

London Borough of Newham

**Housing Revenue Account
Business Plan**

2006 - 2011

Housing Revenue Account Business Plan 2006 -2011

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Foreword

Towards Decent Homes & Sustainable Communities

Since our last Housing Revenue Account Business Plan was published in 2003, much has been achieved in our housing services. We successfully undertook the promised stock options appraisal in close consultation with our tenants and leaseholders and supported our tenants' wishes that we set up an Arms Length Management Organisation (ALMO) to enable us to access additional government funding to achieve the Decent Homes Standard.

Our ALMO, Newham Homes, was set up during 2005, and on 1st December 2005, it assumed management responsibility for most of the homes owned by the Council. In November 2006, Newham Homes achieved '2 stars with promising prospects for improvement' in its first inspection from the Audit Commission. This will now enable us to access an extra £240m in our drive to provide all Council tenants with a 'decent home' by 2010. This work will complement wider estate renewal initiatives to benefit all residents and improve the quality of life and health and well-being in our communities. We have made a commitment to an enhanced standard of 'Modern Homes', which goes beyond the government's requirements.

For our other housing stock, we have embarked on two Private Finance Initiatives. In Canning Town, our 30-year PFI contract with London City East Partnership commenced in June 2005 and work on their Decent Homes programme is ahead of schedule. Our second PFI contract in Forest Gate is due to begin in April 2008 with a commitment to improving over 900 homes by the deadline in 2010.

Our commitment to improving tenants' homes sits alongside our efforts to improving local neighbourhoods and tackling the problems which concern local people. For example, we continue to focus on addressing anti social behaviour by working with all our partners and local residents, and housing management of Council homes has a key role to play here. Upkeep of the public realm is another area which residents tell us is important and where we are committed to achieving better results by joining up the efforts of the Council and partners, and working with business and local communities.

This new HRA Business Plan aims to take forward our ambition to deliver excellent services. We will continue to strive for all round improvements which benefit tenants and leaseholders. We will also seek to maximise the impact of the investment we have successfully attracted to enhance Council homes and improve the overall quality of estates. To this end we will continue to respond to the views of our residents, and will take a close interest in tenant and leaseholder feedback via regular meetings and surveys.

Sir Robin Wales
Mayor of Newham

Councillor Andrew Baikie
Operational Executive Adviser for Housing, Process & Business Efficiency

Chapter 1 - Background and Context

The Housing Revenue Account (HRA) Business Plan forms an important part of Newham's Housing Strategy. This chapter sets out the strategic context for the HRA Business Plan and reviews achievements from the 2003 Business Plan.

1. Newham's population and challenges

Newham is a vibrant multi-cultural borough with one of the most diverse communities in the country. The population has increased by 33,100 since the 1991 census to 249,400 at the 2001 census. Almost two-thirds (61%) of our population is made up of people from a non-white ethnic group.

The Council rented sector in 2006 was approximately 18,400 homes, homes let by Registered Social Landlords stood at 11,500, and the private rented sector at 21,200 homes. The owner-occupied sector is slightly less than their combined size with 46,800 homes. At January 2007, there were 38,000 households on the waiting list including those seeking transfer.

Newham's Housing Needs Survey 2004 projected a net additional housing need of 2,600 homes per year for the next 5 years. Currently there were over 5,000 homeless households in temporary accommodation and we are currently developing a strategy to reduce that figure.

The draft Local Development Framework projects an increase in housing of 50,000 new units in the borough over the next fifteen years. To meet this projection in housing supply we have embarked on a number of high profile projects, which bring with them substantial housing yields.

The Stratford City development will result in one of the largest mixed-use developments in the UK for many years to come. Covering seventy-three hectares of largely derelict land, the next fifteen years will see the creation of a new £4bn metropolitan centre, with more than a hundred shops, three department stores, cafés, schools, hotels, parks and health centres. There will be a new, high quality commercial district with landmark towers and new leisure facilities.

Newham is one of the host boroughs for the 2012 Olympics and stands to benefit from a substantial amount of investment and legacy housing built for the athletes' village.

Given this dynamic backdrop, Newham faces significant challenges in delivering services that meet the historic, current and future needs. Key to our approach is a shared Newham vision, clear political leadership and collaborative working with stakeholders and residents to deliver sustainable improvements to local people.

2. Housing Strategy update

The Housing Strategy covers housing development, investment and service delivery plans in support of Newham's vision that "by 2012, Newham will be a major business location and a place where people will choose to live, work and stay". The HRA Business Plan is integral to that strategy, with particular regard to how the Council's landlord services are delivered and managed, and how HRA assets are used. In strategic terms, the Options Appraisal and subsequent setting up of Newham Homes, the Arm's Length Management Organisation, have been the key developments since the last HRA Business Plan.

In June 2005, Newham Council published its Corporate Plan, setting out its strategic direction and how it will move forward to achieve the vision. The Plan outlines six aims that when the vision has been achieved Newham will be a place:

1. which is attractive, clean and well maintained;
2. which is safe and where people feel safer;
3. where young people are healthy, educated, safe, have high aspirations for employment and good self esteem;
4. where the diversity of its people is celebrated, where people live harmoniously, respect each other and play a full part in the life of their community;
5. which is thriving economically and socially and where all people share in the growing prosperity;
6. where health and wellbeing and the quality of housing continues to improve, where people are active, have greater independence and where the most vulnerable are supported.

These aims reflect concerns expressed by local residents in consultation and research. They act as a key reference point for all of the Council's plans as well as those developed in wider partnerships such as the Community Strategy, which is led by the Local Strategic Partnership. Within the 'Better environment for all' theme in the Local Areas Agreement (LAA), meeting the Decent Homes Standard by 2010 is a mandatory floor target.

Many of the aims link strongly through from the Housing Strategy/HRA Business Plan to the Council's Corporate Plan and Newham's Community Strategy. For example, improving quality of housing is being approached by:

- developing plans and attracting investment for maximising housing choice and promoting mixed tenure residential areas,
- providing services to support older people and vulnerable people to live independently in their own homes,
- consulting with residents and using their feedback to develop services that meet their aspirations, and which compare well with other local authorities.

Newham Homes and other managers of Council stock are playing an important role in delivering the aim of making the borough attractive, clean and well-maintained, as well as working in partnership with others to tackle anti-social behaviour and reduce fear of crime.

Changing national and London context

Newham's Housing Strategy is due for update in 2007 to reflect more recent context of government policy aiming to achieve a better balance between housing supply and demand, as well as the changing local context, in particular the London Olympics in 2012 and major local developments.

The government's Sustainable Communities Plan called for an additional 200,000 new homes to be built by 2016 in London and the South-East of England. The London Capacity Study (GLA 2005) estimated that by 2020 Newham's housing stock will increase by 50,000 new homes. This projection has been adopted by our Draft Local Development Framework (LDF). The debates about sustainability and supply have developed further with the Barker Review of Housing Supply¹ which promotes the need for a step change in the delivery of new homes.

In July 2006 responsibilities formerly held by the London Housing Board were transferred to the Greater London Authority. This means that the Mayor of London will prepare and publish a statutory London Housing Strategy and a strategic Housing Investment Plan, setting out the priorities to meet the housing needs of all Londoners. The new powers also provide the Mayor with the power to decide the broad distribution of the affordable housing part of the Regional Housing pot in line with the strategy. In short, the Mayor will decide in broad terms how public money for new affordable housing will be spent in London.

3. Performance Management Framework

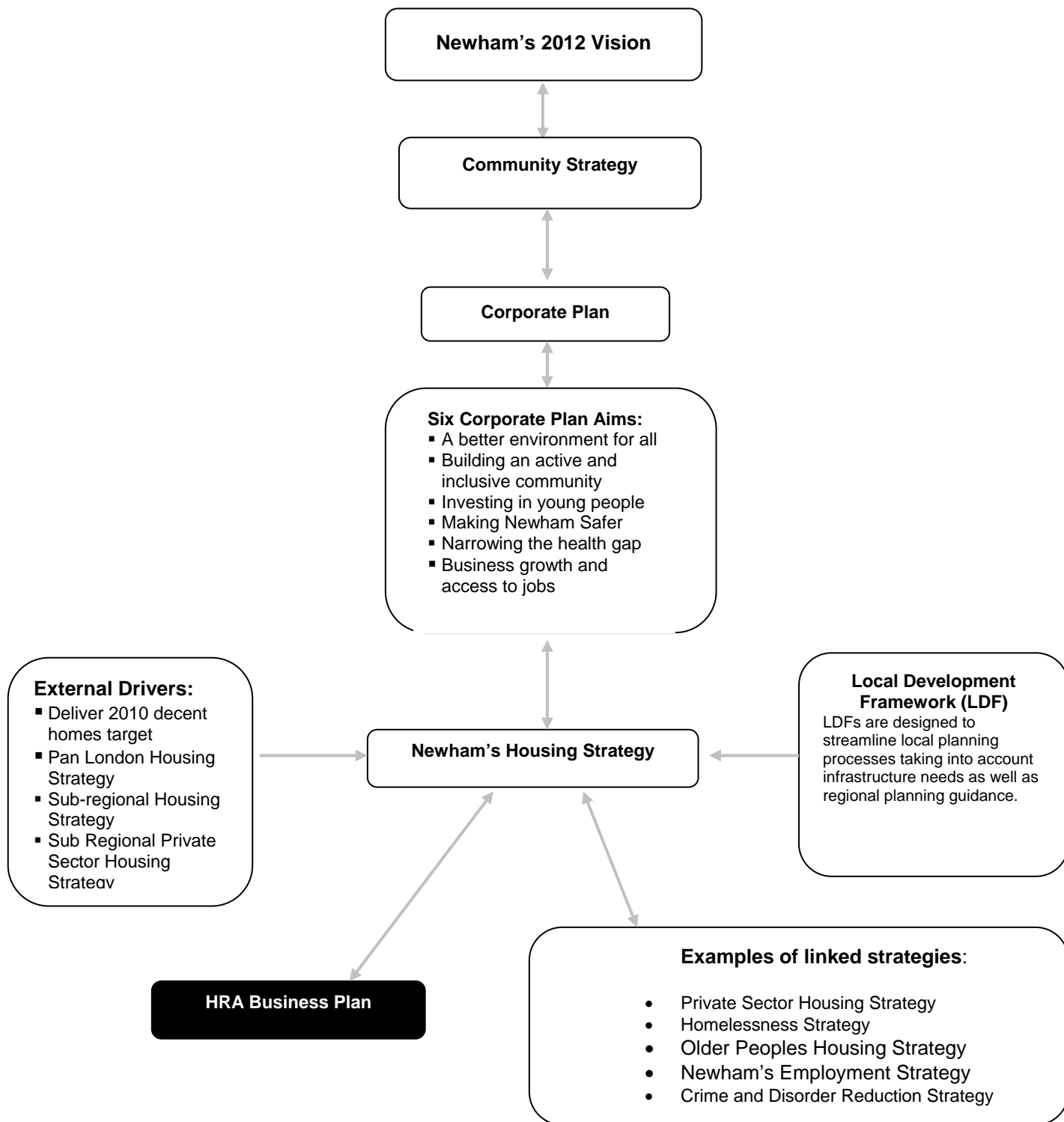
The Council's Performance Management Framework shows the relationship between the Corporate Plan and other plans. The framework also defines how our achievements will be measured. The next diagram illustrates these relationships.

The HRA Business Plan will be subject to measurement and monitoring. This will involve checking on the delivery of actions to improve service delivery, to progress Decent Homes investment plans and to secure efficiencies. National and local performance indicators and feedback from surveys of tenants and leaseholders will be part of the monitoring activity. In addition to Council monitoring, there will be monitoring by the Newham Homes Board of those areas which are led and delivered by Newham Homes. The Newham Homes Board and Chief Executive meet regularly with the Mayor to review delivery and performance.

¹ Review of Housing Supply: Securing our Future Housing Needs – Kate Barker (published March 2004).

HRA BUSINESS PLAN LINKS

The diagram below shows the relationship between the HRA Business Plan and other Housing and Council plans.



4. The 2003 HRA Business Plan – achieving our priorities

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The 2003 Business Plan set out three key priorities and our achievements on these are set out below:

- Increase tenant satisfaction with the Council as landlord

Achieved. Satisfaction has continued to increase year on year as is demonstrated by the results from our annual tenants' & leaseholders' satisfaction survey. More information on the results can be found in Chapter 5.

- Meeting the Decent Homes Standard by 2010

On target. The Council continues to progress its Decent Homes programme, which is being delivered by Newham Homes and through our existing and proposed Private Finance Initiative (PFI) contracts. Newham Homes was awarded '2 stars with promising prospects for improvement' by the Audit Commission in its recent inspection in November 2006. This was a major achievement which could unlock an extra £240m worth of government funding for the Decent Homes programme. Meanwhile, our first PFI contract in Canning Town, let to London City East Partnership, began in June 2005 and our second PFI scheme in Forest Gate is on course to begin work in April 2008.

- Achieving two stars from the housing management inspection in July 2004

Achieved. The housing management service was inspected in 2004 and achieved 2 stars and promising prospects for improvement. Newham Homes maintained this high rating at its recent inspection in November 2006.

A full update of the Action Plan from the 2003 Business Plan is attached at Appendix A.

Chapter 2

Delivering Decent Homes and Sustainable Communities

'Decent homes are a key element of any thriving, sustainable community. In order to be decent, a home should be warm, weatherproof and have reasonably modern facilities'. (Communities & Local Government web-site)

The Council fully supports this government initiative and wants all its housing stock to be brought up to the Decent Homes Standard by 2010. To achieve this, further capital investment will be received from central government to assist with the cost of carrying out the work on the properties, as Newham Homes recently achieved the required audit inspection rating of two stars which could unlock £240m worth of government funding.

At the time that this plan was prepared, our Decent Homes deadline remains 2010, but this may be subject to further discussions with central government, should there be a decision from government to alter the present funding arrangements.

1. Delivering Decent Homes

Newham has over 18,000 council homes, of which it is estimated 11,720 were non-Decent at the Decent Homes baseline in 2001, and 9,611 in April 2006. Newham has taken a 'mix-and-match' approach to tackling investment and regeneration needs in its housing stock, with some of its neediest stock being tackled by PFI and major regeneration projects, which should achieve the Decent Homes Standard in those areas by the government target of 2010.

Newham Homes has an investment strategy, which has been designed to achieve residents' aspirations for 'Modern Homes', meeting not only the Decent Homes standard but also other elements of maintenance and improvement which are essential for prudent asset management and creating sustainable communities.

Maintenance investment needs are established through a stock condition database based on a comprehensive survey covering 100% of the stock. This database is used strategically to inform Newham Homes' investment strategy at a high level, by showing what the overall investment requirements are for different building components, and when and where they will arise. The HRA Business Plan and the ALMO Building Costs Model, takes into account on the one hand these levels of investment, and on the other the impact of stock loss through Right to Buy, transfer and demolition, and also the contribution of additional funding sources such as PFI and New Deal for Communities.

The programmes are designed to achieve the Decent Homes Standard in all of the Council's properties by the target date of 2010. In addition, they will address other key investment objectives, such as other essential maintenance items (e.g. the renewal of any lift more than 30 years old) and the environmental and security improvements necessary for community sustainability, so as to achieve Newham Homes' objective of meeting our residents' aspirations for 'Modern Homes'. The following table illustrates the key issues addressed in providing modern homes for all our tenants:

Decent Homes	Other Essential Maintenance	Other Essential Improvements
Walls Windows Roofs Doors Internal electrics Heating Insulation Kitchens Bathrooms Water Tanks	Lifts Communal electrics Communal and emergency lighting Warden Call systems Fire alarm systems Heating and gas risers Door entry/ CCTV repair/ renewal Painting Curtilage maintenance	Disabled adaptations Landscaping Door entry/ CCTV installation

Using our stock condition database as a tool, we have been able not only to estimate our current Decent Homes position but also to make forecasts of the rate at which homes will become non-Decent as they age. It is much more difficult to predict the rate at which homes will be made Decent (or prevented from becoming non-Decent) because of the elemental nature of the Decent Homes Standard criteria.

This table illustrates the forecast position over the initial investment period for the number of homes becoming non-Decent, and the indicative estimate for the overall non-Decent Homes position taking into account the impact of investment:

	2006/07	2007/08	2008/09	2009/10	2010/11 to end 2010
Non-Decent at start of year	9611	9067	8037	6283	4459
Homes becoming Non-Decent during year	816	890	871	1681	115
Homes being made Decent during year	1000	1600	2400	3300	4539
Non-Decent at end of year (adjusted for loss of stock)	9067	8037	6283	4459	0

In July 2006, the Newham Homes Board approved the [Newham Homes Asset Management Strategy](http://www.newhamhomes.com), which can be found in full at www.newhamhomes.com.

2. Private finance initiatives

Canning Town PFI Project

Newham successfully obtained PFI credits of £31m for this project and awarded the contract to London City East Partnerships (LCEP). Newham signed the Canning Town PFI contract in June 2005, and LCEP has now completed its first full year of operation. LCEP's performance is monitored through a clienting arrangement with the Council. They submit monthly performance information, which is reviewed against targets on a monthly basis.

The contract includes the refurbishment, maintenance and management of approximately 1,020 rented properties. The management of 200 leasehold properties is also included in the contract. The refurbishment works are to meet the Decent Homes initiative and works to all properties are expected to be completed in 2008.

Residents have seen major transformations within their own homes with new windows and doors and also have the choice of their own personalised kitchen, bathrooms and flooring options. LCEP

achieved the milestone set in the project agreement almost two months ahead of schedule. The target was for 288 homes to be fully refurbished (and independently certified) by 30 May 2006. However, by this date, 346 homes were completed and certified.

Forest Gate PFI Project

Newham has been successful in its bid for £55m worth of credits to support this scheme. The project team is currently meeting regularly with residents to consult and involve them in the way ahead. We anticipate issuing the Invitation to Negotiate in early 2007 with the contract starting in April 2008.

The main objective of the Forest Gate project is to modernise 934 council rented homes to the Decent Homes Standard by 2010. Additionally, 421 leasehold properties are included in the contract, which secures funding for high quality management, maintenance and estate services for the next twenty years. The twenty year period whilst being shorter than the normal thirty years, provides the best value for money aligned to the level of credits available for the delivery of the project and its objectives.

3. Other major HRA regeneration projects

All regeneration projects within the HRA, which are not part of the Newham Homes programme or the PFI schemes, are managed by the Housing Projects Team. This team is part of the Strategic Housing Partnerships and Development Group within the Housing and Public Protection Service.

Brooks Estate and Plaistow North Area

The Brooks Estate and Plaistow North area programme is a comprehensive housing and urban regeneration scheme which commenced in 2001 as part of the Plaistow and West Ham New Deal for Communities (NDC) initiative. It is funded by £25m from the Housing Capital programme (2001-2010), £7.7m from NDC, £2.8 from Thames Gateway Development Corporation, Housing Corporation, Government Office for London, and Community Housing Association. The programme entails the demolition of over 200 flats and the new building of over 200 new homes, including approximately 70 houses. A phased refurbishment project of existing low rise homes is now in its second year, and the first tower block has been completed, with two more in re-development. The third element of the scheme has been the significant improvement, redesign and remodelling of the open areas.

Leather Gardens

This estate is a small area to the south of Stratford, which previously had not benefited from the investment seen elsewhere in the adjacent areas. The project aims to deliver a better environment and landscaping layout to the estate including demolition of some existing buildings, and other works in parallel with Newham Homes. The Leather Gardens project had previously not attracted funding from the Capital programme and was originally seen as a self funding scheme through sale of land. The Housing Project Team has now secured £2m funding from the Capital programme as well as a contribution from Newham Homes. The project started in 2006 and is scheduled to complete in 2008.

Little Ilford Estate

This project has developed into an estate wide plan including new build, open space investment, estate redesign and relocation of commercial units. The scheme started in 2003 with the decanting of Walter Hurford Parade which is now being demolished, and will by 2009 deliver 150 new homes across the estate and 4 new local shops, funded by both the Council and the developer. The works will complement the additional investment in the housing stock by Newham Homes.

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Carpenters Estate

This is a major scheme in the heart of Stratford and adjacent to the 2012 Olympic sites. This project presents a financial challenge with over £40m required to deliver major refurbishment works, decanting and demolition. It is intended to decant and demolish James Riley Point and this is under way. Other progress planned during 2007 will be working with the Carpenters TMO to complete community consultation on the financial options, achieving full support for the preferred option from residents and then acquiring outline planning consent.

4. Tackling anti social behaviour - Respect Standard for Housing Management

Newham has a strong commitment to dealing firmly with anti social behaviour within the borough and reducing fear of crime. The Council and its partners are working together on preventative and diversionary initiatives designed to draw young people in particular away from committing such behaviour. Newham has the youngest population of all local authority areas in the country with over 40% of those living here being under 25 years old.

As part of the 'Respect' programme, the government (CLG) published a 'Respect' Standard for Housing Management in August 2006. The Council and Newham Homes were early signatories to this new initiative. A key feature of this standard is resident involvement with an emphasis on empowerment to develop local solutions. Newham Homes and other managing agents are well placed to facilitate this with a network of tenant and resident associations as well as the overarching Borough, and Area Tenant Liaison Committees (described in more detail in Chapter 5).

We recognise that residents on estates have concerns about anti social behaviour and we are determined to manage this problem assertively to ensure that residents can live peacefully in their homes. Targeting youth activities is one approach. However, where preventative efforts do not work in deterring anti social behaviour, enforcement action will be taken.

Working within our local Crime & Disorder Reduction Partnership (alongside the Police, Probation Service, Fire Service, Primary Care Trust and local housing associations), an overarching strategic target has been set to reduce anti social behaviour in Newham by 15% between 2005 and 2008.

Chapter 3

Resources

The purpose of this business plan is to achieve a balanced Housing Revenue Account that is sustainable in future years. The HRA needs to maintain a minimum working balance of approximately £3 million to ensure that sufficient funds are available to meet any unforeseen circumstances. The 5-year budget projection in this chapter represents the core of the revised HRA Business Plan and outlines the reductions and efficiencies necessary to maintain the HRA in credit at a prudent level of balances over the period from now until 2011.

1. Income and expenditure

Income streams

Income comprises rents (for dwellings, garages & commercial properties), leaseholder charges, service charges, and housing subsidy.

Average dwelling rents shown in the 5-year projection (later in this chapter) are based on rent convergence guidelines. The assumptions made in relation to this are described in detail on the next page.

Rents for garages are assumed to increase by inflation and rents for commercial properties are fixed within their leases. Leaseholder charges are assumed to increase in line with inflation although they must be limited to actual increases in costs. Un-pooled service charges for tenants (e.g. for caretaking & concierge services) are limited to Retail Price Index (RPI) plus ½%.

Housing subsidy comprises the traditional element to cover management, maintenance and capital borrowing costs (offset by the notional rental income assumed in the subsidy calculations) and major repairs allowance. The subsidy payment regulations lead to certain changes each year and there is a significant reduction in subsidy expected from 2009/10 onwards, when the traditional element drops by £3m. This is mainly due to the ending of a leasing agreement with Southern Housing Group, although the subsidy loss is offset by reduced leased property expenditure within the HRA.

The 'Strategic HRA'

The 'Strategic HRA' covers the functions retained by the Council such as e.g. the lettings function, the two tenant management organisations, and the policy/clienting function. The 5-year forecast includes inflation only on pay and support service recharges.

The costs for 2007/08 reflect savings already identified and projected further savings with the aim of reducing total costs by 13% in 2007/08 (£2.4m) and 6-8% (minimum £750,000) in future years.

Newham Homes management fee

The 2007/08 management fee includes the removal of an agreed additional one-off budget allocated in 2006/07 for the ALMO set-up costs of £270,000. Inflation for 2007/08 (£611,000) and other net budget costs of £279,000 have increased the management fee. These items include additional costs for the grounds maintenance contract, the costs of moving to single status and pension back-funding for the Repairs & Maintenance Service. The aim is to reduce total costs by 6% (approximately £1.7m) over 2 years whilst building in fee reductions due to stock loss or transfer.

Delegated budgets

These are budgets that are delegated to Newham Homes outside the management fee, and which also need to be reduced by around 6% (£1.3m) over 2 years. The most costly area that is delegated is repairs and maintenance, and it is proposed to reduce the responsive repairs budget year-on-year through achieving better value for money in service delivery.

Stock loss

There has been a continual reduction in rented housing stock due to 'Right-To-Buy' and demolitions as part of estate regeneration initiatives. There was also a one-off stock transfer of 434 units to a new housing association called 'Local Space' in 2005/06 (see Chapter 4 for more details on this initiative). Stock loss since 2003 is illustrated in the table below:

Financial Year End Date	Council Rented Stock (actual)
31 March 2003	21,752
31 March 2004	20,673
31 March 2005	19,950
31 March 2006	19,078

This trend is projected to continue during the next 5 years as follows:

Financial Year End Date	Council Rented Stock (projected)
31 March 2007	18,419
31 March 2008	17,828
31 March 2009	17,377
31 March 2010	16,930
31 March 2011	16,757

These stock projections have been used in assessing our predicted income and expenditure during the life of this business plan.

Other assumptions made in the five-year projection

The 5-year projection (on the following pages) is based on a financial model that includes a number of financial assumptions. The key assumptions we have made are:

- Inflation has been assumed at 2.5% per annum.
- Dwelling rents are based on average rents and any increases are based on the rent convergence guidelines (retail price index plus ½% plus a move to target rents by up to £2 per annum). The rent increases will be restricted to 5% for 2007/08 as requested by Communities & Local Government, but subsequent years are as per the rent convergence calculation.
- Income loss due to voids has been assumed at 2.8% per annum.

- Housing subsidy is based on inflation of 2.7% and assumed interest rates on capital borrowing at 6.51%. It also includes the new rent constraint allowance to compensate for holding average rent rises to 5% per annum. However, it is not certain that this will continue beyond 2007/08.
- Management & maintenance allowance subsidy has been increased by annual inflation of 2.7%, but has been adjusted each year to allow for expected stock loss.
- Numbers of stock that are non-decent and the decent homes improvement programme has been based on a stock condition survey.
- Right to Buy sales start at a current level of 211 as at the HIP return 2006. It is expected there will be a further reduction in Right to Buy sales due to increasing housing prices and the reduction in the discount in 2004 to £16,000
- No usable receipts are assumed for HRA purposes in accordance with existing practice.
- The Council has received housing credit approval of £55m for the Forest Gate PFI scheme, which is expected to go live in April 2008. This will have an impact on the management fee paid to Newham Homes.
- Maintenance costs are assumed to be constant until the Decent Homes programme has been achieved.

2. The five-year budget projection

2005/06		2006/07	2007/08	2008/09	2009/10	2010/11
Outturn		Revised	Projecte	Projecte	Projected	Projecte
£'000		Budget	d	d	Budget	d
		£'000	Budget	Budget	£'000	£'000
			£'000	£'000		£'000
	Income					
-						
60,462	Dwelling rents (gross)	-61,111	-61,111	-62,261	-64,289	-65,680
	Rent Increase		-2,855	-3,466	-2,564	-2,736
	Rent Increase (Week 53)	-	-1,186	-	-	-
	Rent Income from reduced Voids	-	-250	-	-	-
	Rent Loss due to Stock Reduction		1,955	1,438	1,173	1,142
	Non dwelling rents					
-2,679	(garages/shops)	-2,465	-2,465	-2,527	-2,590	-2,655
	Rent Increase	-	-62	-63	-65	-66
-4,139	Leaseholders Charges	-3,691	-3,691	-3,783	-3,878	-3,975
	Leaseholder Charge Increase	-	-92	-95	-97	-99
-8,140	Charges for services	-7,219	-7,219	-7,399	-7,584	-7,774
	Charge Increase	-	-180	-185	-190	-194
75,420	Total Income	-74,486	-77,156	-78,341	-80,084	-82,037
	Expenditure					
	Repairs and Maintenance					
7,630	Planned/disrepair	6,478	6,478	6,199	5,592	5,366
	Inflation		162	160	151	151
	Reduction due to stock loss		-216	-542	-152	-148
	Proposed Budget Efficiencies	-	-225	-225	-225	-225
7,486	Responsive	6,657	6,657	6,377	5,759	5,533
	Inflation		166	165	155	155
	Reduction due to stock loss		-221	-558	-156	-152
	Proposed Budget Efficiencies	-	-225	-225	-225	-225
1,649	Voids	1,028	1,028	928	928	928
	Inflation	-	26	23	23	23
	Efficiencies	-	-26	-23	-23	-23
	Proposed Efficiencies	-	-100	-	-	-
	Trading Accounts deficits					
779	Newco	500	-	-	-	-
758	RMS	-	-	-	-	-
32,225	Strategic Housing	11,608	11,608	11,285	10,902	10,769
	Efficiencies	-	-1,113	-750	-500	-500
	Inflation	-	218	217	217	217
	Growth		572	150	150	150
	One-off Growth (PFI set-up)	-	366	-	-	-

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		costs)				
	PFI Unitary Payments					
	Canning Town	3,511	3,599	3,689	3,781	3,875
	Efficiencies	-	-700	-600	-500	-400
	Forest Gate	-	-	3,000	3,075	3,152
	Other Delegated Expenditure	1,874	1,874	1,692	1,570	1,567
	Efficiencies	-	-262	-160	-40	-40
	Growth	-	39	-	-	-
	Inflation	-	41	38	37	36
7,768	Newham Homes Management fee	24,812	25,247	24,867	23,284	23,409
	One Off Set up Costs		-270	-	-	-
	Inflation	-	611	617	625	586
	Growth	435	279	-	-	-
	Efficiencies	-	-1,000	-2,200	-500	-500
2,147	Leased Property (Southern Housing)	2,193	2,193	2,193	-	-
1,208	Bad Debts	855	855	730	730	730
	Reduction in Bad Debt Provision	-	-125	-	-	-
16,452	Subsidy and Capital Financing	17,518	19,398	21,484	26,003	28,670
78,102	Total Expenditure	77,469	76,934	78,531	80,661	83,104
2,682	Net Cost of HRA Service	2,983	-222	190	577	1,067
-	Balance Brought Forward	-8,856	-4,873	-5,095	-4,905	-4,328
-	RMS Trading Deficit	1,000	-	-	-	-
-8,856	Balance Carried Forward	-4,873	-5,095	-4,905	-4,328	-3,261

3. Other key factors for our HRA resources

Canning Town Wider Regeneration

The regeneration of Canning Town will take place over a 10-15 year period. This will involve the phased demolition of 1,645 HRA properties. Approximately 200 of these are leasehold.

The financial impact of this will be considerable, with a loss of housing management and maintenance subsidy (currently worth £2,000 per property per year) and Major Repairs Allowance (£750 per property per year) when the properties are demolished. This is in part offset by a reduction in the need to manage and maintain the properties. The potential loss of HRA subsidy once demolition is complete would be £3.2 million in a full financial year; the phasing of subsidy loss will depend on the phasing of demolition. Subsidy arrangements are such that subsidy is pre-set i.e. subsidy for the next 2 years is determined by current stock numbers, so in effect there is a lag of up to 2 years when a property exits the HRA.

The exception to this occurs when stock numbers decline by 10% of stock numbers or 3,000 properties (whichever is the lower) over a 2 year period when subsidy is recalculated in year, bringing forward subsidy loss. There is therefore a need to plan stock reductions to avoid this, and the phasing of demolition in Canning Town will be a factor in this.

There will also be costs as a result of the properties being unoccupied, such as loss of rent, security, and empty property Council Tax for properties left vacant for more than 6 months. These costs will be incurred while the properties are still within the HRA, and as such are attracting HRA subsidy, which can be applied to offset costs.

There are also costs associated with decanting tenants from properties that are to be demolished, with Statutory Home Loss payments, removal expenses, compensation and legal costs. These can be considerable and vary depending on the circumstances of the individual property and tenants.

The capital programme has previously funded buyback of leasehold properties, but this is no longer the case. The Thames Gateway UDC is funding the current phase of decanting and we are submitting a bid to them to pay for the next phase.

The medium term HRA budget strategy has allowed for the impact of stock losses from this and other smaller regeneration initiatives (described in Chapter 2) , and the continued impact of Right-to-Buy. This will require a downsizing of the HRA to reflect the reduction in stock losses and the management of properties under PFI contracts.

Commercial properties

Within the HRA there are included approximately 400 commercial lettings. These comprise of:

- 40 parades of shops, mostly beneath residential blocks
- 15 public houses
- 20 residential units
- 25 other sites.

Most owe their origins to the need to provide shops and services for local residents at a time when retail patterns and community needs were different from those of today. Because of social changes many of the units are either no longer financially viable, or only marginally so. However others do still provide an important social facility, or could do so if the portfolio were properly rationalised.

These lettings are currently managed by the Council's Property and Design Consultancy (PDC), and in 2005, the Council commissioned consultants Atisreal to carry out a review of the entire portfolio within the HRA.

In their report produced in December 2005, Atisreal reviewed all the properties contained within the portfolio, classifying them in terms of their development potential, and suggesting a range of approaches, including:

- refurbishment / redevelopment / rationalisation / change of use / disposal
- consolidating units / extending where appropriate
- more communal facilities / health centres
- better commercial mix e.g. bringing in Metro type multiples
- streamlining the leases outside the scope of the Landlord and Tenant Act
- joint ventures for redevelopment e.g. with public house owners
- transfer to managing agents.

Discussions are taking place over the best way to implement the main recommendations in the Atisreal report, and also to review the way in which the properties are managed in the future. The Housing & Public Protection Service (through its Business & Social Enterprise Group) will be making a full evaluation of individual sites which need to be considered in relation to their importance to the local community as well as their commercial potential. All community stakeholders will be fully involved in this process, which will hopefully not only deliver both a renaissance in terms of more relevant local facilities for residents and a better estate environment, but will also help deliver the Council's regeneration objectives.

The NEWCO factory

Newco is a supported factory making PVCu windows and doors, fitted kitchens and bespoke joinery products. Linked to it is Newco Employment and Training (NET), which manages the Workstep contract with the Department of Work and Pensions, and is the focus for a number of employment initiatives for disabled people. Under Workstep, 42 trainees are supported by government funding to develop their occupational skills in Newco's sheltered environment with a view to longer-term progression to open employment. Currently 94 staff are employed overall of whom 47 are disabled.

Originally established in 1922 as West Ham Workshops for the Blind, Newco has always been fully embedded within the local authority and since January 2006 is part of the Business and Social Enterprise Group within the Housing and Public Protection Service. Following a serious trading deficit in 2004/05, a strategy for recovery began in the summer of 2005 and a new management team is now driving the business with a target of breaking even within 2007/08. A business strategy is being developed, in which the main short term priorities are:

- to review, strengthen and improve the financial systems to enable better information on which to run the business
- to complete major process reviews in the factory to make the production operation work at optimum efficiency
- to fill key posts in a revised structure suited to current business needs
- to review marketing and logistics arrangements
- to strengthen the customer base by working towards partnering deals with potential long term customers including Newham Homes
- to restructure NET and achieve a financial and structural separation from Newco, to better clarify the financial dealings between the two operations and enable NET to pursue a wider role in relation to employment objectives.

In the longer term there will be a need to review Newco's overall commercial direction, its focus and possibly its status as a supported workshop. The 2006 Government review of the Remploy workshops has highlighted the declining role of supported workshops now that traditional manufacturing across the UK is

itself in decline. However although NET will aim to expand its operation by placing trainees in non-manufacturing roles outside Newco, we are confident that there is still a strong future for a solid manufacturing business with focused niche markets in building refurbishment at this time of unprecedented construction activity within the East London sub-region. Newco does therefore have a viable future provided that it can reinvent itself to meet the needs of the early 21st century.

The Department of Work and Pensions will be reviewing the way Workstep operates and making changes from April 2008. It is likely the changes will result in fewer providers and larger contracts. NET will need to be able to respond to that challenge, either on its own or in partnership with another provider. At the same time the Council is looking to broaden NET's role in relation to helping people into work. It is already an accredited NVQ assessment centre and thus well placed to play a key role in relation to delivering on employment initiatives, both for disabled and non-disabled people.

Moore Paragon and North Beckton leasing schemes (managed by Southern Housing Group)

The Moore Paragon leasing agreement was entered into on 08 October 1990 for a period of 20 years, for a loan amount of £8.4m. The lease is therefore due to terminate on 07 October 2010.

This scheme incorporates the following 86 properties:

- 16 two bedroom older persons mobility standard bungalows
- 18 two bedroom flats
- 26 three bedroom houses
- 26 four bedroom houses

The North Beckton leasing agreement was entered into on 31 March 1989, also for a period of 20 years, for a loan totalling £3.5m. This lease is due for termination on 30 March 2009.

This scheme incorporates the following 43 properties:

- 12 one bedroom flats
- 3 two bedroom flats
- 10 two bedroom houses
- 18 three bedroom houses

When the leases are terminated, Southern Housing Group will acquire the freehold for long term use as social housing. The HRA will lose £590,000 worth of rent from these two schemes.

Re- development of former Council hostels

The Council is currently exploring the possibility of facilitating the re-development of several properties, which fall within the HRA and which were formerly used as hostels providing temporary accommodation for homeless applicants, but which have now been superseded by other types of temporary housing. These units are predominantly on sites that could be redeveloped strategically to give valuable assistance with meeting housing need in the borough and, as such, are a considerable financial asset to the HRA.

The leased vehicle fleet

The Council has a leased fleet of 102 vehicles (comprising 16 light vans, 68 medium vans, 16 tippers, one Land-Rover and a Luton van used by the Asbestos Removal Team). The fleet is managed by Newham Homes under a delegated budget and the current total annual cost is just over £500,000.

Carpenters Tenant Management Organisation

Because of the redevelopment on the Carpenters estate described earlier in Chapter 2 (principally the decanting and demolition of James Riley Point), there will be a budget adjustment to the management fee for Carpenters TMO because of the stock loss. The anticipated reduction in the TMO budget for 2007-08 is £257,000.

Chapter 4

Delivering Excellent Housing Management Services

The Council works with a range of partners to deliver day-to-day housing management services to its housing stock. The Housing & Public Protection Service is pivotal in ensuring performance standards through contract monitoring and maintaining co-ordination with other key Council services and external partners to ensure that there is effective service delivery to Council tenants & leaseholders.

1. The strategic role of the Housing & Public Protection Service

The Housing & Public Protection Service leads on delivering the Council's Housing Strategy. In terms of this business plan, this includes monitoring service delivery through the management agreements signed with the partner organisations which manage the housing stock. The Service also leads strategically to address local concerns and to ensure equality of outcome for our tenants and leaseholders.

Service delivery is primarily monitored through a suite of performance indicators to ensure that all tenants and leaseholders receive a good level of service in key areas, such as repairs and estate caretaking. However, our partner organisations who manage our housing stock range from the Council's arms-length management organisation, Newham Homes, to comparatively small tenant management organisations, as well as including a private sector company and a housing association who manage housing stock elsewhere. We recognise that working with these diverse organisations will require different approaches, and that in particular, the two tenant management organisations operating in the Borough will require on-going support and training to deliver services to their residents.

2. Our partners in service delivery - the managing agents

The majority of homes owned by the Council are managed by Newham Homes, the arms length management organisation set up after full consultation with our tenants and leaseholders via a detailed options appraisal process.

Newham Homes assumed management responsibility on 1st December 2005 for 17,300 tenanted homes and 5,300 leasehold properties. This represents about 91% of the Council housing stock, including 1,350 homes which are due to transfer to a new service provider in April 2008, when the Forest Gate PFI contract is scheduled to start.

A small number of council properties are managed by other organisations:

- Pinnacle PSG manages over 1,200 homes in Canning Town as part of the private finance initiative (PFI) scheme signed by the Council with London City East Partnership. Pinnacle PSG assumed management responsibility in June 2005
- Carpenters Tenant Management Organisation manages over 600 homes in the Stratford area
- CTR Triangle Tenant Management Organisation manages just under 300 homes in the Canning Town area

- Southern Housing Group manages over 100 leased properties in Beckton, which are occupied by secure Council tenants. The leases are due to end in 2009 when Southern Housing Group will acquire the freehold for long-term use as social housing.

The majority of properties owned by the Council are located within Newham, but a small number are not. These are located on estates owned by Newham in other local authority areas – Brentwood (398 homes – tenanted & leasehold), Redbridge (292 homes) and Havering (143 homes). All of our out-borough estates are managed by Newham Homes.

3. Other key council services

Our managing agents deliver key housing services in partnership with other Council services in working towards our objectives to build and maintain sustainable communities and improve the quality of life and environment on our estates.

The main Council services that work closely with our managing agents are:

- The Public Realm Service which is responsible for grounds maintenance, caretaking and concierge services as part of seamless delivery of integrated estate services combined with cleansing services in all public areas of the borough.
- The Crime & Anti Social Behaviour Service which leads strategically on combating the serious effects on residents and local businesses caused by anti-social behaviour. In particular, Newham Homes and the other managers can call on the expertise of the Crime & Anti Social Behaviour Service for advice and to undertake legal action against perpetrators, including seeking anti-social behaviour orders (ASBOs), injunctions and, where necessary, taking possession proceedings.
- The Benefits & Customer Services which is responsible for the calculation and payment of housing benefit to Council tenants and for delivering a front-line service both for the Council and for Newham Homes via the telephone Contact Centre and a network of eight Local Service Centres located throughout the Borough.

4. Other key partners

We have two other key partner organisations – Local Space and the East London Lettings Company.

Local Space is an independent Housing Association set up by the Council during 2005 to provide temporary accommodation for homeless households. The Council initially transferred 434 properties from within the Housing Revenue Account to Local Space in early 2006 in order for the association to establish an asset base. They have been set a target of acquiring a further 1,000 homes on the open market over the next two years to increase the supply of good quality temporary accommodation to offer to homeless applicants, where no preventative or other alternative solution can be found to their housing difficulties.

The East London Lettings Company was formed in 2002 through a consortium of local authorities and housing associations in the East London area to offer a choice-based lettings scheme to tenants and housing applicants alike. In the first 4 years of operation, almost 4,500 vacant homes have been advertised through this scheme within the borough of Newham (both Council and housing association stock) attracting in the region of 500,000 bids.

For the future, the East London Lettings Company is forging closer links with the two other choice-based lettings organisations operating in the London area with a view to improving and widening opportunities for our residents.

5. Maintaining standards through performance monitoring

Newham Homes and the other management organisations carry out the housing management and maintenance functions on behalf of the Council. The Council uses a series of performance indicators and customer feedback surveys to monitor performance and to measure customer satisfaction with service delivery. Challenging, but realistic, targets are agreed with our service delivery partners to aim for year-on-year continuous improvement in performance and customer satisfaction.

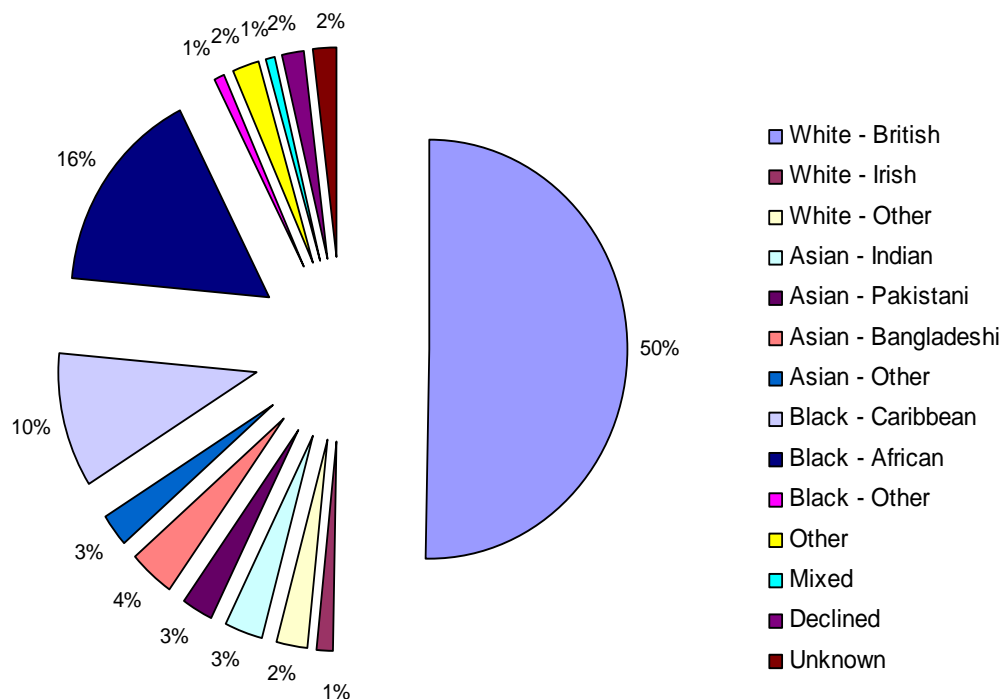
Among our key achievements in 2005/06 were:

- Almost 93% of urgent repairs were completed within local target times
- The average time for completing responsive repairs was just over 5 days
- Over 95% of lift breakdowns were responded to within 2 hours
- 98% of door entry system breakdowns were responded to within 24 hours
- 96.58% of rent due was collected

Further recent performance information and current targets are contained in Appendix B and more details about our customer surveys can be found in the next chapter entitled 'Consulting & Involving Residents'.

6. Council tenants – profile of our customers

Ethnic Origin of Council Tenants



The 2001 Census illustrated that Newham was one of the most ethnically diverse local authority areas in the country, and this is reflected in our tenant customer base.

Also, many households are headed by lone female parents. In the next chapter on ‘Consulting & Involving Residents’, there is more information on initiatives, such as the Tenant Empowerment Programme and our first conference for Black & Minority Ethnic residents, which aim to increase participation among these traditionally under represented groups within our Tenants & Residents Associations.

Chapter 5 Consulting Our Residents

The cornerstone of our service delivery is our regard for the views of our tenants and leaseholders. We place consultation with our customers at the heart of everything we do and all decisions that we take and recognise that due to personal circumstances or lifestyle, different forms of involvement or consultation will suit different customer groups.

1. Resident consultation & participation - a summary of activities

Apart from supporting two tenant management organisations (described in Chapter 4), our extensive resident participation mechanisms and activities include:

- A formal structure under which approximately 60 local Tenants & Residents Associations (TRAs) elect tenant and leaseholder representatives on to six Area Tenant Liaison Committees (ATLCs) who in turn elect two members each on to the Borough-Wide Tenant Liaison Committee (BTLC).
- The resident-led improvement programme is approved via this committee network with local TRAs identifying improvements that they would want on their estates and the ATLCs then prioritising this work. In the last 6 years, the resident-led improvement programme has delivered estate improvements costing about £19m and a budget of £1.85m has been allocated for 2006/07.
- The BTLC also has sub-groups which review key areas of activity. At present, there are sub-groups for Finance (which was consulted on this Business Plan) the Public Realm Service, the resident-led improvement programme, the resident involvement strategy and Tenant Compact. Further planned sub-groups will review work by the Crime & Anti Social Behaviour Service and on the Decent Homes programme.
- Newham Leaseholder Group, which liaises with the Council and with Newham Homes on issues of particular interest to leaseholders. There was also a leaseholder conference held in 2005.
- Following the 2003 HRA Business Plan, which concluded that a stock options appraisal was needed to enable the Council to meet the Decent Homes deadline of 2010 and which subsequently led to the creation of Newham Homes, residents played a full part in the decision-making process via various events, surveys and a residents' commission.
- Five residents' seats (out of fifteen) on the Newham Homes Board. These residents can fully contribute to policy and financial decisions made by Newham Homes.
- An Annual Tenants' & Leaseholders' Conference, which for the first time in 2006/07 was hosted by Newham Homes.
- A series of three local area meetings with Black and Minority Ethnic (BME) residents over the last 2 years, which has culminated in the first conference of BME residents held in October 2006. This initiative has helped increase the participation of BME residents in local TRAs, where in the past they have been under-represented.
- Resident review groups for the Tenant & Leaseholder Compact 2004-06, which monitor the action plans agreed for each service. After Easter 2007, work will begin with each of these groups to develop the new Compact for the next three years. Local area compacts have also been developed in three of the six ATLC areas – Stratford, Canning Town South and East Ham & Docklands.

- The 'Estate Watchers' programme, which involves estate inspections by a group of residents three times a year to look at caretaking and horticultural maintenance standards on particular estates. There is also a local 'Estate Watchers' programme in the Stratford area, which is more intensive and arranges visits to estates every 6 weeks.
- The annual Tenant Empowerment Programme which consists of capacity building courses designed to assist residents to set up and run TRAs. Topics such as chairing meetings, I.T. skills and finance for local associations are covered in the programme. The programme has helped to increase the number of women and BME residents involved in local TRAs. On the 2005/06 programme, 85% of participants were female and 74% were from BME groups.
- Tenant Involvement Week, when staff from the Resident Empowerment & Consultation Team at Newham Homes visit estates with no active TRA to promote resident participation through a series of events.
- Full involvement in the development of our first Private Finance Initiative (PFI) in Canning Town, including a Residents' Steering Group, resident involvement in evaluating the tenders for the scheme, special public meetings and residents' surgeries. The same approach is now being used for the development of our second PFI scheme in Forest Gate.
- Door-to-door Tenant & Leaseholder Surveys carried out annually at residents' homes since 2000 by an independent organisation called Kwest Research, which have investigated customer satisfaction with a range of housing services.
- A range of postal and telephone satisfaction surveys carried out in-house (and now largely carried out by Newham Homes) which cover areas such as caretaking, repairs, housing officer casework and new tenants' first impressions of their new homes and the housing service.

2. Improvements in customer satisfaction

The key measure for tenant satisfaction is Best Value Performance Indicator (BVPI) 74, which is a Government required indicator that is measured via our annual Tenant & Leaseholder Surveys carried out independently by Kwest Research via interviews that take place at residents' homes. The question asked for BVPI 74 is "Taking everything into account, how satisfied or dissatisfied are you with the overall service provided by your landlord?"

The following table shows the improvement in satisfaction ratings year-on-year:

<p>Best Value Performance Indicator 74 Tenants' satisfaction with the overall service provided by the landlord</p>

<i>Date of Survey</i>	<i>% Very/fairly satisfied</i>	<i>% Neither</i>	<i>% Very/fairly dissatisfied</i>
Feb 2005	73	14	13
<i>Feb 2004</i>	<i>70</i>	<i>14</i>	<i>16</i>
<i>Feb 2003</i>	<i>62</i>	<i>16</i>	<i>22</i>
<i>Feb 2002</i>	<i>65</i>	<i>19</i>	<i>17</i>
<i>Dec 2000</i>	<i>59</i>	<i>14</i>	<i>28</i>
<i>Note: The 2006 survey was conducted by Kwest Research as a postal survey in order to meet new BVPI guidelines issued by the Audit Commission for 2006-07. Because of this change in methodology, the results of the 2006 survey are not directly comparable with the previous surveys and are given separately in the next section. Figs. subject to rounding.</i>			

A similar increase in satisfaction ratings can be seen for leaseholders following a comprehensive Best Value Review, which completed its work in early 2004 and culminated in the establishment of the Home Ownership & Leasehold Group. This Group, now located within Newham Homes, has over the last two years has improved liaison with and services to the Council's growing number of leaseholders. The table below gives details of the findings from the yearly satisfaction surveys:

<i>Leaseholders' satisfaction with the overall service provided by the landlord</i>			
<i>Date of Survey</i>	<i>% Very/fairly satisfied</i>	<i>% Neither</i>	<i>% Very/fairly dissatisfied</i>
Feb 2005	58	24	17
<i>Feb 2004</i>	<i>49</i>	<i>29</i>	<i>23</i>
<i>Feb 2003</i>	<i>47</i>	<i>21</i>	<i>32</i>
<i>Feb 2002</i>	<i>56</i>	<i>22</i>	<i>22</i>
<i>Dec 2000</i>	<i>46</i>	<i>27</i>	<i>27</i>
<i>Note: The next leaseholders' survey is due to be conducted in early 2007. Figs. subject to rounding.</i>			

- As can be seen from the above tables, the highest levels of satisfaction – 73% of tenants and 58% of leaseholders - were achieved in the most recent survey in February 2005.
- Similarly, the lowest levels of dissatisfaction – 13% of tenants and 17% of leaseholders – were also achieved in the most recent survey.

The BVPI Tenants' Satisfaction Survey (2006)

As stated above, the Audit Commission required the 2006 Tenants' BVPI satisfaction survey to be carried out by post. This cannot therefore be directly compared with the previous surveys carried out via home visits to our tenants.

The key findings of the BVPI Survey (2006) were:

- 66% of respondents were 'very satisfied' or 'fairly satisfied' with the overall service provided by the landlord (BVPI 74).
- Slightly more respondents from BME groups were 'very satisfied' or 'fairly satisfied' – 67% compared to 66% of non-BME respondents.
- 52% of respondents were 'very satisfied' or 'fairly satisfied' with opportunities for participation in management and decision-making (BVPI 75).
- More BME respondents were satisfied with these opportunities – 54% compared to 51% of non-BME respondents.

The Council is developing an Action Plan in response to the results of the 2006 survey. The suggested priority areas that we will be seeking to improve in partnership with Newham Homes and other Council services are:

- Responses to complaints of anti social behaviour
- The caretaking service on Council estates
- Ease of getting hold of the 'right person' and satisfaction with query handling and resolution

Chapter 6 Value for Money

Obtaining value for money has always been a priority of Newham. Over the last few years there have been a number of government drivers to reduce costs and increase quality in services to our customers, which Newham has used to identify areas where efficiencies and savings can be made without reducing quality or service.

1. The 'Best Value' regime & key procurement reviews

Best Value

Introduced in 1999, Best Value aimed to ensure the delivery of quality services, not just the cheapest. To do this, Newham had to make the right choices between different service providers and their costs, and balance this with meeting the needs and expectations of its tenants and leaseholders.

Byatt Review

Published in 2001, this set out a number of key recommendations to incorporate best value into the procurement of services and goods. These include developing a corporate procurement function, reviewing current practice, and building on project and contract management skills already in the Council.

Gershon Report

Published in 2004, this report was commissioned by the government to drive the procurement and efficiency agenda. By implementing sound procurement practices, we can redirect resources to front line services.

The efficiency drive is not just about cutting costs. It's about getting more quality and quantity; improving services to tenants and leaseholders and reinvesting in front line delivery wherever possible. Value for money, efficiency and effectiveness is about:

- Reducing inputs for the same outputs
- Reducing prices for the same outputs
- Getting greater outputs – or improved quality – for the same inputs
- Getting more outputs or improved quality in return for an increase in resources that is proportionately less than the increase in outputs

2. Delivering value for money services

How is value for money measured?

The Council and Newham Homes both have the same drive and requirements to provide value for money services and to be efficient. Both measure their efficiency and value for money in the same way by looking at:

- Benchmarking cost & performance data with similar organisations (e.g. via Housemark)
- Monthly performance monitoring
- A robust clienting process to manage the delivery of the Decent Homes programme

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- Internal audit reports
- External audit reports
- Other external checks and consultants' reports

The service planning process

Success in delivering services that are value for money relies on service planning, which provides direction and focus for everyone to ensure that:

- Key actions and objectives reflect current Mayor and Council priorities, and that these are clear with unambiguous lines of responsibility for making things happen
- Actions are prioritised, recognising that not everything can be done at once
- Objectives clearly indicate how customers will benefit and reflect resident or customer feedback
- Performance reporting supports key objectives

Each service area in the Council and each directorate within Newham Homes are responsible for planning service improvements in line with current priorities identified with the Mayor, Cabinet member and members, and in response to consultation and survey feedback. Service plans set out the strategic purpose, aims of the service area, strengths and weaknesses. The plans include a service improvement plan, which includes critical business and service improvement objectives, actions, milestones, responsibility, outcomes for residents, risks and performance measures. The action plans also take into account residents' priorities, as well as incorporating actions that address areas for improvement identified through performance management, benchmarking, customer surveys and external inspections.

Annual Efficiency Statement (2006-07) – Newham Homes

One of the key documents in setting out efficiency gain achievements and targets is the Annual Efficiency Statement. The 2006-07 Statement prepared by Newham Homes is attached at Appendix C.

Chapter 7 Newham Homes

Newham Homes (the Council's ALMO) manages about 91% of the Council's housing stock. On 1st December 2005, it assumed management responsibility for 17,300 tenanted homes and 5,300 leasehold properties. In November 2006, at its first inspection, Newham Homes was assessed by the Audit Commission as a 'two-star organisation with promising prospects for improvement' and will therefore now have access to up to £240m additional funding to deliver the Decent Homes programme to Council residents.

1. Governance and leadership

The Board of Newham Homes consists of fifteen Directors of which five are residents, five are independent members and five are Council nominees.

The Board's main functions are to:

- Define the vision and strategic objectives of Newham Homes in partnership with Newham Council, and set out in a Delivery Plan and a Strategic Plan
- Monitor achievement of its vision and objectives through service plans, performance measures and scrutiny of delivery mechanisms
- Approve an annual budget and annual accounts
- Establish a scheme of delegation and frameworks for financial control and risk management
- Represent and communicate the organisation's values, policies and activities to residents and partners

There are also four committees which support the Board, these are the:

- Finance Committee
- Audit Committee
- Service Improvement Committee
- Human Resources Committee

Newham Homes Executive Management Team comprises of:

- The Chief Executive
- Director, Community Housing Services
- Director, Property and Asset Management
- Director, Repairs and Maintenance Service
- Director, Resources and Service Improvement

Each of the four Directors is responsible for the day to day operations of a service area and provides professional and technical advice and support to the Board. Together the team ensures that:

- Newham Homes vision, aims and priorities are communicated to staff, partners and stakeholders
- Managers and staff at all levels throughout the organisation are clear about their role
- An effective performance management framework is in place to achieve continuous improvement in service delivery
- A budget monitoring framework is in place to use resources effectively and efficiently
- Service planning is used to establish priorities and allocate resources appropriately to ensure Newham Homes strategic aims are delivered.

In addition, the Executive Management Team is responsible for managing crosscutting activities that are fundamental to the success of the organisation such as:

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- Risk management
- Efficiency and value for money
- Customer care and fair access to services
- Staff recruitment and development
- Communication with staff, partners and stakeholders.

Newham Homes has set itself the following strategic priorities following consultation with its customers:

- To achieve 'value-for-money' in all services and best use of the £240 million additional Decent Homes funding.
- To focus on the diverse needs of customers.
- To support the delivery of the Community Strategy and in particular the headline targets in relation to active and inclusive communities, making Newham safer and narrowing the health gap.
- To improve performance to ensure maximum effectiveness in service delivery
- To be judged as "excellent" in order to take advantage of any freedoms and opportunities available to ALMOs in the future.

2. Contributing to the Community Strategy

Over the next six years, Newham Homes' focus will be on improving housing services and the quality of life for Newham's tenants and leaseholders.

Newham Homes has an important part to play in the delivery of Newham's Community Strategy and supports this in the following ways:

- Ensuring a quality environment on Council-owned estates.
- Encouraging active citizenship through resident participation to build an active and inclusive community.
- Increasing engagement with young people on estates.
- Dealing effectively with anti social behaviour on estates, as well as promoting diversionary activities.
- Providing Decent, Modern Homes which are warm and free from damp and kept in a good state of repair.
- Contributing to employment prospects and the local economy through spending on the Decent Homes programme.

3. Aims for the future

Newham Homes' goal is to be recognised as providing excellent services, not just the external accreditation from the Audit Commission, but also high levels of satisfaction from our tenants and leaseholders about the services provided. This includes recognition from peers and partners for providing high quality service in those areas that matter most to residents e.g. tackling anti-social behaviour and a clean environment. This means performance measures in the top threshold when compared with other organisations.

There will be on-going discussion between Newham Homes, the Mayor and the Council, and residents regarding any opportunities presented to Newham and its residents by any additional freedoms and flexibilities offered to ALMOs in the future. The regeneration within east London and

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specifically in Newham potentially provides opportunities to work with a range of different partners and organisations to look at neighbourhood management arrangements across different tenure types e.g. the regeneration of Canning Town and Custom House which is one of the most ambitious regeneration projects in the country. With a track record of delivering good quality housing management and the infrastructure to be flexible, Newham Homes aims to be the provider of choice for housing management services in the locality.

ACTION PLAN 2006 -2011

Objective 1 – Delivering Decent Homes & Sustainable Communities (see Chapter 2)			
Actions	Measures	Target Date	Lead Officers
Achieving 2 stars at next ALMO inspection	2 stars retained	2009	Charlotte Graves Chief Exec – Newham Homes Jackie Belton Head of Housing & Public Protection
Maintaining ALMO Decent Homes programme with capital funding received	13,984 homes (current estimate) improved to DH standard	2010/11	Charlotte Graves Chief Exec – Newham Homes
Maintaining Canning Town PFI Decent Homes programme	1,020 homes improved to DH standard	2008	Simon Rees Strategic Manager (Housing Partnerships & Development)
Letting Forest Gate PFI contract	Contractor starts management of homes	April 2008	Simon Rees Strategic Manager (Housing Partnerships & Development)
Achieving Forest Gate PFI Decent Homes programme	934 homes improved to DH standard	2010/11	Simon Rees Strategic Manager (Housing Partnerships & Development)
Completion of regeneration of Brooks estate/Plaistow North area (including demolition, refurbishment, environmental improvements and new build)	All phases complete	2010/11	Simon Rees Strategic Manager (Housing Partnerships & Development)
Completion of environmental improvements at Leather Gardens estate	Works complete	2008	Simon Rees Strategic Manager (Housing Partnerships & Development)
Completion of re-design and redevelopment at Little Ilford estate	Works complete	2009	Simon Rees Strategic Manager (Housing Partnerships & Development)
Completion of consultation with residents on future of Carpenters estate	Plans for estate redevelopment agreed	end 2007	Simon Rees Strategic Manager (Housing Partnerships & Development)
Respect Standard for Housing Management fully implemented for all Council stock	All management organisations meet standard	mid 2007	Debbie Dinsdale Strategic Manager (Policy & Performance)
Objective 2 – Delivering Within Resources (see Chapter 3)			
HRA spending contained within budgets	Annual budgets not exceeded	Annually 2006-2011	Jackie Belton – Head of Housing & Public Protection Charlotte Graves Chief Exec – Newham Homes
Annual review of budgets undertaken in line with actual stock losses and all other factors	Annual budgets prepared within resources and agreed	Annually 2007-2011	Jackie Belton – Head of Housing & Public Protection Charlotte Graves Chief Exec – Newham Homes
Elimination of trading account deficit for Repairs & Maintenance Service	No deficit on account at year end	2007-08 onwards	Charlotte Graves Chief Exec – Newham Homes
Elimination of trading account deficit for the Newco factory	No deficit on account at year end	2007-08 onwards	William Grosvenor Strategic Manager (Business & Social Enterprise)

Appendices

Appendix A – Updated Action Plan – 2003 HRA Business Plan (links to Chapter 1)

Objective 1: Increase tenant satisfaction with the Council as landlord			
Actions	Target Date	Financing	Status
Conference to inform Stock Options Appraisal	Nov 2003	Provision in Policy & Performance budget £15,000	Complete
Appointment of 'Residents' Friend' & road-shows for proposed out-borough stock transfer to housing associations in Brentwood & Havering	Jan 2004	Provision in Divisional Support Unit budget £20,000	Complete – stock transfer proposals did not proceed after resident consultation
Re-run Annual Tenants' & Leaseholders' Satisfaction Survey	Feb 2004	Provision in Policy & Performance budget £56,900	Complete
Increased resident involvement & satisfaction levels with estate services	March 2004	Within existing budget	Achieved
Agree with Borough Wide Tenants' Liaison Committee the performance information that they would like reported to Committee and to tenants & leaseholders via <i>Streetlife</i> magazine	June 2004	No additional cost	Achieved & on-going. <i>Streetlife</i> magazine now superseded by Newham Homes Bulletin from Dec 2005
Objective 2: Meet the Decent Homes Standard by 2010			
Actions	Target Date	Financing	Status
Formal stock option appraisal signed off by Government Office for London	July 2004	Provision in Directorate budget £100,000	Complete
Regeneration via New Deal for Communities (Brooks Estate)	2006	Grant funded budget	Work well-advanced and part complete. Programme now extended to 2010/11
Canning Town PFI scheme started	Apr 2004	No additional cost	Complete – scheme started June 2006
Forest Gate PFI scheme started	Apr 2005	No additional cost	Delayed – expected to start in April 2008
Decision on possible transfer of out-borough estates in Brentwood & Elm Park to RSLs	March 2005	No additional cost	Complete – stock transfer proposals did not proceed after resident consultation
Remaining stock brought up to Decent Homes standard by pursuing preferred option(s) following stock option appraisal	2010	Capital funding within approved business plan, or ALMO, or PFI or successor social housing landlord	On target - ALMO achieved 2* inspection result in Oct 2005 and will receive government funding to meet decent homes target.

Objective 3: Achieve 2 stars from the housing management inspection in July 2004			
Actions	Target Date	Financing	Status
Obtain good rating (2 stars) for our Housing Management service from Housing Inspectorate	July 2004	No additional cost	Achieved & rating repeated in ALMO inspection in Nov 2006
Achieve continuous improvement in satisfaction ratings for residents in regeneration areas	Annual	Provision in Directorate budget £654,000	On-going
Implementation of recommendations from Review of Right-to-Buy & Leasehold Services	March 2004	Recharge to leaseholders, recharge to RTB receipt £749,000 Additional income from recharging capital costs to leaseholders. £300,000	Complete. New Home Ownership & Leasehold Services Group established (now part of Newham Homes)
The phased introduction of our new integrated I.T. system (iSYS) to provide a comprehensive database to support service delivery	June 2005	Within Housing IT existing budget	All modules operational, but refinements ongoing.
Achieve top quartile Best Value Performance Indicators for our housing benefit service	Apr 2005	No additional cost	Top quartile not achieved. Benefits service split from housing service as part of Council re-organisation in 2005/06.
Achieve top quartile Best Value Performance Indicators for our repairs service	Apr 2005	No additional cost	Achieved in 2004/05. In top quartile nationally for BVPI 185 (only repairs BVPI)
Resourcing the action plan			
<i>The actions below relate to the financing and resourcing of the plan and continuing consultation and development of the plan. These actions support our work to meet the 3 priorities which form our objectives above</i>			
Actions	Target Date	Financing	Status
Officer Review Group to prepare updates of plan and consider further developments and to lead on consultation with tenants & leaseholders (via Borough-Wide Tenant Liaison Committee), the Mayor & other Council members as described below	Bi-monthly meetings of Review Group	No additional cost	Achieved & on-going via Senior Management Team
Updates on progress on achieving Business Plan priorities to Borough Wide Tenants' Liaison Committee & Sub-Committee (including consultation on further developments)	Quarterly updates to BTLC	No additional cost	Achieved & on-going

Updates to Mayor on progress in achieving Business Plan priorities (including consultation on further developments)	Strategy & Performance Meetings with Mayor 3 times per year	No additional cost	Achieved & on-going
Updates to all Council members on progress in achieving Business Plan priorities (including consultation on further developments)	Information distributed to all members for comment on decisions at Mayor's Strategy & Performance meetings	No additional cost	Achieved & on-going
Separate service charges from rents	April 2004	Provision in Finance & Office Services budget £30,000	Achieved
Eliminate all management costs associated with stock included in PFI areas	From 2004/05	Budget reduction	Complete for first PFI (which started in June 2005). 2 nd PFI due to start in April 2008
Reduce the variable element (40%) of management costs to take account of stock loss through RTB, demolitions & out-borough stock transfer	Appropriate adjustment each financial year	Budget reduction	On-going
Produce a balanced internal trading account in the Repairs & Maintenance Division to respond to stock loss	Appropriate adjustment each financial year	Budget reduction	On-going

Appendix B - Performance Indicators (links to Chapter 4)

Key to PI Numbers in Table: BV(PI) = Best Value Performance Indicator (set and defined by Audit Commission)

LPI = Local Performance Indicator (set and defined by the Council)

H = Indicator included in Council's Housing Investment Programme annual return to Government

MPI = Additional local performance indicator reported to Mayor

PI Number	Indicator	2005/06 Performance	Target 2005/06	YTD(Jan) 2006/07	SMART Target 2006/07	SMART Target 2007/08	SMART Target 2008/9	Comments
Repairs and Maintenance								
LPIs								
LPI 3	Tenant satisfaction with speed of repairs	Not collected in 05/06	N/A	80%	No Target 2006/07	Draft 84%	Draft 86%	those rating speed of last completed repair as 'very good' or 'fairly good' in Tenant Satisfaction Survey 2006
LPI 4	Tenant satisfaction with quality of repairs	Not collected in 05/06	N/A	81%	No Target 2006/07	Draft 84%	Draft 86%	those rating quality of last completed repair as 'very good' or 'fairly good' in Tenant Satisfaction Survey 2006
LPI 6	Gas appliance servicing due and completed	94%	100%	On Target	98%	98%	98%	
LPI 7 (previously BV 185)	% of repair jobs for which an appointment was made and kept	89.9%	95%	87%	90%	90%	90%	

HIP Return PIs								
H4	% of urgent repairs completed within local target times	92.96%	97%	Annual PI data not available	97%	98%	98%	
H5 (previously BV 73)	Average time taken to complete responsive repairs (working days)	5.51 days	5 days	7 days	< 10 days	<10 days	<10 days	
Mayor's PIs								
MPI 9	% of urgent repairs completed 1st time	91.07%	90%	95%	96%	50%	50%	Change in definition for 2007-08
MPI 10	% of jobs reported and completed right 1st time	79.80%	90%	79%	93%	75%	75%	Change in definition for 2007-08
MPI 11	% calls abandoned to Repairs Operation Centre	9%	5%	9%	4%	3%	3%	
MPI 12	% of calls answered within 15 seconds	79.00%	80%	71%	82%	87%	87%	
MPI 14	% of lift breakdowns responded to within 2 hours	95.36%	90%	94%	92%	96%	97%	

MPI 15	% of door entry system breakdowns responded to within 24 hours	98.00%	90%	96%	92%	96%	97%	
Voids								
BV 212	Average time taken to re-let dwellings awaiting minor repairs or letting (calendar days)	67.64 days	45 days	38%	40 days	31 days	30 days	CPA Upper threshold entry point is 31.05 days
LPI L2	% of empty dwellings awaiting minor repairs or letting - management voids only	0.57%	0.55%	0.35%	0.45%	0.40%	0.35%	
Decent Homes (BVPIs)								
BV 184a	The proportion of LA homes which were non decent at 1st April (start of year)	50%	43.62%	Annual PI data not available	49.23%	45.08%	36.16%	Future targets are based upon achieving 100% decent homes by 2010/11 and the targets reflect that most of the works required will be carried out from 2007/08 onwards.
BV 184b	Percentage change in the proportion of non decent homes between 1st April and 31st March	4.60%	14.58%	Annual PI data not available	N/A	11.80%	21.80%	

SAP Rating (BVPI)								
BV 63	Energy efficiency - average SAP rating per LA dwelling	60	61	Annual PI data not available	62	63	64	
Rents								
BVPIs								
BV 66a	LA rent collection and arrears : proportion of rent collected	96.58%	96.25%	Annual PI data not available	97%	97.50%	98.20%	Targets have been set to achieve Comprehensive Performance Assessment (CPA) middle threshold entry in 2006/07 and upper threshold entry by 2008/09.
BV 66b	The number of LA tenants in arrears of 7 weeks gross rent or more, as a % of the total number of LA tenants	8.45%	No target set in 1st year of measurement	Annual PI data not available	8.25%	8.00%	7.75%	2005/06 benchmarking of other London Boroughs' performance shows we are performing well. Future targets have been set with the aim of building upon this good performance.
BV 66c	The % of LA tenants who have had Notices Seeking Possession served (of those who are in arrears)	29.65%	No target set in 1st year of measurement	Annual PI data not available	28.00%	25.00%	20.00%	

BV 66d	The % of LA tenants who have been evicted as a result of rent arrears (of all tenants)	0.59%	No target set in 1st year of measurement	Annual PI data not available	0.55%	0.50%	0.45%	
Tenant Satisfaction (BVPIs)								
BV 74a	Satisfaction with the overall landlord service (all tenants)	No survey 2005/06	N/A	66%	79%	72%	76%	From Tenant Satisfaction Survey 2006
BV 74b	Satisfaction with the overall landlord service (Black & Minority Ethnic tenants only)	No survey 2005/06	N/A	67%	79%	72%	76%	From Tenant Satisfaction Survey 2006
BV 74c	Satisfaction with the overall landlord service (non-Black & Minority Ethnic tenants only)	No survey 2005/06	N/A	66%	79%	72%	76%	From Tenant Satisfaction Survey 2006
BV 75a	Satisfaction with opportunities to participate in management & decision-making (all tenants)	No survey 2005/06	N/A	52%	57%	57%	59%	From Tenant Satisfaction Survey 2006

BV 75b	Satisfaction with opportunities to participate in management & decision-making (Black & Minority Ethnic tenants only)	No survey 2005/06	N/A	54%	57%	57%	59%	From Tenant Satisfaction Survey 2006
BV 75c	Satisfaction with opportunities to participate in management & decision-making (non-Black & Minority Ethnic tenants only)	No survey 2005/06	N/A	51%	57%	57%	59%	From Tenant Satisfaction Survey 2006

Home Ownership & Leaseholder Services (LPis)								
LPI 74	Revenue charges: reduction in arrears (performance and targets are shown as current year collection rate plus collection of arrears)	101%	105%	Annual PI Data not available	105%	105%	105%	

LPI 76	Capital works charges: reduction in arrears (performance and targets are shown as current year collection rate plus collection of arrears)	93%	105%	Annual PI Data not available	102.5%	102.5%	102.5%	
LPI 77	Percentage of RTB2 notices (admissions/denials of right-to-buy) served within statutory timescales	95.40%	96%	98%	96.5%	97.0%	97.5%	
LPI 78	Percentage of S125 notices (purchase price offers) served within statutory timescales	72.80%	75%	96%	90%	92%	94%	
LPI 79	Leaseholders satisfaction with overall service	58%	52%	Leaseholder Survey Spring 2007	61%	To be assessed after survey findings evaluated	To be assessed after survey findings evaluated	
LPI 80	Leaseholders rating service as "good" in terms of "value for money"	30%	36%	Leaseholder Survey Spring 2007	40%	As above	As above	

Appendix C - Newham Homes Annual Efficiency Statement
(links to Chapter 6)

NEWHAM HOMES

Annual Efficiency Statement
2006-07

Annual Efficiency Statement 2006-2007

Part 1: Overview

1 Strategic objectives and key service areas

1.1 Newham Homes' strategic priorities are

- Value for money in all services and best use of the £240 million additional decent homes money
- Focus on diverse needs of our customers
- To support the deliver of the Community Strategy and in particular the headline targets in relation to active and inclusive communities, making Newham safer and narrowing the health gap.
- Improve performance to ensure maximum effectiveness in service delivery
- To be judged as "excellent" so that we are in a position to take advantage of any freedoms and opportunities available to ALMOs in the future

1.2 We also share the same values as the Council:

- Working with honesty and integrity
- Focusing on achieving outcomes
- Engaging and valuing our residents
- Providing high quality services
- Valuing colleagues and their performance

1.3 Newham Homes VFM Strategy

- Supports the vision and values of the organisation
- Ensures that external resources are selected and effectively managed through effective and transparent procedures
- Ensures that internal resources are fit for purpose and deliver VFM
- Reflects our customers' priorities
- Obtains the best possible value for money across the organisation

1.4 Each of the following mechanism is used to implement the strategy

- Service and Business Planning and Performance Management
 - VFM considerations embedded into all stages of service planning
 - Strong basis of financial management
 - Robust performance management structure with VFM routinely included in performance reports
 - Benchmarking with other ALMOS on cost and performance (including as members of the Housemark Benchmarking club)
- Procedures / business processes / organisational structures
 - Improved management of sickness absence
 - Improving speed and quality of IT systems
 - Customer access strategy looking at cost/ benefits of access channels with tenants
 - Business case approach to new projects – e.g. mobile technology.
 - Analyse and review business processes e.g. void processes
- Procurement
 - Review of all services purchased from Council via Service Level Agreements
 - Review use of agency staff
 - Developing non-capital procurement strategy and options
- Partnership
 - Partnering contracts for decent homes investments
 - Partnership with Council strategic procurement unit

- Long term planning
 - Produce Newham Homes Business Plan for 2007-2010
 - Develop Business Development plan
- 1.5 Newham Homes Asset Management Strategy is closely aligned to the VFM strategy. This addresses in detail delivery and effectiveness of capital investment, repairs and maintenance. This includes partnership and VFM consideration across the whole programme leading up to implementation of Decent Homes targets.
- 1.6 Specific areas where we have seen or expect to see efficiency gains are identified below

2 Overall efficiency, and monitoring and improving efficiency

Housing management efficiency is evidenced through Housemark benchmarking. The latest available independent overview is a Housemark report in February 2006 on a cross-section of 12 London ALMOs and housing organisations, using 2004/05 data (when Newham housing: Newham Homes comprises 91% of that stock and activity)

This and other related data showed:

- 'Core management' cost per property in cheapest quartile, with overall tenant satisfaction performance in second highest quartile;
- Overhead/back office cost per property in second cheapest quartile; and
- Leasehold management second cheapest cost per property.

Variations within the overall good core management cost result showed high 'tenancy and estates management' costs, which are being addressed in particular by review of Community Housing services structures and SLAs which relate to these costs.

Within the relatively good 'overhead/back office' cost high Legal costs are identified, being addressed by monitoring and review of this SLA.

The formation of Newham Homes in December 2005 created a discontinuity in year on year benchmarking of costs, but we have joined the 2006/07 'forward look' benchmarking for ALMOs in order to resume this at the earliest opportunity and relative to other ALMOs

For capital investment, strategic partnering across the programme is anticipated to result in savings in procurement and management costs, in investment costs (though some of these may be used to increase the standard of specification and become 'non-cashable') and ongoing maintenance costs, as well as leading to continuous improvement in quality.

Use of consortia has been explored for capital works, but have to have regard for the standards required and speed with which programme can be delivered. Where own procurement arrangements are pursued these are on the basis of securing prices to match those available to the consortia. Newham Homes has joined the newly formed Housemark/Constructing Excellence Capital Works benchmarking.

Best Value and other Performance indicators are used to benchmark on an annual and quarterly basis, to set targets and monitor progress. Of main service areas, these showed relatively strong performance on repairs, but prompted action be taken on aspects of rents arrears and voids performance, reflected in service plans and ongoing reviews.

ICT is benchmarked through the Society of Information Technology Managers, with high performance for Newham on performance indicators and resource utilisation.

3. Resident involvement in monitoring and improving efficiency

Tenants and leaseholders are involved in a series of ways, including overall consultation structure, satisfaction and other feedback, setting programmes and standards, and specific service review.

A regular independent Tenant and Leaseholder satisfaction survey identifies Newham tenant and leaseholder views with overall service and value for money in particular.

- 'Rating rent as value for money', tenant satisfaction in 2005 was 74% very good/good, a trend of year on year improvement, and a higher rating than most other London organisations surveyed
- 'Service charge as value for money', 30% of leaseholders were satisfied, a slight improvement on previous year, but remaining a focus for attention.
- 'Porter /service charge as value for money' showed 59% tenants 'good', and 14% 'poor'. This indicator relates to a separate service charge for this service, introduced on 40 tower blocks in the past years following block by block consultation.

The Borough wide Tenant Liaison Committee (TLC), and Area TLCs, consider performance reports and are formal consultative forums. For example, the review of Community Housing structures to achieve more efficient service has involved tenant and leaseholder representatives. TLCs also receive regular performance reports, for example on repairs and satisfaction.

A Leaseholder Forum provides a focus for leaseholder issues. Service charges, capital works charges, and value for money are recurring themes which feed into the Home Ownership and Leaseholder Services Service plan.

Revenue funding for tenant groups is above the London average. There has been a strong commitment to training and empowerment of tenant representatives to be able to participate in decisions, including from under-represented groups.

The Borough TLC is consulted on the Asset Management Strategy and annual update of Capital Programme before it is finalised. This has been complemented by relevant training to residents' representatives. The framework for overall 5 year investment programme from 2006-11, down to detail of prioritisation of individual schemes, is discussed at Area TLCs and Borough-wide TLC. Residents' focus groups are involved in setting standards (e.g. kitchen options), and in procurement (participating in evaluation panels for partners for major investment programmes).

Resident-Led Improvement Programme maximises resident involvement allocates a substantial proportion of the annual capital programme entirely within residents' discretion. Individual residents and local tenants and residents associations identify needs across a wide scope of work, and determine the prioritisation of the selected schemes. Newham had the largest funding to tenant groups for one-off capital projects of any London housing organisation (2004/05 data, benchmarking via the HRA Business Plan returns).

Newham Homes' regular newsletter to tenants and leaseholders, and website, provide performance information and opportunity to comment the service.

4. Baseline Performance

To claim a performance-based or quality improvement efficiency gain, we need to make sure that a performance baseline is established for comparison purposes. We also need quality cross checks to make sure that where efficiency gains are claimed as a result of reductions in costs and inputs, there has genuinely been no loss in service quality to the customer.

Newham Homes stock at April 2006 was 17,537 rented properties and 5,658 leasehold properties.

A number of performance indicators have been used to arrive at both quantity adjustments and quality enhancements. Where Newham Homes figures are not available best available equivalent figures for Newham Council Housing are used. These are shown in Table 1.

Table 1: Baseline Performance

	2005/06 outturn	2006/07 target/ projection
Tenant Satisfaction BV74	73%	74%
% of homes not Decent	50%	49%
Av SAP Rating	61	62
Void turnaround days	66	40
Satisfaction with void repairs	39%	60%
Satisfaction % Responsive repairs	82%	85%
Invoices paid on time BV8	89%	100%

5. Pro-rata contribution to LB Newham Annual Efficiency Statement

Some savings result from Newham-wide initiatives, such as purchase of IT equipment or electronic purchasing, and those in train as Newham Homes was set up.

Where applicable, the Newham Homes proportion has been estimated at 5% of total expenditure for general purchasing (on basis of 500 of 10,160 FTE staff); and 8.5% of total for PC/IT related activity (367/4300 PCs).

Part 2: 'Forward Look' Element of AES

6 Calculation of 2006/7 Efficiency Gain Target

The main targets for efficiency gains in 2006/7 are:

Table of 2006/07 Efficiency Gains	Cashable	Non-Cashable	Total
Services	£	£	£
Property & Asset Management			
Boiler procurement #	30,000		30,000
ROC/Boiler servicing call		15,600	15,600
Removal of gas from tower blocks	50,000		50,000
Energy Efficiency commitment funding	50,000		50,000
Subtotal PAMS	130,000	15,600	145,600
Resources & Service Improvement			
Single Agency Agreement (Staff)	133,000		133,000
Electronic Billing – process		37,900	37,900
Electronic Billing – energy **	187,000		187,000
Sickness Reduction (all except RMS)		45,800	45,800
Subtotal R&SI	320,000	83,700	403,700
Housing Services			
Switch to electronic rent payments	31,500		31,500
Void efficiency gains **	187,000		187,000
Additional service to tenants over 74		50,000	50,000
CHO staff reduction and re-investment	110,000		110,000
Subtotal Housing Services	328,500	50,000	378,500
Repairs & Maintenance Services			
Use of recycled materials	50,000		50,000
Reduction in sickness & agency staff	150,000		150,000
Reduced agency charges temp staff	200,000		200,000
Subtotal RMS	350,000		350,000
Contribution to LB Newham AES			
{See 2005/06 and roll forward}	£	£	£
Cross Cutting			
Procurement			
e-Auction Stationery	3,820		3,820
e-Auction Computer Consumables	3,900		3,900
Microsoft Framework Agreement	27,800		27,800
Use of E-Procurement (Marketplace)		730	730
Transactions			
Invoice Consolidation		15,700	15,700
Reduced Cost of Insurance Premium	4,200		4,200
Insurance premium- zero inflation	1,100		1,100
Subtotal – LB Newham AES	40,820	16,430	57,250
TOTAL	1,169,320	165,730	1,335,050
Newham Homes – Directly Managed Budget	415,320	165,730	581,050
% Gains on Directly Managed Budget			2.5%
# Capital work		** Delegated budget	

Part 3: 'Backward-look' element of AES

7. The main backward-looking elements of the AES are:

Table of 2005/6 Efficiency Gains

Services	Cashable £	Non-Cashable £	Total £
Property & Asset Management			
Energy Efficiency Commitment funding	53,000		53,000
	<u>53,000</u>		<u>53,000</u>
Resources & Service Improvement			
Single Agency Agreement (Staff)	133,000		133,000
Electronic Billing – Process	0	37,900	37,900
Electronic Billing – Energy **	187,000		187,000
	<u>320,000</u>	<u>37,900</u>	<u>357,900</u>
Repairs & Maintenance Services			
Housing Services			
Additional service to tenants over 74		50,000	50,000
Switch to electronic rent payments	25,500		25,500
	<u>25,000</u>	<u>50,000</u>	<u>75,000</u>
Contribution to LB Newham AES			
	£	£	£
Cross Cutting			
Procurement			
e-Auction Stationery	1,910	0	1,910
e-Auction Computer Consumables	1,950	0	1,145
Microsoft Framework Agreement	27,800	0	27,800
Use of E-Procurement (Marketplace)	0	730	730
Transactions			
Invoice Consolidation	0	15,700	15,700
Miscellaneous			
Reduction in Cost of Insurance Premium	2,100	0	2,100
Insurance Premium with Zero inflation	740	0	740
	<u>33,695</u>	<u>16,430</u>	<u>50,125</u>
Total	431,695	104,330	536,025
Newham Homes – Delegated Budget	244,695	104,330	349,025

** Delegated budget