on, for example, how much compensation to propose. I welcome this opportunity to discuss a case with officers even at such a late stage in the process. It can highlight any misunderstanding I might have about the complaint or about a Council/partner policy or procedure; it can allow for an open and honest exchange of views on the issues involved; it can help officers understand my thinking on a complaint and remedy; it gives me the chance

to demonstrate the effectiveness and usefulness of the IA role and how it operates in practice; and I can show that the IA is not remote from the process, is not inflexible or unapproachable.

Lewisham Homes commented on the five working days it was initially given to respond to my enquiries on a complaint. I appreciate that this timescale is short, but it allows me to meet the 30 working days deadline I am set in which to write to a complainant with my findings. Notwithstanding, I agreed to give Lewisham Homes 10 days to respond to my enquiries: this seemed reasonable to me given the number of complaints against this organisation, and it still allowed me to meet my deadline.

Within this deadline, I make my initial enquiries and any further enquiries that may be necessary; I often have to discuss the complaint with officers and the complainant; and, in some instances, I have visited complainants at home or met them at the Council's offices to understand the issues. I could not do all of these things if I gave officers more time to respond to my initial enquiries; my investigation would necessarily have to be less thorough as a result; my findings might be compromised; and complainants might have to wait longer for those findings. This would not be acceptable. But, I am open to discussing a complaint with officers straight away if this is easier, speedier, and will provide me with a greater understanding of a complaint than any written response.

Lewisham Homes is now mostly meeting the 10 days deadline, or is close to doing so, and I welcome this. I also welcome the appointment of my new assistant (in April 2009), who notes when comments are due and who chases them when they have not been provided. This has led to a significant improvement in response times.

Those response times are also now being monitored by my assistant at my request: something we have not done before, and which should highlight if Lewisham Homes is regularly slow to respond, and will provide me with the opportunity to find out why and suggest improvements.

Officers have commented too on my initial enquiry letter, saying that I should be more specific about the information I need to determine the complaint. I have taken their comments on board, and I have amended my letter so that it now summarises the complaint, and asks detailed questions. In my view, this should help officers understand quickly what the complaint is about and what they need to provide to address it. This, in turn, should improve response times and the quality of information provided.

I have also amended my acknowledgement letter to complainants, again summarising the complaint, as well as explaining my role and asking them to contact me, and I have amended my final decision letter so that it is clearer how I have reached my decision. I have introduced too a written analysis of each complaint, which summarises the facts of the complaint, the authority's response to it and my tentative views. In my opinion, this is an invaluable tool for anyone reviewing a complaint file, so that they can quickly understand what has happened and the basis for a particular finding.

The quality of replies to complaints has much improved, with officers generally providing a chronology, comments on the complaint, evidence to support those comments and/or the relevant files, and the names of those involved so that I can talk to them if necessary. This is most helpful, and it means that I can understand the issues straight away, determine if I need more information, and identify who can provide it. It also means that the complainant receives a detailed response from me to the issues they have raised, and in good time.

I am conscious that much of my contact is with officers: I have very little contact with complainants. I am also conscious that good customer care should, at a minimum, include an initial telephone call to the complainant to discuss the complaint and test my understanding.

I invite all complainants to call me when I acknowledge their complaint, but very few do, and I do not have sufficient time during the two days I am employed by the Council to call them. In order to address this, I have asked my assistant to make that initial telephone call. I have also said that, during her discussion of the complaint, she might advise the complainant that they can call me at any time.

The IA role is not only to deal with complaints, but also to encourage learning from those complaints across the Council and its partners. Consequently, when I have circulated my final decision letters to officers, I have highlighted failings that I believe result from poor procedures rather than simple mistakes. I have also suggested reviews of, and improvements to, those procedures. In addition, I have attended a Lewisham Homes' Management Team meeting where I provided a report of my performance so far, and I identified learning points from cases. I aim to do this on a regular basis. I also aim to be accessible to all officers who need advice on complaints and administrative procedures, and I have met Lewisham Homes' key complaint handling officers to talk about how they work and my role.

My approach has always been to try to resolve a complaint where possible, and I have found that Lewisham Homes is generally very amenable to this, either by accepting the settlements I propose or by suggesting such settlements itself without any prompting from me. I welcome this because it often results in a speedy and satisfactory outcome for the complainant. I also welcome officers taking action to resolve a complaint even where I have not upheld it.

Finally, it is important to keep in mind the relatively small number of complaints that proceed to stage three of the Council's procedure. For example, between 1 June 2008 and 31 March 2009, 2664 stage one and 340 stage two complaints were received against the Council and all of its partners including Lewisham Homes – a total of 3004 - and only 65 (or 2%) of these progressed to stage three.

### **Section 3: Performance**

This section sets out the statistical figures for the cases I have handled involving Lewisham Homes between 1 June 2008 (when I took on the role of IA) and 31 March 2009.

#### **Section 3a: Performance 1 June 2008 – 31 March 2009**

##### **Total cases received and determined**

TOTAL CASES RECEIVED	TOTAL CASES DETERMINED	UPHELD IN FULL OR IN PART	NOT UPHELD	WITHDRAWN
16	14*	10 (71%)	4 (29%)	0

*\*Two cases had yet to be determined as of the date of this report – 31/3/09.*

##### **Time taken by the IA to resolve:**

30 days and below	31 to 50 days**	More than 50 days***
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100%*		
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\* Target 80%

### Number of cases received: a comparison

The Council and its other partners	Lewisham Homes	Total cases received
49*	16	65

\*This includes two complaints against the Council that were withdrawn.

### Cases received: by Council directorate\*/partner - a comparison

Customer Services	Regeneration	Children and Young People	Community Services	Resources	Regenter B3	Dunlop Haywards	Lewisham Homes
24	6	2	2	1	7	7	<b>16</b>

\*This includes two complaints against the Council that were withdrawn.

### Cases received by subject\*:

Housing: Repairs	9 (56%)
Housing: Leaseholder	3 (19%)
Housing: Re-housing	1 (6%)
Pest control	1 (6%)
Tenancy issues	2 (13%)
<b>TOTAL</b>	<b>16</b>

\*Note that, although some complaints raised more than one issue, each was categorised according to the main or primary issue complained about.

### Compensation:

Number of cases in which compensation was awarded: 10

Up to and including £100	£101 - £500	More than £500
2	7	1

Total amount of compensation awarded: £5650 including £4000 in a leaseholder complaint.

### Section 3b: Commentary on performance

#### **Number of cases**

The number of cases against the Council and its partners including Lewisham Homes referred to the IA has increased slightly this year – going up from approximately six to seven per month. This gives me no cause for concern, and is to be expected as more people become aware that they can ask for their complaint to be investigated independently of the Council and its partners. It is also to be expected in the light of the Ombudsmen's decision

that all but a few complainants must complete a Council's complaints process before coming to them.

### ***Upheld rate***

Between 1 June 2008 and 31 March 2009, I upheld, either in full or in part, 10 (or 71%) of the complaints I determined against Lewisham Homes (14). This is disappointingly high, especially when compared to the 44% of complaints I upheld against the Council and its other partners. Although I can see no specific reason to explain why I upheld so many complaints against Lewisham Homes, I speculate that it arises from the fact that the transfer of properties to this authority was unsettling for tenants and leaseholders, and there were failings that gave them cause for complaint; Lewisham Homes inherited problems from its predecessors that it did not address at all or did not tackle straight away, and so prompted complaints; tenants and leaseholders felt encouraged to complain to this new organisation hoping that they might receive what they considered would be a better response than previously to their concerns; and there were significant changes within Lewisham Homes which either generated complaints, or meant that those complaints were not properly handled.

Lewisham Homes has much improved its complaints handling, and certainly the way it handles complaints to me. I hope that this will lead to a decrease in the number of complaints coming to me and the number I uphold. This should also happen as the management of the transferred properties settles down.

Notwithstanding, I believe the high number of upheld complaints between 1 June 2008 and 31 March 2009 suggests that there were a number of complainants whose complaints had not been addressed at all, or addressed only in part, in the earlier stages of the complaints process and Lewisham Homes may wish to look at this; it shows that these complainants were right to continue with their complaint to seek resolution; and it demonstrates the continued need for an IA to achieve this for them without recourse to the Ombudsman.

### ***Time taken by the IA to resolve cases***

Between 1 June 2008 and 31 March 2009, all complaints against Lewisham Homes were closed within the 30 days timescale (against a target of 80%). This shows a significant improvement on the previous period (when it was 70%).

Although not applicable to Lewisham Homes, there were some cases against the Council and its other partners that were not determined within the 30 days timescale: in the majority of cases, it was because it was necessary to seek more information from officers and it was sometimes difficult to determine who might provide that information. It seems to me that, with the improvement in my enquiry letter, and now that there is generally a designated departmental or partnership complaint contact who can either secure the information I require or identify where it might be secured, these problems should be addressed, and I should be able to write more quickly to all complainants with my final decision.

When it is evident that a complaint will not be resolved within the 30 days specified, the complainant is sent a holding letter with an apology and a new 'resolve by' date. No complainants have expressed dissatisfaction with this, or the time taken to determine their complaint.

### ***By subject matter***

All complaints received against Lewisham Homes were about housing (16), and 9 (or 56%) of the complaints covered repairs. This is not surprising given the nature of the services that fall within Lewisham Homes' remit, as well as the high levels of social housing within the borough, a point noted also by the Local Government Ombudsman in his annual letter.

I see no significant changes from last year in the numbers of complaints being made in the housing area or anything to suggest a systemic breakdown in service. It seems to me, however, that as the recent changes in housing and repairs management settle down; with the introduction of an improved complaints procedure within Lewisham Homes including the appointment of a key complaint contact; with the willingness this authority has shown to settle complaints; and, with its already stated commitment to deal with complaints more effectively, the numbers of complaints should hopefully decrease in the months ahead.

### **Compensation**

Between 1 June 2008 and 31 March 2009, I awarded compensation in all of the 10 cases I upheld, and this totalled £5650. Generally, the compensation reflected the time and trouble the complainant had spent unnecessarily in pursuing their complaint; the inconvenience they had suffered as a result failings; any actual loss or expenses they incurred; and the distress they experienced.

A large compensation recommendation (that is, over £500) was made in only one case: a long-running, difficult leaseholder repairs complaint where action was allowed to drift over eight years, and the complainant was not kept informed, resulting in distress and suffering. I proposed a payment of £4000 to recognise this.

### **Other remedies**

In addition to compensation, I often proposed an apology to the complainant for what had happened, and I sometimes asked for specific action to be taken: for example, for repairs to be completed. In my view, such action (where possible) can be a more satisfactory way of resolving a complaint: it addresses directly the consequences of the authority's mistakes; it puts the complainant into the position they should have been in but for those mistakes; and it can alleviate any further suffering such as having to live with disrepair.

### **Customer satisfaction**

The IA does not directly measure satisfaction with its work. This is carried out by the Council's Corporate Complaints Team and involves sending out satisfaction surveys to complainants and an online survey for Council officers and partners. The results of this work are presented in the annual report produced by the Council's Executive Director for Customer Services.

### **Effectiveness**

The IA has no further involvement with complaints beyond stage three, and so is not informed as a matter of course when complainants proceed to the Local Government Ombudsman. But, I have analysed the number of IA decisions that have progressed to the LGO and the outcome, where available\*.

Between 1 June 2008 and 31 March 2009, some nine complaints (or 16% of those I have determined against the Council, Lewisham Homes and other partners) have been referred on. The reasons are not always dissatisfaction with the IA decision: in at least one case, the complainant had complained to me and the LGO at the same time, the LGO had already started her investigation, and the complainant persuaded her to continue, so withdrawing from the Council's complaints process. Of the other eight cases, four have been decided by the LGO, and she has reached a different view in only one.

I suggest that the relatively small number of these complaints being upheld indicates that the IA process is robust, and that, where I have upheld a complaint, the remedies I propose are appropriate.

*\*Note that not all complaints about the Council and its partners which the LGO considers have gone through the IA stage, because some are outside the remit of the IA.*

## **Section 4: Issues from the casework**

This section describes issues that have arisen in the IA casework this year. I hope that Lewisham Homes finds it helpful to see the kinds of remedies I propose and, more importantly, my comments on administrative practices, no matter whether it provide services in all the areas I refer to below or was involved in a particular complaint.

### **Section 4a: General issues**

Occasionally, there has been a problem identifying officers who can comment on a complaint, and it has taken considerable time and effort to secure the information I need. In one instance, it led to a significant delay in writing to the complainant with my findings. The problem has occurred mainly in housing cases where events have happened over a number of years, where the Council was involved early on, the property has subsequently transferred and a number of officers have been involved, some of whom have left.

I believe that good record keeping should help here with key actions and decisions being clearly documented (perhaps in the form of a chronology) and I recommend this. An analysis at the front of any complaint file – showing key steps in dealing with the complaint – should also help. Consequently, I recommend that all those dealing with complaints use analyses, and I am providing a template which officers might adapt for themselves. In my view, this, together with the good record keeping, should make it easier to provide a comprehensive response to a complaint no matter how long ago the events leading to it occurred.

The appointment of a key officer within a department or partnership who handles complaints would help too. Lewisham Homes has such an officer, and they act as my point of contact; they know where, and how, they might secure the information I need on a complaint; and they have the authority to ensure that it is provided either in writing or in discussion.

### ***Compliance with remedies***

Overall, I have found that compliance with remedies has generally not been a problem in the sense that Lewisham Homes has accepted the recommended actions in each of my decisions.

In several cases, specific action I recommended was either not carried out by the agreed timescale or not carried out at all, despite agreement with the recommendation. This is unacceptable. Failures were particularly obvious in the area of repairs (for tenants and leaseholders), and were revealed when complainants came back to me because they have not had the remedy recommended.

Such failures add to the complainant's sense of grievance with the authority; they cause them more stress and frustration; they undermine my credibility and the effectiveness of the complaints process; and they result in increased work for me and my assistant chasing the remedy.

It seems to me that Lewisham Homes' appointment of a key complaints officer should help here: an officer I can contact and chase on the implementation of remedies. My assistant is also monitoring the implementation of remedies, and chasing officers until they are implemented. And, I have proposed a new procedure whereby, if a remedy is not carried out within seven days after officers are notified of my findings (or a different timescale specified in the final response letter), and officers have not let me why it is not possible, the case will be referred to the relevant Director. If the remedy has still to be implemented seven days after this, the case will be referred to the Chief Executive of Lewisham Homes. I believe that this will lead to a speedier resolution for complainants.

***Ownership and coordination***

Like my predecessor, I have identified cases (usually housing repairs) where the complainant's priority is to get the situation resolved. However, despite chasing Lewisham Homes; despite their complaint being investigated and upheld in the earlier stages of the complaints process; and despite promises from officers to take action as a result, such action has not been forthcoming. This has resulted in a complaint to me. This is regrettable: again, it inevitably adds to a complainant's sense of grievance against Lewisham Homes; it means that they have to spend more time and energy seeking a resolution to their complaint; and it undermines the complaints process, with complainants asking "what is the point of complaining".

I recognise that these cases are often complex and sometimes not easily solved; that the events stretch back a long way; and that many officers and different departments and/or authorities have been involved. But officers should take steps to keep complainants informed, especially where they have complained; they should follow through on identified and agreed repairs; and they should monitor the implementation of remedies. The appointment of a key complaints officer should help here.

***Stages one and two***

In some cases, Lewisham Homes failed to respond to the stage one and/or stage two complaint and this led to the complaint being referred to me. This is poor service, and means that I am dealing with complaints that might easily have been addressed earlier on in the process. In other cases, the nature and extent of the investigation of the complaint at stages one and/or two of the complaints procedure was unclear. It is my view that a complaint analysis would help here too - showing the key steps taken in the investigation of the complaint, highlighting the evidence used to determine it, summarising the officer's views on the complaint, and eventually noting the final outcome.

***Across Council and partnership complaints***

In some complaints I have upheld, mainly about tenant and leaseholder repairs where a property is now managed by a partner, partners have expressed concern that the adverse finding seems to reflect badly on them, even though the maladministration has clearly been caused in the past by the Council. The partner is also concerned that they, and not the Council, have to pay the proposed compensation. I have said that this lies outside my authority and it is something that they must take up with the Council. It seems to me, however, that, in the complainant's eyes, it does not matter who was responsible for the mistake, they simply want redress. It also seems to me that a partner can explain in any remedy letter to a complainant that they are a new management, and that they aim to improve services to prevent the recurrence of any similar mistake in the future.

**Section 4b: Housing management**

Like my predecessors, I find that the majority of complaints I received have referred to the exercise of the day-to-day landlord/freeholder management function of the stock, and it is in this area – particularly repairs, neighbour nuisance and leasehold management – that I have found the most serious management problems have arisen.

***The role of partnership bodies***

Although I have upheld a significant number of complaints where there have been errors by Lewisham Homes, I have seen no systemic failings in services, or constant failure to implement policies or procedures.

What I have seen is an increasingly efficient and prompt service from Lewisham Homes in dealing with my enquiries, and a commitment to improve this service even further; a

willingness to settle complaints; a high degree of constructive involvement by Lewisham Homes' senior officers in the complaints; a welcome ease of access to these officers; and an openness to my suggestions for remedies and service improvements.

### ***Delays in carrying out housing repairs***

As my predecessors found, there are often difficulties in establishing who 'owns' the repair problem. The result is often confusion and delay, for both tenants and leaseholders

Several leaseholders complained to me about promised major works or repairs not being carried out. Leaseholders pay the Council for such works and repairs, so they are entitled to require it to meet its responsibilities in a reasonable time and to a reasonable standard. It may well be that for most leaseholders, things work smoothly and there is no need for complaint; there are many thousands of Council leaseholders, after all. Also, in these particular complaints, the management of the properties concerned changed at least once over the period of the complaint and, in some instances, several times, and this, in my view, contributed to what went wrong.

But, the handovers of management were poor, with the repairs and work not being picked up by the new management; the new management prevaricated about whether to do the work and repairs, especially where it was expensive such as roof replacement; the files were deficient about what had been agreed; there was poor co-ordination between officers and contractors; and, most crucially, the leaseholder was not kept informed about what was happening.

This resulted in long delays in doing the work and repairs, and consequently large remedies from me. I determined that the complainants had been caused significant stress and frustration waiting for the work and repairs to their homes, and had spent unnecessary time and trouble chasing their complaints.

In addition to compensation, I asked officers to decide what repairs should be carried out and to let the complainant know. I also asked them to nominate a contact for the complainant who would oversee the repairs and provide regular updates. The officers readily agreed to my proposal as well as the compensation.

The number of leasehold complaints has dropped over the period I have been the IA. This is a welcome trend and suggests that, as the management of the transferred properties settles down, so will problems in administering leasehold work and repairs. However, I recommend that Lewisham Homes appoints a nominated contact for leaseholders where a lot of work is due to be carried out. I also recommend that files are kept up to date so that it is clear what work is planned, who is responsible for doing it, when it is envisaged it will be completed, and when it is eventually done. This should help if an officer leaves and the case is taken on by someone else. The recommendations should apply in complex tenant repairs too.

In one leaseholder complaint, it was clear that works were delayed when the wrong legal notices were served. I was told by the current managing partner that the forms had been provided by the previous partner when the property changed management and, despite asking for correct forms, they were not forthcoming. I passed on these concerns and asked officers to provide the right documentation.

I also upheld complaints about tenant repairs, again caused by poor communication and a failure to keep the complainant informed; a failure to reach a decision on how to address the disrepair; a failure to do work after an inspection had identified what needed to be done; and

poor record keeping and computer entries so that work was ordered and then abandoned without good cause. This resulted in compensation payments of between £100 and £250. I also proposed that the repairs be done immediately and, if this was not possible, that the complainant be given a timescale for their completion. Lewisham Homes was very amenable to my proposals. In some cases, it did work over and above what was actually required (such as decorating a complainant's home) to recognise the injustice the complainant had suffered as a result of its failings. This is good service.

Finally, on repairs, officers claimed in one case that they could not proceed because the tenant was unavailable and the policy was not to ask for keys. I proposed a review of policy here so that, on occasion, tenants can provide keys and work can be completed.

### ***Neighbour nuisance and anti-social behaviour***

I dealt with only two serious cases of neighbour nuisance complaints, and, although not against Lewisham Homes, I believe that including them here might help in disseminating learning on dealing with these issues.

The cases had in common the following elements: the absence of documentation on file showing clearly, chronologically, and formally, the key steps taken to investigate the nuisance; what phone calls had been made; liaison with the police and mediation service; what happened at some meetings; and the kinds of action officers considered they might take against the neighbour and why particular decisions were taken. There was poor communication with the complainant who might have been better informed about what the Council/partner was doing to investigate the nuisance; officers did not reply to emails, and they seem not to have provided any diary sheets. Plus, officers did not have more formal contact with the police, in addition to the regular informal contact, given the length of time the nuisance had been ongoing and the fact that the actions taken did not lead to any lasting solution. And, they failed to hold a meeting to review what had happened on the complaint and to determine what more could be done, if anything.

I upheld both neighbour nuisance complaints, although I did not form a view on whether or not the alleged behaviour constituted a nuisance; that is not for me to say. What I can say is that a well documented investigation is good administrative practice. It helps to provide a comprehensive picture of the case and an understanding of how the Council/partner has investigated it; it can show whether the appropriate steps have been taken and whether any have been missed; it can explain why certain decisions were taken; and it can be useful in any legal action. I recommend such documentation in all neighbour nuisance cases. It is something that the Ombudsman recommends too.