



**SPECIAL HOUSING SERVICES COMMITTEE**

**13 JANUARY 2005**

Report of the Director of Housing Services  
**ALMO BID INTRODUCTORY REPORT**

**purpose of the report**

To inform Committee of the purpose of the accompanying reports.

**background**

1. On 24 September 2004 Housing Services Committee decided upon ALMO as the preferred option for the future management of the Council's housing stock. It also instructed the Director of Housing Services to bid for ALMO status.

**content of the bid**

2. The ALMO bid needs to be submitted by 28 January 2005. The content of the bid is determined by very detailed guidance from the ODPM. In addition officers have used the Housing Inspection Reports on successful ALMOs to pick out the key features of good ALMOs.
3. The content of the bid must cover the issues addressed by the accompanying reports. These include –
  - The ALMO functions and structure and the Council's strategic housing role.
  - The ALMO board and governance structure
  - The ALMO best value review
  - The ALMO monitoring arrangements
  - Customer support for the ALMO
  - The ALMO Bid

**changing the bid**

4. The bid will be examined by the ODPM and the Council will be told if it has been successful in about May 2005. The shadow ALMO will be set up in April 2006 and if it achieves 2 stars, will draw down extra resources in January 2007. The experience of other ALMOs is that the arrangements outlined in the bid change as local circumstances vary.

## **impact assessment**

5. Whilst the Council has an understanding of the immediate financial implications of the ALMO a further detailed impact will need to be carried out. This will cover issues such as –
  - The reduction in staff numbers and both strategic and operational capacity in the Council;
  - The retention of expertise to effectively discharge the strategic housing function in the longer term;
  - Consideration of the roles and responsibilities of the policy committee in monitoring the ALMO and the strategic housing role;
  - The most appropriate method of councillors as ‘community champions’ to engage with the ALMO; and
  - The cost of establishing the ALMO financed through the HRA.

## **the decision making process and consultation**

6. The reports before Committee have been prepared by officers from the Housing Services, Central Resources, Regeneration Departments and the MSU. Management Team commented on the reports on 14 December 2004 and their comments have been added. The reports will be changed in the light of any suggestions made by this Committee.
7. The accompanying reports and bid are the subject of widespread consultation. In addition to this Committee and Management Team copies of the document and/or bid have been submitted to the following for comment –
  - The Customer Panel
  - The Community Housing Task Force
  - The relevant trade unions
  - The Audit Commission (District Audit)
  - Heads of Finance, Legal Services, IT, Personnel and Head of Planning and Environmental Policy
  - 2D
  - The Housing Thematic Group of the LSP
8. The contents of the document and the bid have been the subject of widespread discussion over a number of months. I do not anticipate any major changes but there may be suggestions about the detail. Under these circumstances and to ensure submission by the due date, 28 January 2005, consent is sought for the Director to be permitted to vary the bid in consultation with the Chairman of Housing Services.

## **RECOMMENDED**

1. Committee notes the contents of this report, endorses its contents and proceeds to consider the accompanying reports.
2. In order to ensure submission by 28 January 2005 the Director of Housing Services be authorised to vary the detailed content of the bid in consultation with the Chairman of Housing Services to reflect reasonable responses submitted as part of the consultation exercise.

---

---

**Officer responsible for the report**

Michael Laing  
Director of Housing Services  
Ext 281

**Author of the report**

Michael Laing

---



**SPECIAL HOUSING SERVICES COMMITTEE**

**13 JANUARY 2005**

Report of the Director of Housing Services

**ALMO FUNCTIONS AND STRUCTURE AND THE COUNCIL'S STRATEGIC HOUSING ROLE**

**purpose of the report**

To put forward proposals about the functions and structure of the ALMO and the Council's strategic housing role.

**background and guidance**

1. Council decided to bid for ALMO status on 20 October 2004. It instructed the Director of Housing Services to submit a bid to Round 5 of the Government's ALMO Scheme. The bid must be submitted by 28 January 2005 in accordance with Government's guidance (2004 edition).
2. For the bid to be successful it should follow closely Section 9 and Annex C of the guidance. These are attached at Annex 1 of this report. The bid should contain proposals about the functions to be carried out by the ALMO and its structure and the continuation of the Council's strategic housing role.
3. It is important that proposals in these 3 areas are determined early to allow the bid to be developed. They are the 3 areas over which the Council can exercise limited discretion.
4. In other areas the Council has less discretion because of constraints in the form of legislation, the Housing Inspection regime, further Government guidance or model agreements. The following areas will be the subject of further reports to Management Team and are constrained -
  - The ALMO Board and its constitution and governance
  - The Management Agreement
  - The monitoring arrangements
  - Procurement methods
  - Financial and accounting mechanisms
  - Customer involvement
  - Employment issues
5. The proposals have been drawn up with reference to the experience of existing ALMOs. Their view is that the process has four distinct stages. These are –

- The bid stage when proposals are put forward;
  - The post bid approval stage when the Board is recruited, structures populated, the Management Agreement negotiated and TUPE issues resolved;
  - The stage between ALMO 'go live' and the first 12 months. For the first 12 months ALMOs are permitted to use Council services. Successful ALMOs have done this. Not least because the expertise in running quasi local government bodies rests within the Council; and
  - The stage after the first 12 months of ALMO operation when arrangements are stabilised.
6. These need only be proposals. As the Government's ALMO policy develops and the ALMO Board is established they may change. The proposals should demonstrate the ALMO's independence (see guidance Section 9, page 42, paragraph L).
7. In putting forward these proposals I have assumed that the Council will be structured as now.

### **almo functions**

8. The purpose of an ALMO is to manage and improve all or part of the local authority's housing stock. It is charged with the prudent management of the stock, delivery of the Decent Homes Standard and high quality housing services to tenants. The guidance, Section 3, page 24, paragraph 3.3, sets out those functions which are likely to be appropriate for an ALMO to undertake. These include –
- Stock investment decisions and repairs ordering;
  - Rent collection, dealing with arrears, debt counselling; (The Council will stand any losses arising from non-collection by the ALMO. Targets for collection should be included within the Management Agreement)
  - Consulting and informing tenants on matters which are the ALMO's responsibility;
  - Promoting tenant participation, including involving tenants in monitoring and reviewing service standards;
  - Enforcement of tenancy conditions;
  - Similar functions for leaseholders;
  - Managing lettings, voids and under-occupation;
  - Estate management, caretaking and housing related support services under the Supporting People programme.
9. Other responsibilities must not distract the ALMO from its primary focus. They should complement the ALMOs functions and improve the sustainability of its investment in decent homes.
10. Bearing this in mind it is proposed that the ALMO takes on the following functions.
- Neighbourhood operations

- Housing business support except Facilities Management
- ALMO finance and company secretariat
- ALMO service development

### **neighbourhood operations**

11. Neighbourhood operations includes frontline services to tenants such as –
- Allocations, lettings and under occupation
  - Rent collection, dealing with arrears, debt counselling
  - Estate management including street wardens
  - Tenancy enforcement
  - Responsive repairs and maintenance including the workforce
  - Supporting People programme services including Homeline
  - Homelessness

### **housing business support**

12. Housing Business Support would deal with delivery of the Decent Homes Standard, the investment of the ALMO's capital resources and procurement. In the ALMO structure it could be re-named the Investment Division.

### **almo finance and administration**

13. The ALMO must, as previously stated, demonstrate its independence. It will be responsible for the use of the management fee paid to it by the Council and its own governance. Consequently it will require its own financial and legal expertise. These can be procured from the Council but must demonstrate to the Housing Inspectors that price and quality provide value for money. The functions would include –
- Financial management and reporting
  - Audit and accounting
  - IT
  - Human resources and personnel
  - Company secretariat and governance
  - Training
  - Health and safety
  - Right to Buy

### **almo service development**

14. The ALMO will be closely scrutinised by the Council, its Board, the Housing Inspectorate and Government. It will be responsible for its own service development and performance management. The ALMO functions in this area would include –
- Service development
  - Customer involvement
  - Equality and diversity
  - Performance management

15. If these proposals are accepted the Facilities Management Section would not move to the ALMO. At the moment this section consists of a Facilities Manager, Technical Assistant, 2 caretakers and 11 cleaners. It would seem responsible to transfer this Section to Central Resources who have responsible for asset management.

### **structure of the almo**

16. The guidance, Section 9, page 36, paragraph k, requires proposals about the structure of the ALMO to be put forward as part of the bid. If the proposals about the functions are agreed the ALMO structure is reasonably straightforward.

### **form follows function**

17. A proposed structure is set out in Annex 2. The bid guidance makes no reference to the levels of remuneration for ALMO officers. This is an issue for the ALMO board. Committee may want to note that –

- ALMO status brings extra capital but no extra revenue. Therefore remuneration for all ALMO staff must be commensurate with the management fee paid by the Council and be sustainable in the longer term
- The finance and administration functions cover the role of company secretary. This role is relatively new in terms of local authority housing but it brings with it specific responsibilities within company law. The Housing Inspectors have paid particular attention to the discharge of the financial and administration functions in relation to governance of the ALMO.

18. The ALMO can, and many do, buy into the specialist financial, legal, IT, personnel and regeneration advice available from the Council for its first 12 months of operation. The Council will retain a number of financial functions such as –

- Management of borrowing to fund capital works,
- Preparation and management of HRA budget,
- Completion of statutory HRA accounts and returns e.g. subsidy, capital receipts pooling,
- HRA revenue and capital monitoring.

19. The market for these services is, as yet, untested. Most expertise in, for example, managing the HRA subsidy claim rests within local authorities.

### **the council's strategic role**

20. The Council continues to have a very important strategic role. This includes –
- Overall housing strategy, including liaison with RSLs, housing needs assessments, and cross tenure stock condition surveys;
  - Homelessness responsibilities;
  - Lettings, policy, in consultation with the ALMO;

- General housing advice, but not that related to an individual tenancy;
  - Policy on tackling anti-social behaviour, in consultation with the ALMO and with clear responsibilities and procedures for dealing with actual incidents;
  - Owner-occupation strategies, including the formal determination of eligibility for Right to Buy and carrying out RTB valuations, though administration of RTB could be by the authority or the ALMO;
  - Housing benefit/rent rebate administration, although an authority may wish to consider the scope for an ALMO to verify claims on its behalf;
  - Tenant participant in developing housing policy and strategy;
  - Overall policy on rents;
  - Programme of Best Value reviews, in consultation with the ALMO;
  - Progress reporting on energy efficiency measures under the Home Energy Conservation Act 1995;
  - Determining minimum standards of service required of the ALMO and monitoring its performance;
  - Managing the Supporting People programme, including reviews; ensuring the provision of good quality, strategically relevant, value for money services; and, developing and implementing the five-year strategy.
21. Since the early part of 2004 on an incremental basis strategic housing functions have been transferred to the Regeneration Department. These include housing strategy with an officer (R Roddam) to complement the Local Development Framework (LDF). Energy Efficiency with an officer to complement LA21 was transferred in October 2004. Other functions such as the homelessness strategy are already General Fund items.
22. However it is reasonable to assume that the Council's strategic housing role will need to be strengthened in the financial year 2006/07. This is not only to monitor the ALMO effectively but also to discharge the distinct functions listed above.

#### **the hra**

23. Committee will note that the Council will continue to manage the HRA. The Council will pay the ALMO a management fee but will still be responsible for the other elements of the HRA such as debt management and subsidy claims. This is a considerable continuing responsibility.

#### **impact assessment**

24. Whilst the Council has an understanding of the immediate financial implications of the ALMO a further detailed impact will need to be carried out. This will cover issues such as –
- The reduction in staff numbers and both strategic and operational capacity in the Council.
  - The retention of expertise to effectively discharge the strategic housing function in the longer term.



- Consideration of the roles and responsibilities of the policy committee in monitoring the ALMO and the strategic housing role.
- The most appropriate method of councillors as 'community champions' to engage with the ALMO.
- The cost of establishing the ALMO financed through the HRA

### **financial implications**

25. Whilst the financial implications of the ALMO bid have been budgeted for in 2004/05 if successful the bid will have major financial implications for the Council. These include –
- Access to extra capital to meet the Decent Homes Standard.
  - The continued maintenance of the HRA.
  - Financing the Council's strategic and operational capacity of the Council.
  - The negotiation and allocation of the ALMO management fee.
  - The expected use of available capital receipts to complement the ALMO's spending priorities.
  - The additional costs of monitoring the ALMO.
  - The budget of some £300,000 within the HRA to cover set up costs.
  - Potential dis-economies of scale.

### **legal implications**

26. The ALMO bid has no legal implications. However a successful bid will generate additional work related to –
- The legal status of the ALMO
  - The management arrangements, transfers of staff and use of assets
  - The delegation of housing management
  - The provision of support services to the ALMO

### **human resource implications**

27. Initial consultation with staff has taken place. More detailed consultation will follow. If successful the ALMO bid will lead to activity related to TUPE, transferring staff to the ALMO and retaining staff within the Council. Careful discussions with the unions will be central to this work.

### **community safety implications**

28. The ALMO will deliver certain community safety services on behalf of the Council and discussions will be undertaken with a view to the ALMO becoming a partner within the Wear and Tees Crime Reduction Partnership.

## RECOMMENDED

1. Committee approves the proposals in this report about the ALMO functions and structure and the Council's strategic housing role and the purposes of the ALMO bid.
2. Committee instructs the Director of Housing Services to include the proposals in the Council's application for a place on round 5 of the ALMO Programme.

---

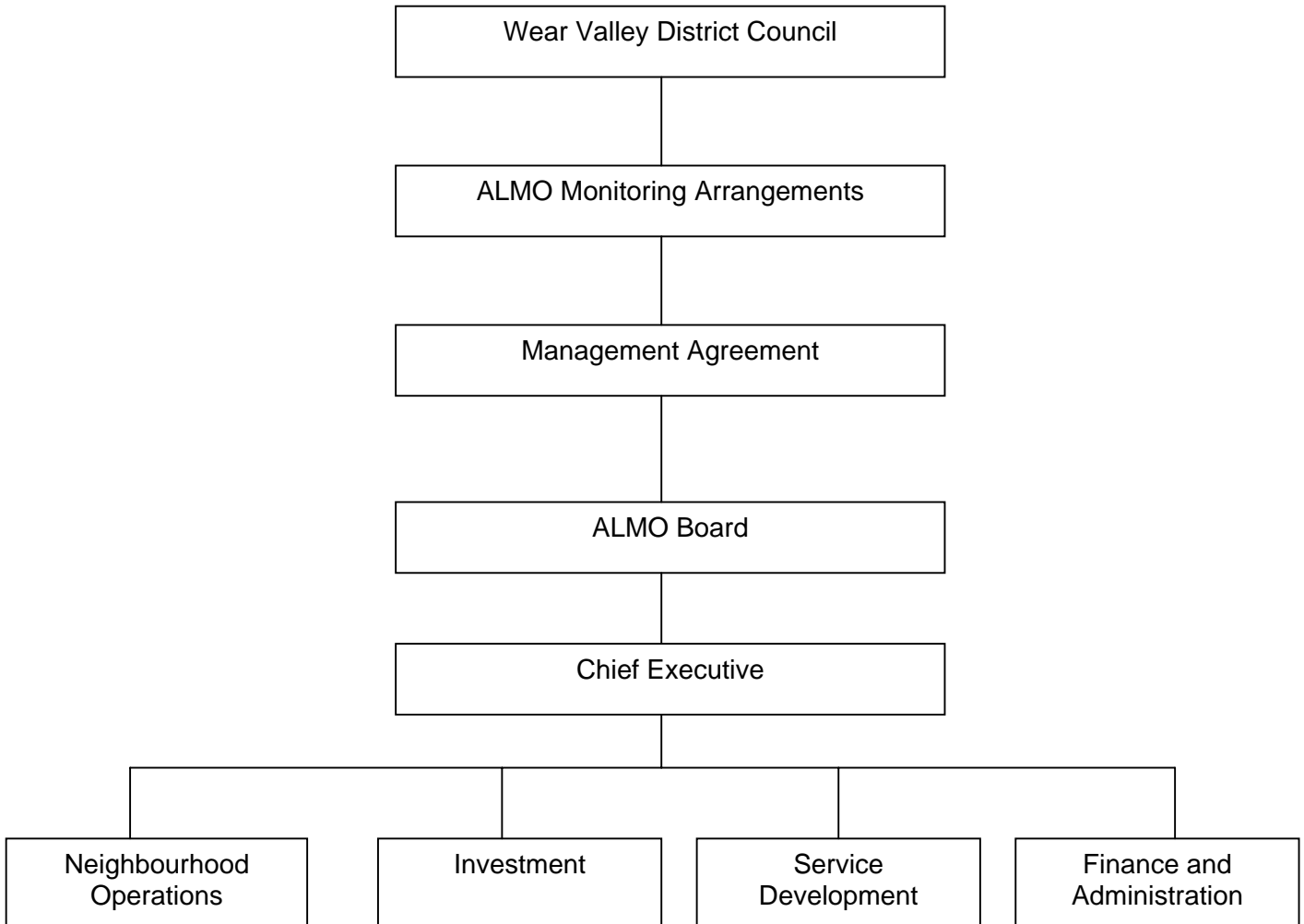
---

<b>Officer responsible for the report</b>	<b>Author of the report</b>
---	-----------------------------

Michael Laing Director of Housing Services Ext 281	Michael Laing
--	---------------

---

## PROPOSED STRUCTURE





**SPECIAL HOUSING SERVICES COMMITTEE**

**13 JANUARY 2005**

Report of the Director of Housing Services  
**PROPOSED ALMO BOARD AND GOVERNANCE STRUCTURE**

**purpose of the report**

To inform Committee of the proposed functions of the ALMO Board and the governance structure of the new ALMO.

**background**

1. According to guidance from the ODPM, the ALMO Board of Directors is vital in ensuring the good governance of the ALMO. The Board has the ultimate responsibility for the governance practice of the organisation, which directs the organisations work and ensures that quality housing management services are delivered to customers.
2. This report seeks to explain the role of the Board in the management of the ALMO, the role of the Chairperson in the management of the ALMO's relationship with the Council and the proposed governance structure of the new ALMO. The proposed structure of the ALMO has been set out previously at Annex 2.
3. This report is divided into the following sections –
  - The ALMO Governance Pack 2004 (Annex 3)
  - The responsibilities and functions of the ALMO Board
  - The role of the Chairperson
  - The Governance arrangements of an ALMO
  - The 2004 ALMO Guidance
  - The proposed ALMO Board and governance arrangement
  - Recommendations

**almo governance resource pack 2004**

4. In August 2004 the Community Housing Task Force published the "ALMO Governance Resource Pack".
5. The Resource Pack sets out clear terms of reference for an ALMO Board and defines the key duties of the Board. These are –
  - Adding value to the ALMO

- Enabling the ALMO to achieve the Decent Homes Target
  - Encouraging sustainable communities
  - Making improvements to services
6. The Resource Pack states that the central role of the Board is to manage the ALMO's strategic direction, deliver the terms of the Management Agreement and approve overall expenditure and policies.
7. The Resource Pack identifies the duties of the Board as -
- Defining and complying with the values and objectives of the ALMO
  - Agreeing the annual Business Plan (and Decent Homes Delivery Plan) with the local authority
  - Establishing policies and plans to achieve the Business Plan and the Decent Homes Delivery Plan and meet the agreed objectives
  - Approving annual budgets and accounts prior to publication
  - Establishing and reviewing a framework of delegation and system of control
  - Agreeing policies and taking responsibility for decisions on all matters that might create significant financial or other risks to the organisation, or which raises issues of principle
  - Monitoring the organisations performance in relation to these plans, budgets, controls and decisions taking decisive action to correct under performance and to achieve continuous improvement
  - Appointing the Chief Executive
  - Ensuring that the ALMO's affairs are conducted lawfully and in accordance with generally accepted standards of performance and propriety.
8. The functions of the Board are identified as -
- Ensuring compliance with the Management Agreement between the ALMO and the Council
  - Defining and ensuring compliance with the annual Business Plan and the Decent Homes Delivery Plan through the agreement of policies for action, budgets and a framework of delegation and system control including performance monitoring
  - Ensuring the affairs of the ALMO are conducted lawfully and ethically and within the terms of its constitution
  - Ensuring arrangements are in place for urgent decisions to be made between meetings
  - Appointing the Chief Executive and the Company Secretary
9. ALMO Boards should also regularly review the effectiveness of their own governance arrangements. The Board should work together, and with the Council, to develop a framework for formally reviewing governance arrangements on a regular basis.

### **the role of the chairperson**

10. According to the Resource Pack, the role of the Chairperson is vital to the success of the Board. The key responsibilities of the Chairperson are –

- Leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda
  - Ensuring that the Board has an annual Business Plan and Decent Homes Delivery Plan in place which fully reflect the council's and the ALMO's ambition for delivering decent homes, sustainable communities and service improvements
  - Ensuring the provision of accurate, timely and clear information to directors, facilitating the flow of information between executives and non executives, and between the Board, the Council and customers
  - Ensuring effective communication with tenants, staff and stakeholders
  - Arranging the regular evaluation of the performance of the Board, its committees and individual directors
  - Facilitating the effective contribution of non executive directors and ensuring constructive relations between executives and non executive directors
11. As the leader of the Board the Chairperson has the overarching responsibility for ensuring that under their guidance the ALMO meets its planned objectives for service delivery and has a clear understanding of its culture and values.
12. A suitably skilled Vice Chairperson should be appointed for the purposes of business continuity and to provide cover in the absence of the Chairperson.

### **the governance arrangements of an almo**

13. The Resource Pack highlights that some ALMOs will establish arrangements such as committees or area structures, to oversee specified areas of the ALMO's work. Each Board has a responsibility to ensure that action is taken to cover the following responsibilities –
- Audit matters
  - Standards and ethics
  - Appraisal and remuneration of the Chief Executive
14. The Resource Pack states that to be effective the ALMO's work must be informed by and be responsive to tenants needs. It is emphasised that this is more likely to be achieved if large housing stock is managed in relatively small units. This can be achieved by setting up several separate ALMOs, by subsidiary ALMOs, within a group structure, or through area boards, as sub committees of a single ALMO. Group structures are complex legal arrangements, and independent legal advice should be sought if an ALMO opts to establish them. Group structures apply to large ALMOs with significant numbers of housing stock, which is dispersed over a wide geographical area. The Resource Pack specifies that in the case of smaller ALMOs the Board itself may carry out all of this work, rather than establish a committee or area based structure.
15. The Resource Pack advises that organisations with dispersed geographical coverage should have structures which facilitate and encourage local participation and decision making. The ALMO will continue to work with the Customer Panel and residents groups across the district. The ALMO will also

continue to be actively involved in developing community and customer groups to involve customers in decision making and service improvement.

### **the 2004 almo guidance**

16. The 2004 ALMO Guidance states in section 2 (page 21) that an ALMO must be managed by a Board of Directors. This Board should include tenants, local authority nominees and independent members with relevant experience of social housing, regeneration, social cohesion, finance or other ALMO responsibilities. They may include local business people or other representatives of the community. No-one group should be in a majority on the board. It may help to demonstrate the ALMOs operational independence from the local authority if the Chairperson is not a local authority nominee. Tenant Board Members should be elected by their fellow tenants to ensure that they are genuinely representative.
17. The Guidance explains that from the start of the 2005/06 financial year it will be open to existing and new ALMOs to decide to offer payment to their Board Members, under a scheme comparable to that of local RSLs. This is to assist ALMOs with any problems they may be experiencing with regard to recruitment, high turnover, retention and Board performance.
18. The Guidance recommends that councils provide initial training for ALMO Board Members. A period of shadow running is also desirable to give Board Members experience of working together before the ALMO assumes operational responsibilities.
19. The Guidance highlights that when the Secretary of State considers the Council's application to delegate its housing management function to the ALMO under Section 27 of the Housing Act 1985, Ministers will usually expect all Board Members to have been appointed. The group is also to have met as a full Board at least once and to have undertaken some initial training.

### **the proposed almo board and governance structure**

20. The Board of the new ALMO will assume responsibility for managing the ALMO's strategic direction, delivering the terms of the Management Agreement and approving overall policies and expenditure.
21. The ALMO Board will also assume responsibility for –
  - Service Improvement
  - Community involvement (in service improvement and development)
  - Performance monitoring and working in partnership with the Council to scrutinise the performance of the ALMO
  - Standards and ethics
  - Achieving the Decent Homes Standard

22. A committee or area based governance structure will not be established for the Wear Valley ALMO.
23. It is proposed that the new ALMO Board will be made up of 15 members, with an even balance between tenant representatives, Council representatives and independent members.
24. To establish a Board of Directors, the proposed ALMO and the council will develop "Articles of Association". This is a document that sets out the internal regulations that cover procedures, meetings, directors and other administrative issues of a company. These Articles will define the responsibilities of the Board Members and their relationship with the executive team and the council. They will also establish terms of reference for the proper management and monitoring of the company.
25. The Board Member recruitment process will begin once the successful bids for a place on round 5 of the ALMO programme are announced in May 2005. The department will then initiate the election of tenant/leaseholder Board Members. Vacancies will be advertised in the local press and independent Board Members will be appointed by the Council, following an application and interview process. The Council will identify its nominees for the shadow Board in June 2005 and will adopt the following principles –
  - Council nominations should be serving councillors
  - Councillors serving on the Board should not play a significant role in decisions within the Council that relate to the ALMO and it's functions.
26. It is envisaged that the Board Member recruitment process will begin in June 2005. However, if a general election is called for May 2005, the announcement of successful bids may be delayed until June 2005. Therefore councillors are advised to allow a month for slippage in the timetable for Board Member recruitment.
27. Once appointed new Board Members will undertake some initial training in summer 2005 which will be facilitated by the independent tenant advisor, PS Consultants. The programme will include training on corporate governance, housing management, Best Value, equalities, development of board skills, leadership skills and housing finance.
28. The new Board will have met at least once before the application for section 27 approval is submitted to the Secretary of State in October 2005. The Board will have had a shadow running period of at least nine months before the ALMO assumes operational responsibilities in April 2006. The timetable for the establishment of the ALMO is set out at Annex 4.
29. The ALMO Board will ensure that performance and progress is reported to the Council's Housing Services Committee and the Customer Panel regularly.



30. Each Board Member will be given a formal letter specifying the Board member's obligations, a copy of the code of conduct and they will be requested to sign a copy to indicate their acceptance of the terms and conditions of the post.

### **financial implications**

31. Whilst the financial implications of the ALMO bid have been budgeted for in 2004/05 if successful the bid will have major financial implications for the Council. These include –
- Access to extra capital to meet the Decent Homes Standard.
  - The continued maintenance of the HRA.
  - Financing the Council's strategic and operational capacity of the Council.
  - The negotiation and allocation of the ALMO management fee.
  - The expected use of available capital receipts to complement the ALMO's spending priorities.
  - The additional costs of monitoring the ALMO.
  - The budget of some £300,000 within the HRA to cover set up costs.
  - Potential dis-economies of scale.

### **legal implications**

32. The ALMO bid has no legal implications. However a successful bid will generate additional work related to –
- The legal status of the ALMO
  - The management arrangements, transfers of staff and use of assets
  - The delegation of housing management
  - The provision of support services to the ALMO

### **human resource implications**

33. Initial consultation with staff has taken place. More detailed consultation will follow. If successful the ALMO bid will lead to activity related to TUPE, transferring staff to the AKMO and retaining staff within the Council. Careful discussions with the unions will be central to this work.

### **community safety implications**

34. The ALMO will deliver certain community safety services on behalf of the Council and discussions will be undertaken with a view to the ALMO becoming a partner within the Wear and Tees Crime Reduction Partnership.

## **RECOMMENDED**

1. Committee recognises the importance of the ALMO Board and the future relationship of the ALMO Board and the Council.
2. Committee recognises and agrees proposed Board Member roles and responsibilities and their recruitment, as detailed within the report.
3. Committee recognises and agrees the proposed governance structure of the ALMO as detailed within the report.
4. Committee instructs the Director of Housing Services to include the proposals in the Council's application for a place on round 5 of the ALMO programme.

---

---

**Officer responsible for the report**

Michael Laing  
Director of Housing Services  
Ext 281

---

---

**Author of the report**

Marie Roe  
Service Development Manager  
Ext 345

---



**SPECIAL HOUSING SERVICES COMMITTEE**

**13 JANUARY 2005**

Report of the Director of Housing Services  
**ALMO BEST VALUE REVIEW**

**purpose of the report**

To inform Committee of Best Value review and inspection requirements, the characteristics of an excellent ALMO and the implications of Best Value for the Council and the ALMO.

**background**

1. The 2004 ALMO Guidance (detailed at Annex 1) sets out the Best Value reviews and inspection requirements for ALMOs in section 2 (page 23) and in section 9 (page 47).
2. This report will provide Committee with detailed information on the requirements and timings of Best Value inspections. The report is divided into the following sections -
  - ALMO inspections and the delivery of excellent housing management services
  - Best Value review implications for the Council and the ALMO
  - Best Value reviews and the 2004 ALMO Guidance
  - Recommendations

**almo inspections and the delivery of excellent housing management services**

3. In 2003 the Audit Commission published the Best Value Inspection Guidance "ALMO inspections and the delivery of excellent housing management services" (Annex 5).
4. The Inspection Guidance sets out the expectations of the Housing Inspectorate in relation to the ALMO's delivery of excellent three star housing management services and the criteria used to inspect ALMO governance arrangements.
5. The Inspection Guidance reiterates the ODPM's key message that any Council can establish an ALMO (subject to Secretary of State approval) but only ALMOs receiving good or excellent ratings for its current services from the Housing Inspectorate can access additional capital funding.
6. The Inspection Guidance states that for an authority to access additional capital funding the Council must have -

- Established an ALMO to manage its housing stock and associated investment
  - Provided a clear plan showing how it proposes to move to a structure of rents and lettings scheme in line with the reforms agreed following the housing green paper “Quality and Choice: A Decent Home for All” (2000)
7. The ALMO must have -
- Demonstrated sound financial planning and management and long term viability through a high quality business plan
  - Demonstrated a high level of performance as measured against the Best Value national housing indicators and a good or excellent rating following a Best Value housing inspection.
8. The Housing Inspectorate and the ODPM are currently exploring how best to monitor and assess the performance of ALMOs in the long term. This will enable a clearer definition of good and excellent services and how ALMOs can move from one to the other, accessing the extra freedoms and flexibilities available.
9. The Inspection Guidance states that the Housing Inspectorate judge a housing management service to be excellent if the Council/ALMO manages the housing stock well, treats tenants well and delivers value for money.
10. The Inspection Guidance identifies the key characteristics of an excellent housing management service. These characteristics are -
- The ALMO meets statutory obligations and complies with relevant regulations and guidance;
  - The ALMO has clear plans to bring all the housing stock up to the Government’s decency standard by 2010 (a Decent Homes Strategy);
  - The ALMO has well developed contract procurement and efficiency, which is in line with the recommendations of the Egan Report (and more recently the Gershon Report);
  - Housing management services are delivered within a sound business planning context (annual Business Plan);
  - Rents are set to comply with the ODPM restructuring framework and demonstrate that convergence is possible by 2012;
  - A choice based lettings system is established or being planned;
  - Tenant participation compacts, that give tenants a real opportunity to influence their landlords decision making processes are in place;
  - The overall annual cost effectiveness targets of at least 2% are set and are being (or are close to being) achieved;
  - There are plans to implement the recommendations of the Policy Action Team 5 report on housing management in relation to local circumstances;
  - Policies and practices address relevant equality and diversity issues (including those relating to the Commission for Racial Equality Code of Conduct in Rented Housing and the Race Relations (Amendment) Act 2000);
  - There are plans to continue the implementation of supporting people arrangements;
  - Reviews of homelessness are regularly undertaken and strategies to prevent and tackle homelessness are published; and

- Partnership working with the community and voluntary sector and other key local stakeholders is well developed and enables the ALMO's active participation in local regeneration activity.
11. The Housing Inspectorate will also look for clear strategies with timescales and identified financial resources to meet the ALMO's housing management objectives and support the ALMO's governance arrangements in awarding a good or excellent inspection rating.

### **best value review implications for the council and the almo**

12. According to the 2003 Inspection Guidance the Council may delegate the delivery of many of its housing services to the ALMO, but under Best Value legislation the inspected body remains the local authority. Therefore the ALMO becomes the agent of the local authority and the Council is accountable for its performance.
13. A full best value inspection of the ALMO's key services, which will take place at least six months after the organisation is established, will include issues such as diversity and equality, tenant participation, access arrangements and value for money. This inspection will only take place after the Council has completed Best Value reviews of key services and after the ALMO has had the opportunity to fully establish itself. The Inspection Guidance recommends that six months should be the minimum period for this process, because this provides a minimum timescale for the ALMO to demonstrate a record of its own performance which can then be inspected.
14. The inspection team is likely to include -
- An inspector who has inspected the authority previously
  - An inspector from another region
  - At least one Tenant Inspection Advisor
15. The Audit Commission's own auditors are likely to play a role in the ALMO inspection and the Council's external auditors will also be involved in the process. The full inspection will also focus on the Management Agreement between the ALMO and the Council and performance management arrangements.
16. A full inspection can take between 10- 16 weeks to complete from the actual inspection to the report presentation, publication of the score and the final report. These timescales have been factored into the ALMO establishment timetable (Annex 4).
17. The Housing Inspectorate encourages Councils planning to establish an ALMO to request an "indicative" inspection of housing services. This should take place before the transfer of key services to the ALMO. The ODPM requires that all key service areas have been subject to a Best Value review prior to the full inspection of the ALMO. Wear Valley District Council have completed Best Value reviews on the key repairs and maintenance service in 2001 and 2003.

18. The indicative inspection will assess the service, score its performance and identify areas in need of improvement. Indicative inspections have enabled some Councils to establish a more realistic timetable for their ALMO inspection and have identified key areas of weakness in need of address to achieve a positive outcome in the full Best Value review of the ALMO.
19. Councils intending to undertake an indicative inspection should agree a date with their lead housing inspector early in the ALMO establishment process. This can assist the Housing Inspectorate in preparing overall inspection programmes.
20. There is a fee for an indicative inspection. Fees for round 5 of the ALMO programme are yet to be confirmed.

### **best value reviews and the 2004 almo guidance**

21. The 2004 ALMO Guidance makes it clear that the Council should fully consult with the 2003 Inspection Guidance, when planning an ALMOs service delivery and judging whether or not services are likely to reach the qualifying standard.
22. The Council must include details of the timings and results of previous best value reviews and inspections of the housing service in the ALMO bid.
23. The bid should also include any existing evidence such as inspection reports, Best Value reviews and Service Improvement Plans. The timetable for planned reviews and inspections should also be set out. The timetable for an indicative inspection of the housing service and a Best Value review has been set out previously at Annex 4.
24. This should demonstrate how the ALMO proposes to work towards at least a two star rating in time to make significant use of an initial allocation of ALMO funding, which for applicants in round 5 will generally be for 2006/07 and 2007/08.

### **financial implications**

25. Whilst the financial implications of the ALMO bid have been budgeted for in 2004/05 if successful the bid will have major financial implications for the Council. These include –
  - Access to extra capital to meet the Decent Homes Standard.
  - The continued maintenance of the HRA.
  - Financing the Council's strategic and operational capacity of the Council.
  - The negotiation and allocation of the ALMO management fee.
  - The expected use of available capital receipts to complement the ALMO's spending priorities.
  - The additional costs of monitoring the ALMO.
  - The budget of some £300,000 within the HRA to cover set up costs.
  - Potential diseconomies of scale.

## **legal implications**

26. The ALMO bid has no legal implications. However a successful bid will generate additional work related to –
- The legal status of the ALMO
  - The management arrangements, transfers of staff and use of assets
  - The delegation of housing management
  - The provision of support services to the ALMO

## **human resource implications**

27. Initial consultation with staff has taken place. More detailed consultation will follow. If successful the ALMO bid will lead to activity related to TUPE, transferring staff to the AKMO and retaining staff within the Council. Careful discussions with the unions will be central to this work.

## **community safety implications**

28. The ALMO will deliver certain community safety services on behalf of the Council and discussions will be undertaken with a view to the ALMO becoming a partner within the Wear and Tees Crime Reduction Partnership.

## **RECOMMENDED**

1. Committee instructs the Director of Housing Services to contact the Lead Housing Inspector to agree dates and fees for -
  - An indicative inspection of the housing service, prior to the ALMOs establishment
  - A Best Value review of the ALMO at least six months after the organisation is established
2. Committee instructs the Director of Housing Services to include the agreed dates in the application for a place on round 5 of the ALMO programme.

---

---

**Officer responsible for the report**  
Michael Laing  
Director of Housing Services  
Ext 281

---

---

**Author of the report**  
Marie Roe  
Service Development Manager  
Ext 345

---



## **SPECIAL HOUSING SERVICES COMMITTEE**

**13 JANUARY 2005**

### **Report of the Director of Housing Services ALMO MONITORING ARRANGEMENTS**

#### **purpose of the report**

To inform Committee of the proposed monitoring arrangements for the ALMO and seek approval of the arrangements.

#### **background**

1. The 2004 ALMO Guidance sets out the monitoring arrangements for ALMOs in section 8 (page 31)(which has previously been attached at Annex 1). These arrangements include –
  - The role of the ALMO's Board in monitoring performance
  - Companies Act
  - Performance indicators
  - Delivery and Business Plans
  - Housing Inspectorate reports
  - ODPM performance monitoring
2. This report seeks to give detailed information on the monitoring arrangements for an ALMO to enable Committee to make a considered decision on the recommendations.
3. The report has been divided into the following sections -
  - The Board of Directors
  - The Management Agreement
  - Monitoring arrangements for ALMOs
  - Wear Valley District Council's ALMO monitoring arrangements
  - Recommendations

#### **the board of directors**

4. The 2004 ALMO Guidance states that the ALMO's Board of Directors has primary responsibility for the ALMOs operation, and is accountable for the performance of the ALMO to the Council under the terms of the Management Agreement. This is because under Best Value legislation the Council remains primarily responsible for the performance of the ALMO.



5. The ALMO will be managed by a Board of Directors, which will include tenants, local authority nominees and independent members with relevant experience. No one group will be a majority on the Board.

### **the management agreement**

6. The relationship between the Council and the ALMO is defined in an agreement which sets out the obligations of each party. This agreement is called the Management Agreement and includes -
  - The functions to be delegated to and carried out by the ALMO
  - The standards to which they are to be carried out
  - Arrangements for reporting on and monitoring performance
  - Requirements for the involvement of tenants in decision making
  - The financial relationship and obligations of each party
  - Arrangements for liaison and consultation between the Council and the ALMO
  - The ALMO's role in helping to deliver the council's housing strategy, including means to ensure that the council, as an ALMO shareholder, can achieve its objectives without unduly inhibiting the ALMOs freedom to manage the stock
  - The length of the agreement i.e. an initial period of 5 years, renewable; or 10 years renewable with a break after 5 years
  - Actions to be taken where there is non compliance or failure
  - Arrangements for termination

### **monitoring arrangements for almos**

7. **Companies Act:** ALMOs are required to keep and publish annual reports and accounts in accordance with the requirements of the Companies Act. The Companies Act is an Act of Parliament, which applies to the establishment of small to medium companies, which are limited by guarantee. ALMOs are usually companies which are 100% controlled by the Council, and they are usually constituted as companies limited by guarantee. It is not appropriate for ALMOs to trade for profit; issue shares capital or pay dividends.
8. **Performance indicators:** Some existing ALMOs, which are members of the National Federation for ALMOs, have worked in partnership with Housemark, a performance improvement consultancy, to develop a series of indicators to record their activity and improvement. The ODPM expects ALMOs to share their performance data with the ODPM and with other ALMOs to identify areas of best practice and where there is room for improvement. The performance indicators to be used are those currently reported by the housing services on relevant functions. The Council may request additional local performance indicators. The ALMO board may also introduce local performance indicators.
9. **Business Plans:** ALMOs should produce and regularly update Business Plans, which clearly set out work programmes and targets. Both the Council and the ALMO should endorse these plans under the terms of the Management Agreement. The Housing Inspectorate will expect the ALMO to have produced robust plans by the time the ALMO is due for inspection.

10. **ODPM monitoring:** ALMOs are also regulated by the ODPM, when granting section 27 approval and when allocating and authorising the payment of extra resources. The ODPM monitors the use of additional funding and progress in achieving the Decent Homes Target, by measuring performance against the work profiles set out in the ALMO bid and in the business plans submitted as part of the Section 27 application. In order for the Council to fully establish an ALMO and transfer the housing management function to the new company, the Council must apply to the Secretary of State, under section 27 of the 1985 Housing Act for approval. The application must include a Decent Homes Delivery Plan, a Business Plan and a finalised Management Agreement as well as related documents which set out the governance of the ALMO. The ODPM manages the ALMO programme and funding profiles from the information provided in these applications.
11. **Housing Inspectorate reports:** The ALMO will be subject to an initial inspection by the Housing Inspectorate at least 6 months after the ALMO is established. This inspection will determine whether the organisation qualifies to claim conditional funding from the ODPM. The ALMO will be expected to develop detailed action plans, building on the Service Improvement Plan to address areas identified as in need of improvement.
12. **Non compliance or failure:** The 2004 Guidance recommends that the Council should maintain monitoring arrangements that will provide an early indication of any problems experienced by the ALMO. This is because the Council remains statutorily responsible for delivering the housing management service and can terminate its management agreement with the ALMO if things go badly wrong or if the ALMOs performance is consistently unsatisfactory.

#### **wear valley district council's ALMO monitoring arrangements**

13. The Council and the Housing Inspectorate will appraise the ALMO's performance. The ALMO will therefore need a sound performance management system, which will be closely monitored by the ALMO Board. The system should clarify how performance is measured, identify a lead responsible for performance management and link performance and risk management strategies. Challenging performance information or asking the executive directors at board meetings to account for their running of the business is an important part of the role of Board members and will help to identify how the ALMO is performing.
14. A Decent Homes Delivery Plan and a Business Plan will be developed as part of the section 27 application, which will clearly identify the ALMOs key business and specific obligations in relation to -
  - Improvements against national and local performance indicators
  - Progress against the Decent Homes Target
  - Involving tenants in service improvement and delivery
  - Contribution to the achievement of wider strategic objectives such as the Community Plan and the Housing Strategy

- Financial and budgetary control
  - Annual review of performance
15. The ALMO will report performance and progress regularly to the Council's Housing Services Committee and the Customer Panel.
  16. The ALMO will ensure that the Council's financial regulations and standing orders are adhered to. The ALMO Director of Finance and Administration will be responsible for managing funds provided via the management fee. The monitoring and reporting of funds used to meet the Decent Homes Standard such as the Major Repairs Allowance and additional Government funding will be done in conjunction with the Director of Central Resources. This will avoid instances of duplication and inconsistency in discharging the financial management role. The Director of Central Resources will retain overall financial responsibility for the monitoring and reporting of the HRA and the Council's capital programme. The Director of Central Resources will also remain responsible for the Council's treasury management strategy.
  17. The ALMO will publish an annual report and accounts in accordance with the Companies Act.
  18. The ALMO could become a member of the National Federation of ALMOs for a fee of £3000. The ALMO could then work with other ALMOs and Housemark to develop a set of good quality performance indicators that are reflective of local need and national good practice.
  19. The housing service may be subject to an indicative Best Value inspection in August 2005. This will enable the housing department to identify key strengths and weaknesses and develop objectives for improving service delivery to achieve two stars at further Best Value inspections. These objectives will be built upon in the ALMO's Business Plan, which will be submitted for section 27 approval.
  20. The ALMO will be subject to a formal Best Value inspection at least six months after the company's establishment. This date is negotiable. Inspections will follow a similar format to previous Best Value inspections, with reports commending positive practice and identifying where improvements are necessary. If the ALMO is not rated as providing a two star after this inspection, the action plan developed from the indicative inspection or the Service Improvement Plan will be reviewed, updated and implemented, to enable the organisation to reach two stars and gain access to ALMO funding.
  21. The ODPM is currently consulting with ALMOs, councils, tenants groups and the Audit Commission on the details of a regime for the timing and scope of further inspections of ALMOs. The new regime will be finalised and introduced by the end of December 2004.

22. The ALMO will also be subject to external auditing from the council's internal audit team and external auditors.
23. The ALMO will also provide performance information to the ODPM on an annual basis.

### **financial implications**

24. Whilst the financial implications of the ALMO bid have been budgeted for in 2004/05 if successful the bid will have major financial implications for the Council. These include –
  - Access to extra capital to meet the Decent Homes Standard.
  - The continued maintenance of the HRA.
  - Financing the Council's strategic and operational capacity of the Council.
  - The negotiation and allocation of the ALMO management fee.
  - The expected use of available capital receipts to complement the ALMO's spending priorities.
  - The additional costs of monitoring the ALMO.
  - The budget of some £300,000 within the HRA to cover set up costs.
  - Potential diseconomies of scale.

### **legal implications**

25. The ALMO bid has no legal implications. However a successful bid will generate additional work related to –
  - The legal status of the ALMO
  - The management arrangements, transfers of staff and use of assets
  - The delegation of housing management
  - The provision of support services to the ALMO

### **human resource implications**

26. Initial consultation with staff has taken place. More detailed consultation will follow. If successful the ALMO bid will lead to activity related to TUPE, transferring staff to the ALMO and retaining staff within the Council. Careful discussions with the unions will be central to this work.

### **community safety implications**

27. The ALMO will deliver certain community safety services on behalf of the Council. Discussions will be undertaken with a view to the ALMO becoming a partner within the Wear and Tees Crime Reduction Partnership.

## **RECOMMENDED**

1. Committee approves the monitoring arrangements set out in this report.

2. Committee instructs the Director of Housing Services to include the agreed monitoring arrangements in the extended application for a place on round 5 of The ALMO programme.
3. Committee instructs the Director of Housing Services to explore the ALMOs membership of the National Federation of ALMOs and Housemark if the ALMO bid is successful

---

---

**Officer responsible for the report**

Michael Laing  
Director of Housing Services  
Ext 281

---

---

**Author of the report**

Marie Roe  
Service Development Manager  
Ext 345

---



**SPECIAL HOUSING SERVICES COMMITTEE**

**15 JANUARY 2005**

Report of the Director of Housing Services  
**CUSTOMER SUPPORT FOR THE ALMO**

**purpose of the report**

To inform Committee of the next steps in the process of applying for a place on round 5 of the ALMO programme and initiate discussion on whether the support of tenants for the ALMO option should be ascertained by a ballot or extended consultation.

**background**

1. Councils who propose to make a major change in housing management, such as establishing an ALMO have a legal requirement to consult with tenants under section 105 of the 1985 Housing Act.
2. According to the revised 2004 ALMO Guidance, for the Council to successfully apply for a place on round 5 of the ALMO programme the application must demonstrate that the proposal has the support of a majority of tenants.
3. The 2004 ALMO Guidance states that authorities may choose to ascertain tenants views through a ballot, although the Secretary of State is prepared to accept other clear evidence of their support. To ensure an informed choice, authorities should give all tenants and leaseholders information about and an opportunity to comment on –
  - The reasons for setting up the arms length body
  - The functions to be transferred and the continuing role of the local authority
  - The composition and status of the arms length body and its Board, including the selection and role of its tenant Board members
  - Tenants and leaseholder rights
  - Performance standards for the arms length organisation
4. The Council has undertaken extensive consultation with tenants and leaseholders since 2002. This has included –
  - The establishment of a Customer Panel, an independent tenants organisation, with representatives from tenants groups across the district.
  - The provision of a variety of training opportunities focusing on the stock options and the appraisal process and capacity building training.
  - The Customer Panel's appointment of an Independent Tenants Advisor (ITA) PS Consultants in 2002 and the subsequent undertaking of a small sample survey (214 people) revealing a preference for LSVT.

- Numerous information roadshows and presentations to tenants, across the district.
  - Regular publication of updates on the stock options appraisal process in the tenant's newsletter Wear Valley Housing Matters.
  - A Stock Options Commission day, which involved staff, Councillors and tenants, and identified the establishment of an ALMO as the preferred option of the participants of the day.
  - The Council worked in partnership with the Northern Housing Consortium, in June 2004, to undertake a postal survey of all tenants on their preferred option. This survey achieved a 43% response rate, the highest response rate in the north. The survey highlighted that 70% of respondents preferred the establishment of an ALMO. The remaining 30% of respondents selected LSVT as their preferred stock option.
5. The Council must now decide how tenant support for the establishment of an ALMO will be demonstrated. Options for testing tenant and leaseholder support include –
- A secret postal ballot of all tenants, run independently of the Council
  - A survey or combination of different types of survey (i.e. postal, telephone, face to face) carried out with a sample number of tenants.
  - Extended consultation including roadshows, workshops, a poster and leaflet campaign and the opportunity to undertake a small sample survey.
6. The **advantages** to a secret ballot of all tenants and leaseholders are -
- All tenants and leaseholders are provided with an opportunity to express a view
  - The previous high response rate to the all tenant survey demonstrated a very high number of respondents are in favour of the ALMO option. There is no reason to believe this result may have changed significantly. A ballot may provide the Council with solid evidence of tenant support in the final ALMO bid.
7. The **disadvantages** to a secret ballot of all tenants and leaseholders are -
- The cost of a secret ballot is relatively high, usually falling between £30,000 and £35,000. This is due to the related campaign costs and the cost of an independent adjudicator.
  - The ballot would only give a “yes” or “no” response. The Council would not have the opportunity to ascertain the reasons for a no vote, gauge alternative suggestions or check understanding of the ALMO proposals.
  - The Council has already undertaken an all tenant survey, which demonstrated clear support for the ALMO proposal. A ballot may not achieve as high a response rate as tenants may believe they have already expressed their view and become “voting” fatigued.
  - The Council must be mindful of failed ALMO ballots in other parts of England, most notably in Camden. In a ballot with a turnout of only 30%, 77% of respondents voted against Camden's ALMO proposals. Camden must now begin the stock options appraisal process again, at considerable cost.

8. The **advantages** of undertaking a sample survey of tenants are -
  - The Council will gauge the views of a statistically representative sample of tenants.
  - The results could provide the Council with evidence of tenant support to include in the ALMO bid submission.
  - A sample survey can be cost effective usually costing between £5,000 and £10,000.
  - The Community Housing Task Force has advised the Council to explore this option, as the results of a survey will provide tangible evidence of tenant understanding and approval of the ALMO proposal. The Council has already successfully undertaken an all tenant survey, which demonstrated clear support for the ALMO proposals, and from which the Council took its decision to pursue the ALMO option.
  
9. The **disadvantages** of a sample survey of tenants -
  - The results of the survey are based on the views of a sample of tenants.
  - A sample survey and an all tenant survey have already been undertaken. Tenants may feel they have expressed their views and may not want to take part in another survey exercise.
  
10. The **advantages** of extended consultation are -
  - The Council will have an opportunity to directly discuss the ALMO proposals and implications with tenants and leaseholders.
  - The Council can provide numerous opportunities for tenants to engage with the Council and ask questions.
  - The extended consultation process can be cost effective as existing communications structures (i.e. tenants newsletter) can be used
  - A variety of consultative tools can be used to provide evidence of tenants understanding and support, including sample surveys, roadshows, workshops and a posters and leaflets campaign.
  
11. The **disadvantages** of extended consultation are -
  - The process of extended consultation can be time consuming for Council officers.

### **extended consultation**

12. On 15 December 2004, Housing Committee agreed to the work schedule for the Independent Tenant Advisor throughout the ALMO process. This consultation will be carried out from December 2004 to April 2006. One of the areas of consultation includes the provision of four newsletters. The Customer Panel ALMO Steering Group anticipates that the newsletters will include consultation on -
  - nomination for Tenant Board Members – June 2005 edition;
  - geographical surveys on customer aspirations – June 2005 edition;
  - information on Tenant Board Member Ballots – July 2005 edition; and
  - test of tenant opinion on Decent Home Delivery Plan and ALMO – Sept / Oct 2005.



13. This newsletter will be sent to all tenants and leaseholders and will result in an informed choice for tenants that satisfies requirements under section 3 of this report. There are no extra cost implications for the two surveys detailed (customer aspiration and test of opinion) as they are budgeted for in the work programme for the Independent Tenants Advisor.
14. The newsletters are part of the consultation programme that also includes -
  - monthly training for Customer Panel ALMO steering group;
  - training session for Councillors / staff on customer involvement in ALMO process;
  - attendance at 18 resident group meetings;
  - a minimum of five consultation events;
  - focus group meetings;
  - provision for engaging Hard to Reach Groups; and
  - tenant board member recruitment and training.

### **financial implications**

15. Whilst the financial implications of the ALMO bid have been budgeted for in 2004/05 if successful the bid will have major financial implications for the Council. These include –
  - Access to extra capital to meet the Decent Homes Standard.
  - The continued maintenance of the HRA.
  - Financing the Council's strategic and operational capacity of the Council.
  - The negotiation and allocation of the ALMO management fee.
  - The expected use of available capital receipts to complement the ALMO's spending priorities.
  - The additional costs of monitoring the ALMO.
  - The budget of some £300,000 within the HRA to cover set up costs.
  - Potential diseconomies of scale.

### **legal implications**

16. The ALMO bid has no legal implications. However a successful bid will generate additional work related to –
  - The legal status of the ALMO
  - The management arrangements, transfers of staff and use of assets
  - The delegation of housing management
  - The provision of support services to the ALMO

### **human resource implications**

17. Initial consultation with staff has taken place. More detailed consultation will follow. If successful the ALMO bid will lead to activity related to TUPE,

transferring staff to the AKMO and retaining staff within the Council. Careful discussions with the unions will be central to this work.

### **community safety implications**

18. The ALMO will deliver certain community safety services on behalf of the Council. Discussions will be undertaken with a view to the ALMO becoming a partner within the Wear and Tees Crime Reduction Partnership.

### **RECOMMENDED**

1. Committee considers this report and whether tenant support should be ascertained through a ballot, a sample survey or extended consultation with the opportunity to undertake a small sample survey.
2. Committee instructs the Director of Housing Services to include the proposals in the Council's application for a place on round 5 of the ALMO Programme.

---

**Officer responsible for the report**

Michael Laing  
Director of Housing Services  
Ext 281

---

**Author of the report**

Marie Roe  
Service Development Manger  
Ext 345

---



## SPECIAL HOUSING SERVICES COMMITTEE

13 JANUARY 2005

### Report of the Director of Housing Services **THE ALMO BID**

#### **purpose of the report**

To seek Committee approval of the ALMO Bid attached at Annex 6.

#### **background**

1. Committee has considered the previous reports on this agenda and given directions about the contents of the ALMO Bid relating to –
  - The ALMO functions and structure and the Councils strategic housing role
  - The ALMO board and governance structure
  - The ALMO best value review
  - The ALMO monitoring arrangements
  - Customer Support for the ALMO
2. In anticipation a bid has been prepared which reflects the content and recommendations of the preceding reports.

#### **the bid**

3. As well as reflecting the preceding reports the bid follows closely the Government's guidance in ALMOs, ALMO governance and achieving excellence in housing management.
4. The bid must be submitted by 28 January 2005. The Council is likely to be told about the success or failure of the bid in May 2005 or later if a general election is called around that time.

#### **financial implications**

5. Whilst the financial implications of the ALMO bid have been budgeted for in 2004/05 if successful the bid will have major financial implications for the Council. These include –
  - Access to extra capital to meet the Decent Homes Standard.
  - The continued maintenance of the HRA.
  - Financing the Council's strategic and operational capacity of the Council.
  - The negotiation and allocation of the ALMO management fee.

- The expected use of available capital receipts to complement the ALMO's spending priorities.
- The additional costs of monitoring the ALMO.
- The budget of some £300,000 within the HRA to cover set up costs.
- Potential diseconomies of scale.

### **legal implications**

6. The ALMO bid has no legal implications. However a successful bid will generate additional work related to –
- The legal status of the ALMO
  - The management arrangements, transfers of staff and use of assets
  - The delegation of housing management
  - The provision of support services to the ALMO

### **human resource implications**

7. Initial consultation with staff has taken place. More detailed consultation will follow. If successful the ALMO bid will lead to activity related to TUPE, transferring staff to the AKMO and retaining staff within the Council. Careful discussions with the unions will be central to this work.

### **community safety implications**

8. The ALMO will deliver certain community safety services on behalf of the Council. Discussion will be undertaken with a view to the ALMO becoming a partner within the Wear and Tees Crime Reduction Partnership.

## **RECOMMENDED**

1. Committee approves the ALMO bid attached at Annex 6 and instructs the Director of Housing Services to submit the bid by the due deadline.

---

**Officer responsible for the report**  
Michael Laing  
Director of Housing Services  
Ext 281

---

**Author of the report**  
Michael Laing

---



WEAR  
VALLEY  
DISTRICT COUNCIL

**Draft ALMO Bid  
January 2005**

## **Wear Valley District Council: Application for ALMO Funding January 2005**

### **Contents Page**

<u>Chapter</u>	<u>Page Number</u>
Introduction: Setting the Scene	3
A) ALMO Summary Sheet	7
B) Options Appraisal	10
C) Scheme Outline	11
D) ALMO Funding Required	13
E) Decent Homes Delivery	17
F) Sustainability	21
G) Division of Functions	27
H) Service Delivery	31
I) Best Value Reviews	35
J) Tenant Involvement	42
K) ALMO Board and Structure	46
L) ALMO Independence	49
M) Staffing Arrangements	52
N) Strategic Context	55
O) Local Authority Strategic Function	58
P) Monitoring	61
Q) Timetable	63

## **Introduction: ALMO Bid**

### **Setting the Scene: The Wear Valley District**

Wear Valley District Council is one of the seven local authorities that form County Durham. The district spans 30 miles from east to west, with almost half lying in the North Pennines Area of Outstanding Natural Beauty. It is a mixture of both urban and rural, with a majority of the population living in the more urban eastern part of the district, which includes the market towns of Bishop Auckland and Crook. Whilst these towns are close to the main regional communication networks, most of the rural area of the district is remote and fairly inaccessible.

The national Index of Deprivation 2004 ranks Wear Valley 32 out of 354 local authorities across the country in terms of overall deprivation. Wear Valley is regarded as being the most deprived rural district in England, with 26% of residents living in areas among the most deprived 10% nationally, and 49% of residents living in areas among the most deprived 30% nationally.

The district faces serious social problems. The area has a longstanding legacy of poor educational attainment at both primary and secondary school level. 30% of adults in Wear Valley have poor literacy and numeracy skills and nearly 40% of people aged 16-74 have no qualifications, compared to the national average of 29%. The district also has the seventh highest teenage pregnancy rate in England and one of the highest in Europe. The death rate in Wear Valley is almost 30% higher than it is nationally, with life expectancy significantly lower than the national average. 25% of the population suffer from limiting long term illness, with over 60% claiming benefits due to ill health, and 9.9% of the population being permanently sick or disabled. Services are often difficult for residents to access with 32% of people in Wear Valley having no access to a car and being reliant on public transport. This is a serious problem in rural areas, with 20% of residents having no access to a car and public transport provision being patchy and often expensive.

There are pockets of high unemployment in the district, with 86% of areas effected by employment deprivation. Unemployment in the district currently stands at 4.7% with 50% more people on benefits than the national average. Wage levels are generally low, with the average family income 20% below the national average. Few of the area's jobs are in the expanding high tech and service sectors, and this is exacerbated by a low business formation rate and high VAT de-regulation rates.

In some localised and distinct areas of the district, there are properties and houses left empty and derelict, which have encouraged crime and disorder and have further reduced the quality of life for local people. This has added to difficulties in attracting people into the area, which in turn has prevented the establishment and development of new businesses, effectively suppressing inward investment. As a result the Council is involved in a planned programme of selective demolition.

In 2002 the Council commissioned a Housing Needs Survey (HNS) which revealed that some rural parts of the district, most notably Weardale, are exhibiting evidence of a flourishing housing market. This is because this area is increasingly perceived as a prosperous, safe place to live, capable of offering a good quality of life. The study recommended that in order for the district to keep up with demand for housing in this area new housing should be developed and existing housing should be improved. The study suggested that the district may need 1,057 new properties by 2007, should demand continue.

The HNS also highlighted that these strong housing markets were exerting pressure on the availability of affordable housing as increasingly affluent people look to buy a home to retire to the area, move out of large urban areas or look to buy a second home. This has undoubtedly effected local people, with many families leaving the rural parts of the district, as they cannot afford to buy a house in the area. In popular rural areas the demand for Council housing is also very high, and at present the Council does not have enough properties to accommodate those who wish to live there.

In sharp contrast some of the most deprived areas in the district continue to suffer from localised low demand and weak housing markets. The HNS highlighted that households looking to take advantage of the affordable price of housing in these areas tend to prefer to buy private housing, which is set away from Council housing estates. The HNS attributed this trend to poor perceptions of Council estates in terms of crime levels, problem tenants and poor quality housing stock.

### **Wear Valley District Council**

Wear Valley District Council has set itself the challenge of tackling these numerous social, economic and environmental issues through achieving the vision of becoming:

#### **“The best district council in England”**

The Council has developed a Council Plan, which sets six corporate objectives to enable the achievement of the vision. The objectives are:

- Population: The Council will use its statutory powers, resources and influence to help create a balanced vibrant and growing population across the whole of the Wear Valley district
- Environment: the Council will aim to secure new public and private investment to improve the built and natural environment
- Economy: The Council will enable the development of a continuously improving economic infrastructure and environment in Wear Valley
- Community Safety: the Council will design its services to increase community safety and crime prevention and work closely with key partners to improve crime reduction
- Health: the Council will use its services to help improve the health and well being of Wear Valley residents and promote healthy lifestyles
- Lifelong Learning: The Council will encourage the development of continuous lifelong learning in Wear Valley

The Council was subject to a Comprehensive Performance Assessment (CPA) of its services in November 2003. The assessment found the Council to be “fair” in relation to the standard of services delivered to customers.

In December 2004, the Council received a “Direction of Travel Assessment”. This assessment focused on the Council’s progress since the CPA in delivering priorities and improving services. The assessment concluded that overall the Council is making good progress in improving services and the way it works. The assessment found that the Council Plan is central to this improvement and this work is supported by a strong and improving performance management framework.



## **The Housing Services Department**

As of the 1<sup>st</sup> April 2004 the Council owns and manages 5172 homes, and the Housing Department provides a range of housing and other general services to the customers of Wear Valley District Council.

The Housing Department was restructured in 2001 to amalgamate the housing, technical and works services into one department, separating the strategic and operational function of the Department. This has enabled the delivery of a more focused and comprehensive selection of services for customers.

The Department is currently responsible for:

- The development of housing strategies and policies for the Council
- The management, repair and maintenance of the Council's houses
- The management of investment into the Council's houses, to ensure they meet the Decent Homes Standard
- Involving customers in service planning, delivery and monitoring
- Contributing to the supporting people agenda and working in partnership to foster social inclusion and improve local quality of life

The Department's core values are to:

- Provide the best and continue to improve
- Embrace equality and value difference
- Work with others and take personal responsibility
- Be honest and fair, caring and courteous
- Recognise the present and build the future

The Department's objectives are:

- Putting the customer and citizen first
- Excellence in service delivery and management
- Change and continuous improvement
- Quality information and decision making
- One Council – the corporate approach
- Target investment in sustainable communities to deliver decent homes and neighbourhoods
- Matching demand and supply
- Implementing holistic solutions on a neighbourhood basis

The Department's aim is to ensure the adequate provision and management of well maintained and affordable housing that meets the needs and aspirations of all the community. To achieve this the Department has:

- Developed strategies and policies to meet housing needs and attract investment for the regeneration of housing in Wear Valley
- Demonstrated Best Value by achieving continuous improvement in the housing service
- Provided a customer focused service that involves customers in service planning, delivery and monitoring
- Ensured the long term financial viability of the Council's housing service

- Ensured the housing service continues to play an active role in supporting sustainable communities and fosters social inclusion in partnership with other organisations

### **The ALMO**

The Council itself has made a marked improvement since the CPA of 2003. Improvements to Council wide performance and recognition of the Council as a learning organisation, are reflected in the work of the Housing Department. The Best Value inspection of the repairs and maintenance service in June 2003 highlighted that the Department had examples of national good practice in service delivery and improved performance in relation to key performance indicators. The Department was also commended for developing an excellent Customer Compact, which sets out a series of pledges for community involvement in service improvement and delivery. The ALMO will continue to implement these pledges and improve services.

The new Arms Length Management Organisation (ALMO) will reflect the core values of Wear Valley's Council Plan, the LSP's Community Plan and Housing Strategy. The ALMO will also deliver the Government's national priorities for housing at a local level such as delivering the Decent Homes Standard, improving quality and choice for customers and achieving excellence in service delivery.

The ALMO will have the freedom and flexibility to concentrate on developing and delivering services that are inclusive of local people and are reflective of the needs and aspirations of customers. The Council's experience of improvement and innovation will provide the ALMO with the strategic direction to create a "can do, will do" housing management company for the people of Wear Valley.

## Section A) Summary Sheet

Question		Answer
1	Local Authority	Wear Valley District Council
2	Name of ALMO if decided	Undecided
3	Will the ALMO manage all or part of the LA's stock?	All
4	If only part of the stock, name of the area(s) covered	N/A
5	If only part of the stock the % of the LA's total housing stock	N/A
6	Number of tenanted properties to be managed by the ALMO	4628
7	Number of leasehold properties to be managed by the ALMO	3
8	Total number of properties to be managed by the ALMO	5172
9	Number (and %) of properties currently failing the Decent Homes Standard	2167 properties failing the Decent Homes Standard at 01.04.04 41.9%
10	Date by which all properties would meet the Decent Homes Target with ALMO funding	December 2010
11	Total ALMO bid (£M) and breakdown by year	£43,054,751 (including preliminaries, fees, demolitions and 5% sustainability costs)  Year 1: £9,180,000 Year 2: £9,289,000 Year 3: £9,440,000 Year 4: £8,576,000 Year 5: £6,570,000
12	Average investment per dwelling	£8325
13	Timing and results of LA Best Value reviews to date	The Council has undertaken the following Best Value Reviews:  Refuse Collection (05.10.01) fair service with uncertain prospects for improvement  Housing Repairs and Maintenance (22.11.01) poor service with uncertain prospects for improvement  Grounds Maintenance Service (09.01.02) fair service with poor prospects for improvement

		<p>Leisure Services (14.02.02) good service with promising prospects for improvement</p> <p>Reinspection of Refuse Collection (06.05.03) fair service with uncertain prospects for improvement</p> <p>Reinspection of Grounds Maintenance (06.05.03) good service with promising prospects for improvement</p> <p>Reinspection of Housing Repairs and Maintenance (19.06.03) fair service with uncertain prospects for improvement</p> <p>Best Value reviews on Procurement were completed in November 2004.</p>
14	<b>Timing of planned LA Best Value reviews</b>	There will be Best Value reviews of the Regeneration Service and Community Safety in the new financial year.
15	<b>Timing of ALMO inspection</b>	The ALMO will be subject to an indicative inspection in August 2005 and a full Best Value inspection in October 2006
16	<b>How tenant support has been/will be demonstrated (e.g ballot/survey and dates)</b>	<p>An all tenant survey was undertaken in partnership with the Northern Housing Consortium in June 2004. 43% response rate with 70% of respondents selecting ALMO as their preferred stock option.</p> <p>An extended consultation process will begin in February 2005 and will include roadshows, workshops, focus groups and newsletters a sample survey will be undertaken in September 2005.</p>
17	<b>Number of TMOs (if any) and number of properties covered by each</b>	None
18	<b>Brief details of structure if group structure or more than one ALMO is proposed (e.g. 2 ALMOs, 4 Area Boards)</b>	N/A
19	<b>Expected date of section 27 application</b>	31 <sup>st</sup> October 2005
20	<b>Name, address, phone and e-mail contact details of lead local authority officer</b>	Iain Phillips, Chief Executive, Wear Valley District Council, Civic Centre, Crook, County Durham DL15 9ES 01388 765555 ext 304 i.phillips@wearvalley.gov.uk
21	<b>Name, address, phone and e-mail contact details of lead officer for</b>	Michael Laing, Director of Housing Services, Wear Valley District Council,

	<b>the ALMO (if decided)</b>	Civic Centre, Crook, County Durham DL15 9ES 01388 761957 m.laing@wearvalley.gov.uk
<b>22</b>	<b>Name, address, phone and e-mail contact details of the Council's Chief Executive</b>	Iain Phillips, Chief Executive, Wear Valley District Council, Civic Centre, Crook, County Durham DL15 9ES 01388 765555 ext 304 i.phillips@wearvalley.gov.uk
<b>23</b>	<b>Name, address and e-mail contact details of the Leader of the Council</b>	Councillor Mrs Olive Brown, Leader, Wear Valley District Council, Civic Centre, Crook, County Durham DL15 9ES. o.brown@wearvalley.gov.uk
<b>24</b>	<b>Name(s) and e-mail address of local MPs and constituency</b>	Hilary Armstrong, North West Durham, <a href="mailto:hilary@hilaryarmstrong.com">hilary@hilaryarmstrong.com</a> Derek Foster, Bishop Auckland, no e-mail address constituency address Hackworth House, Byerley Road, Shildon, County Durham DL4 1PU

## **Section B) Options Appraisal**

The Council submitted evidence of the stock options appraisal process to Government Office for the North East (GONE) on the 4<sup>th</sup> November 2004.

GONE have requested further evidence with regard to the Hacas Chapman and Hendy financial appraisals, the Housing Market Assessment and back dated issues of Wear Valley Housing Matters. GONE will inform the Council if they need any further information in the week beginning 3<sup>rd</sup> January 2005. Initial indications show that sign off notification may be received in the week beginning 10<sup>th</sup> January 2005.

## Section C) Scheme Outline

The ALMO will be a single company, responsible for the management of all 5172 of the Council's properties.

The company will also manage 843 estate garages.

The Council's housing stock is made up as follows:

Housing Stock	As of 01.04.2004
Pre 1964	2682
Post 1964	1256
Non traditional	822
Direct access flat	358
Walk up lobby access flats	53
Walk up deck access flats	1

The Council commissioned consultants Property Tectonics to undertake a Stock Condition Survey of the housing stock in March 2002. This Survey was in accordance with the ODPM publication "Collecting, Managing and Using Housing Stock Information". The Survey concluded that the Council's housing stock is generally in reasonable condition. A significant proportion of the Council's traditional built dwellings were found to be structurally sound. However up to 42% of the Council's properties were found to be non decent due to failing components of the Decent Homes Standard. A further 9% of properties were found to be potentially non decent.

The total expenditure required to meet the costs of the Decent Homes Standard, including the cost of demolitions, preliminaries, fees and 5% for sustainability purposes is £43,054,000 (excluding inflation). This breaks down into:

Cost of meeting basic decent homes target:	£33,385,000
Demolitions:	£ 997,000
Preliminaries (9%)	£ 3,135,000
Fees (8%)	£ 3,037,000
Environmental works (5%)	£ 2,050,000

The full investment need identified in the Stock Condition Survey goes well beyond the minimum requirements of the decent homes standard, which is seen as the minimum standard. Based on the Stock Condition Survey the Council must invest £229,322,765 over the next thirty years. This includes:

- catch up repairs
- future major works (which also includes disabled adaptations and improvements to dwellings)
- The cost of demolitions, estate works, responsive repairs and cyclical maintenance

The cost excludes inflation and construction related inflationary factors.

In addition to investing ALMO funding into meeting the Decent Homes Standard, the Council will continue to use existing resources, such as the HRA to invest in other housing and sustainability issues such as:

- Void levels

- Rent arrears
- The responsive repairs service
- Customer involvement
- Balancing the housing market
- Disabled Facilities Grants Payments
- Estate management
- Community safety
- Tenancy enforcement



## Section D) ALMO Funding Required

The Council has used the Building Costs Model to verify the findings of the Stock Condition Survey of 2002 and the findings of the 2004 financial appraisal of consultants, Hacas Chapman and Hendy.

The Building Costs Model, the Stock Condition Survey and the financial appraisal have compared the resources the Council has available to meet the Decent Homes Standard, with how much funding is required to meet the Decent Homes Standard by 2010.

The total cost to meet the Decent Homes Standard by 2010 is £33.8M. If preliminaries, fees and demolition costs are added this figure stands at £40,969,000 (excluding 5% environmental costs).

The projected capital resources available to be spent on Council housing for the period 2006/07 – 2010/11 are £15.67M. This is made up of:

- Supported borrowing                      £4.0M
- Useable capital receipts                      £0
- Major Repairs Allowance                      £11.67M

Historically few capital receipts from the sale of non Right to Buy housing assets have been applied to support HRA capital expenditure. Instead monies have been invested into other programmes such as renovation grants, regeneration schemes, vehicle purchase and environmental schemes. It has been assumed that no capital receipts will be used to meet the Decent Homes Standard.

The Council is in receipt of some regeneration funding. These monies have traditionally been invested into environmental works on some Council housing estates. A small amount of money has been invested in the small scale improvements of houses on specific estates, but to date no regeneration funding has been directed at enabling the Council to meet the Decent Homes Standard.

### **Table: Expenditure by element to meet the Decent Homes Standard**

The Stock Condition Survey suggested that the Council should spend the following resources on each of the key components over the next 5 years.

Component	Year 1	Year 2	Year 3	Year 4	Year 5	Total cost per component (excluding fees, prelims and inflation)
Electrics	1,064,000	22,000	0	0	0	1,086,000
Roof structure	268,000	117,500	116,000	336,000	126,000	963,500
Roof coverings	627,900	625,600	618,700	717,600	621,000	3,210,800
Windows	518,400	521,600	4,915,200	694,400	521,600	7,171,200

Doors	938,300	0	101,200	2,200	591,800	1,633,500
Structural works	299,850	1,097,610	298,890	299,850	301,770	2,297,970
Central heating	1,333,200	521,400	37,400	1,221,000	30,800	3,143,800
Insulation	96,000	97,750	0	0	250	194,000
Kitchens	1,583,300	760,600	815,700	2,586,500	1,995,600	7,741,700
Bathrooms	100,700	2,152,700	111,800	268,850	766,650	3,400,700
External works	312,000	1,313,520	336,960	741,000	288,600	2,992,080
<b>Total cost per year</b>	<b>7,141,650</b>	<b>7,230,280</b>	<b>7,351,850</b>	<b>6,867,400</b>	<b>5,244,070</b>	<b>33,835,250</b>

The elemental rates included in the bid have been ratified by Hacas Chapman Hendy, and altered to take into account historical, regional tender prices of similar works, thus reflecting actual Wear Valley costs.

The Council has recognised that the capacity of the local construction industry would be strained if these works were undertaken in accordance with the failure of the property components. Therefore the Council has developed a programme of works that demonstrates an even distribution of decent homes works up to 2010.

**Table: Programme of Works**

<b>Works</b>	<b>Number of properties improved per year</b>
Electrics	109
Roof structure	355
Roof coverings	279
Windows	448
Doors	297
Structural works	479
Central heating	286
Insulation	155
Kitchens	761
Bathrooms	716
Environmental works	384

The total ALMO resources needed to meet the Decent Homes Standard is £43,054,000, which equates to an average amount of £8325 per property to bring them up to the Decent Homes Standard by 2010. These figures include preliminaries, fees and the costs of demolitions and environmental works.

## **Sustainability**

The Council understands that meeting the Decent Homes Standard is central to the quality of life of our customers. The Council also understands that the improvement of Council properties cannot be undertaken in isolation. Improved properties cannot be maintained if they are situated in unsustainable, under invested in estates.

Therefore we have included 5% of the total funding in this bid to ensure the environmental infrastructure of housing estates is maintained. Such works include fencing, boundary walls and security measures. These works are reflective of customer's aspirations.

The Council has also developed a "Sustainability Index" which enables the Council to measure the quality of housing in relation to the quality of the surrounding neighbourhood and the quality of life of customers. The Council is currently preparing a Neighbourhood Profile, which will set out key strategic objectives for tackling the multiple deprivation issues of these areas. This will inform the targeting of wider regeneration funds to improve quality of life, balance the community and make these areas more sustainable.

The Council has also linked a programme of demolition to the sustainability of estates. Unwanted and void properties are an eyesore and a drain on resources. The Council have a proven track record of fully engaging with residents in identifying such properties and undertaking demolition to balance the housing market. The Council will seek to continue this process as part of this ALMO bid.

## **Efficiency**

The Council has recognised the importance of the 2004 Gershon Review of Public Sector Efficiency. The Council has begun to actively explore ways of targeting resources on front line services, by making efficiency savings through more efficient working practices. The Council has:

- Begun to make efficiency savings in the way resources are spent on capital works and the maintenance and management of Council homes
- Undertaken a Best Value review of procurement using advice from IDeA
- Used Egan's "Rethinking Construction" principles in tendering exercises
- Tendered the repairs service and the Capital Works programme since 2004
- Introduced a new rechargeable repairs policy to reduce inappropriate expenditure
- Involved external auditors in assessing the procurement process
- Established new partnering arrangements
- Increased the rationalisation of back office functions and transactional services through the introduction of the AGRESSO financial management system and the consolidation of cost centres
- Assessed service provision against budgets
- Undertaken joint procurement partnership working with other Councils from across the county and the region

The Council has a strong track record in terms of procuring services. The Council's ground maintenance service is outsourced. This is recognised nationally as an example of good procurement practice. The Housing Department's Capital Programme is fully outsourced and over 70% by value is awarded under Egan principles. In addition the Council have recently procured the AGRESSO financial management system in partnership with neighbouring authorities, enabling economies of scale to be recognised.

The Council will ensure that the ALMO's resources are complemented by efficiency savings which will be directed into improving front line service delivery.

The ALMO will continue to explore efficiency in the delivery of the Decent Homes Standard and housing management services. The ALMO will continue to explore the development of procurement partnerships and partnering arrangements. The organisation will also continue to assess service provision against budgets to ensure that services are demonstrating value for money.

The ALMO will be responsible for making and implementing decisions on the planning and procurement of repair and improvement works as well as its own support services. These decisions will be accounted for in the ALMO's Business Plan. The Business Plan will reflect the principles of Best Value, the findings of the Gershon Review and will follow best practice in procurement when tendering, letting and managing contracts. The Business Plan will have clear linkages to an ALMO Procurement Strategy, which will set out partnering arrangements and the scope for participating in procurement consortia. The Procurement Strategy will also be linked to the Decent Homes Delivery Plan, and the ALMO's performance management strategy, risk management strategy and financial management strategy.

As the ALMO will act at arms length from the Council it is not a presumption of the bid that the ALMO will buy into Council operated services without effective procurement being undertaken. Should the ALMO use any support services provided by the Council when it is first established. These services will be subject to a review, based on Best Value principles a year after the ALMO is established. The ALMO will examine whether it is receiving value for money and whether further efficiencies can be identified through the outsourcing aspects of the contract.

Efficiency savings will be allocated to service areas in accordance with the prioritisation objectives of the individual service plans, which will take strategic direction from the Housing Strategy, the Council Plan and the Community Plan. The objectives of the service plans will continue to be developed in partnership with customers, staff and key local stakeholders. The ALMO will also have the flexibility to use efficiency savings to develop new services, that fully reflect customers aspirations, preferences and needs. These services will be consulted on and will be reflected in service plans.

## **Section E) Decent Homes Delivery**

The Council commissioned the consultants Property Tectonics to undertake a survey of the condition of the housing stock in 2002. The survey covered a selected proportion of housing stock, with a 10% internal and external sample of the stock being undertaken.

The sample included flats, houses, bungalows and sheltered flats schemes. Homes were divided into dwelling archetypes, this being a group of similar properties with regard to their age, size and construction type.

The survey found that the Council's housing is generally in reasonable condition. The main structural elements to traditional built buildings were found to be generally sound, but a significant number of the properties surveyed suffered from single glazed windows, many of which were noted to be in poor condition. As a consequence many properties failed the Decent Homes Standard on this basis. In addition a high proportion of the kitchens and bathrooms surveyed were considered old and in poor condition. This was reflected in the Cost Maintenance

Plan. Despite this a majority of the properties benefited from full central heating and many had cavity wall insulation.

The final report, produced by Property Tectonics in April 2002 highlighted the following in relation to the Decent Homes Standard:

- **49%** were classed as decent homes
- **42%** were classed as non decent homes
- **9%** are classed as potentially non decent homes

Property Tectonics cost summary was as follows:

Total cost over 30 year period	£141,195,939
Breakdown of total cost over 30 year period	
Catch up repairs	£4,674,025
Future major works	£124,787,633
Cyclical costs	£11,734,281
Average cost per house per annum	£891
No houses in stock	3739
Total cost over 30 years	£100,015,969
Average cost per bungalow per annum	£726
No of bungalows in stock	1459
Total cost over 30 years	£31,799,387
Average cost of flats/maisonettes per annum	£558
No of flats/maisonettes in stock	560
Total cost over 30 years	£9,380,583

These figures do not include the cost of contract preliminaries, VAT, professional/statutory fees, inflation, cost of day to day repairs and cyclical maintenance, and also exclude external painting and communal area decoration.

To complement the Stock Condition Survey the Council has commenced a programme of surveys using pocket PCs loaded with Property Tectonics software. It is proposed that a 100% surveyed database will be compiled before 2009 and the Council is at present ahead of this target. The database is also continually updated when improvements to individual properties are completed or properties are disposed of through right to buy or demolition. This ensures the original database is continually monitored towards achieving the Decent Homes Standard.

The council also owns a number of non traditional housing stock. The Stock Condition Survey undertook a 10% sample of these properties as part of the main survey and database. Non traditional properties, by their nature, may contain differing maintenance problems than traditional stock. As no major problem has yet to be identified with this stock, the ALMO bid assumes 'standard' costs for improvements to non traditional stock. The Council has identified problems in the past and actions taken to address the situation have included new outer skins, structural works and external insulation. In addition the Council have demolished many non traditional properties with structural defects or where it is not economically viable to repair the property. As part of the ALMO proposal, specialist consultants are to be appointed to carry out surveys of the remaining non traditional properties to assess structural and future maintenance requirements.

As part of the initial stock options process, independent consultants Hacas Chapman and Hendy, audited and validated the stock condition survey and database. Comments from Hacas Chapman and Hendy have been incorporated into the database and business process.

The overall condition of the housing stock has been in a state of deterioration for a number of years, as the required levels of repairs have not been undertaken as a result of lack of finances. Historically the Council generally undertook energy efficiency improvement works, including replacement heating and cavity wall insulation. Where this may have improved the SAP rating of homes it has not helped to maintain the exterior. The Major Repairs Allowance (MRA) has enabled the Council to commence a programme of reroofing, replacement of doors and windows, new kitchens and bathrooms that complement the heating replacement programme. This has, however, left the Council with an amount of catch up repairs of £15.6M envisaged at 1<sup>st</sup> April 2006. Rather than attempt to undertake these improvements in the first year the Council have taken the decision to evenly spread the majority of works over the first five years of the ALMO.

The number of homes that currently do not meet the Decent Homes Standard is 2167. This represents 41.9% of our total housing stock.

<b>Component</b>	<b>Number of properties</b>
Electrics	543
Roof structure	1774
Roof covering	1396
Windows	2241
Doors	1485
Structural works	2397
Central heating	1429
Insulation	776
Kitchens	3803
Bathrooms	3580
Environmental works	1918

The ALMO will target additional resources on ensuring that all properties meet the Decent Homes Standard by 2010. Utilising the information from the Stock Condition Survey, the following table illustrates the works the Council must undertake to ensure properties are brought up to the Decent Homes Standard.

<b>Component</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Electrics	532	11	0	0	0
Roof structure	536	235	232	519	252
Roof coverings	273	272	269	312	270
Windows	162	163	1536	217	163
Doors	853	0	92	2	538
Structural works	313	1144	312	313	315
Central heating	606	237	17	555	14
Insulation	384	391	0	0	1
Kitchens	779	346	375	1306	996
Bathrooms	106	2266	118	283	807
Environmental works	200	842	216	475	185

If the Council were to follow these recommendations as a programme of works, a significant strain would be placed on the local construction industry in certain years. Therefore the above table has been broken down to improvements being undertaken evenly on a yearly basis, and to average out the number of repairs in each of the key elements and not exert undue pressure on the local construction industry:

<b>Works</b>	<b>Number of properties improved per year</b>
Electrics	109
Roof structure	355
Roof coverings	279
Windows	448
Doors	297
Structural works	479
Central heating	286
Insulation	155
Kitchens	761
Bathrooms	716
Environmental works	384

The following table illustrates the estimated achievement towards the Decent Homes Target. Fluctuations in the percentages occur as a result of newly arising failures in decency, for example during Year 3 where a large number of properties suffer from a failure in the key element of windows.

<b>Year</b>	<b>No. of properties</b>	<b>Decent Homes achieved</b>
April 2006	4622	55%
March 2007	4378	85 %
March 2008	4148	48%
March 2009	3931	69%
March 2010	3801	81%
December 2010	3711	100%

## Section F) Sustainability

The Council is aware of the opportunities and challenges facing the district and has approached a programme of social, economic and environmental improvement in a systematic way, which has been commended by the CPA. "Direction of Travel Assessment". The ALMO will continue to be a crucial partner in the wider regeneration and long term sustainability of Wear Valley.

The 2001 census recorded that the Wear Valley district had a population of 61,339, of which 48% were male and 52% were female. This represents a decrease in the population of 2.7% between 1991 and 2001, an actual decline of 1,700 people. The district has an ageing population with out migration in the area particularly evident in younger economically active people. These changes have potentially serious implications for housing provision in the district, with the issue of supported housing in need of investigation in the future. Despite the declining population, there has been an increase in the number of households and this is expected to continue in the future, with the projected area of growth being single person households.

The Housing Needs Survey (HNS) of 2002 identified that in 2001 there were a total number of 26,353 households in the district in 2001. 24.9% of these households rented their homes from the Council. The Council has recognised that housing customers face multiple social, economic and environmental factors. These include:

- A majority of households living in Council accommodation have a lower than average income, with 52% of Council tenants receiving full housing benefits. Research indicates that these households are more likely to remain within the same tenure.
- 51.3% of Council customers reported that they were either satisfied or very satisfied with the state of the repair of their homes, but 21.8% of customers responding to the HNS reported dissatisfaction with the repair of their homes.
- 38.3% of the district's residents describe themselves as in fairly good health or not in good health. 73.7% of households responding to the HNS contained a person with an illness of disability and rented their homes from the Council. Arthritis and problems associated with mobility and asthma are key illnesses or disabilities associated with Wear Valley residents, all of which are exacerbated by poor living conditions.
- Council tenants were the least satisfied of residents with their neighbourhood. 17.8% of Council customers expressed dissatisfaction with their area when they responded to the HNS. This could be attributed to issues of neglected or run down areas, neglected gardens, dumping of rubbish, poor street lighting and footpaths and litter. Despite this 64% of Council tenants have lived in their homes for at least 5 years.

Due to the decline of many traditional industries, such as coal mining and heavy industry, there has been a shift in employment throughout the county and the region. There have been an increasing number of households moving into the district, although working outside and commuting to their place of employment. There are a variety of reasons for this, including:

- Access to better quality homes
- Availability of larger homes
- Better neighbourhoods.

A majority of these moves have concentrated on the Weardale area of the district. However, very few households moving into the area choose to move into Council properties, but the popularity of these areas, and improved perceptions have meant that the Council does not have enough properties to accommodate those wishing to live there.



In contrast, issues of low demand for Council housing in some areas of the district have worsened, with households indicating their preference to buy properties in areas set away from Council housing estates. This is due to poor perceptions of the estates in terms of crime levels, problem tenants and poor quality housing stock. These perceptions have made it difficult for the Council to rent properties in low demand, unpopular areas. The HIP data for 2001 indicated that there were 2,494 vacant properties in the district 17.8% of which were Council owned.

The HNS recommended that the Council explore better management of the capital programme to improve the public housing stock, explore potential demolitions, provide new affordable accommodation and improve the management of older terraced housing stock. The Council has since developed and implemented a Capital Works Programme, which is directed by the Housing Business Plan and is funded by the Major Repairs Allowance (MRA).

The Council has also developed a "Sustainability Index" which relates to the quality of Council housing and quality of life. This enables the Council to measure whether the social, economic and environmental systems that make up an area are providing a strong enough infrastructure for local people. The Council has applied the Index to twenty wards. The Index highlighted that two wards, which are Woodhouse Close and Coundon, are unsustainable at present, with high void rates, high receipt of benefits, low right to buy uptake, low owner occupation and low educational attainment. Both of these wards are in the most deprived 10% of wards nationally.

The Index also found that 2 wards in the district are potentially unsustainable, these being Willington East and St Helen's. These areas face the same social exclusion and deprivation issues as Woodhouse Close and Coundon, but feature improved private sector development and more owner occupation.

The Council is currently preparing a Neighbourhood Profile, which will set out key strategic objectives for tackling the multiple deprivation issues of these areas. This will inform the targeting of regeneration funds to improve quality of life, balance the community and make these areas more sustainable.

The Council believes that investment in bringing Council homes up to the Decent Homes Standard can maximise the effect of other regeneration activities including health and education programmes, the revitalisation of housing markets, and can effectively tackle poverty and deprivation.

### ***The Neighbourhood Renewal Strategy and the Community Plan***

The Wear Valley Local Strategic Partnership (LSP) has agreed a clear long term vision for the district, which will be achieved by 2020. This vision is set out in the Community Plan. The LSP has also produced a Neighbourhood Renewal Strategy for the period 2002-07, as this is the period for which the partnership has been allocated Neighbourhood Renewal Funds by the Government.

The Wear Valley district is one of 88 local authorities in England which are eligible for Neighbourhood Renewal Funds. This funding is complemented by contributions from the main service budgets of the Council and regional funding streams such as the Single Regeneration Budget, One North East's Single Programme, Market Town Funds and the European Objective 2 Programme.

The LSP has identified nine priority neighbourhoods, that fall into the worst 10% of deprived wards in England. This is out of the district's 21 wards. The wards are:

- Coundon
- Coundon Grange
- Henknowle
- Helmington Row/Wheatbottom
- Stanley
- St Helen's
- Tow Law
- Willington East
- Woodhouse Close

The Neighbourhood Renewal Strategy also targets additional wards. This expansion is based on the following:

- The inclusion of additional deprived wards targeted for development as part of EU Objective 2 Structural Funding.
- Recognition of other deprivation factors such as access to services and employment, not reflected in the Index of Multiple Deprivation.
- Recognition that the rural west of the district has suffered major economic hardship since the foot and mouth crisis and the closure of the Eastgate Cement Works.
- Recognition that many of the nine wards are already the target of significant current and planned additional public service investment.

The additional wards included in the Neighbourhood Renewal Strategy are:

- Crook
- Stanhope
- St John's Chapel
- Wolsingham

The Strategy sets out by theme the major problems faced in the priority wards and the strategy and action proposed. These include:

- Developing a learning culture
- Building a sustainable business base
- Reducing health inequalities and improving the quality of life
- Improving the environment and quality of neighbourhoods
- Reducing Crime and the fear of crime

### ***Improving the Environment and Quality of Neighbourhoods***

This priority identifies the key environmental and neighbourhood disadvantages facing Wear Valley. This includes improving the standard of housing in the district and the quality of the environment surrounding homes. This is because the poor standard of housing in the priority neighbourhoods remains a significant problem for both the public and private sector.

The Neighbourhood Renewal Strategy proposes that the Decent Homes Standard will be met by 2010.

The Neighbourhood Renewal Strategy proposes four projects to achieve these priorities. The ALMO will complement the objectives of the Neighbourhood Renewal Strategy and will continue to support the implementation of these projects. The projects include:

- An Environmental Improvements Programme: This programme will be provided for the priority wards and will be linked directly to investment and change in the housing stock.
- Environmental Improvement Task Force: Community caretaker schemes developed to improve the environmental appearance of areas and develop local neighbourhood management. This can enhance the appearance of housing estates, and raise perceptions of deprived areas.
- Pride Campaign: This campaign focuses on all the target wards and aims to develop a feeling of community pride. Using a combination of improved street cleansing, an awareness campaign and involving local people, the campaign concentrates on reducing litter and vandalism and changing perspectives regarding specific areas.
- Neighbourhood Management: A neighbourhood management approach is used in the priority neighbourhoods. A Tenancy Enforcement Team has been introduced in specific wards to improve community safety.

The Council has also commissioned consultants to explore a programme of regeneration and renewal for Bishop Auckland town centre, the major conurbation in the district. The consultants are developing proposals for the improvement of the retail and commercial centre of the town. This programme is in line with One North East's (ONE) "Urban Renaissance Programme" (section B6 Regional Economic Strategy).

The Council is also exploring the development of Crook as a market town. Crook is used as a major shopping area for the residents of Weardale and Crook often provides a vital link in terms of services for people living in rural parts of the district. The project is in line with ONE's "Rural Renaissance, Market Towns Initiative" (section B6 Regional Economic Strategy).

These programmes will explore the vitality of these two urban centres and will examine the provision of housing and the balanced provision of community services. Both programmes will concentrate on the links between housing location, the development of good policies to facilitate movement and accessibility and retail and cultural development, to improve quality of life and enable social and economic growth across the district.

## ***Regeneration***

The Council is currently in receipt of the Single Regeneration Budget (SRB) the Neighbourhood Renewal Fund (NRF) and some elements of the European Regional Development Fund (ERDF) to tackle social, economic and environmental decline.

There have been three separate rounds of SRB in the district covering the areas of South Bishop Auckland (SRB3), Crook and Willington (SRB5) and Bishop Auckland (SRB6). This equates to over £8M in investment.

These schemes have so far enabled the undertaking of small scale environmental and streetscape improvements and some housing regeneration and refurbishment activities. These projects have predominantly focused on private sector housing and include:

- £170,000 to demolish and redevelop aged housing stock in Willington
- £13,000 to improve home security
- £11,500 to improve physical security of homes in Crook.

The South Bishop Auckland SRB scheme is now complete. Crook and Willington SRB5 will end in 2005 and Bishop Auckland SRB6 will end in 2006.

The Council has been allocated NRF funding, which will be available until March 2006. Relatively small amounts of NRF have been allocated to environment and housing objectives, mostly in the private sector. The funding allocated has been used predominantly for revenue projects with some capital environmental improvement works being undertaken generally in relation to public spaces. The NRF will be extended from 2006 to 2008 and it is likely that Wear Valley will remain in receipt of the funds, however levels of investment and the availability of the fund are yet to be determined by the Government.

The Wear Valley district is eligible for ERDF Objective 2 funding for the period 2000-2006, but the nature of the funding and the outputs required have been predominantly economic driven. Due to the enlargement of the European Union, European funding streams will be restructured in 2006, and funding may become more difficult for the district to secure, particularly in relation to housing and environmental sustainability issues.

*Low demand in former coalfield communities was identified in the CURS report as the third most significant problem area within the North East. The main areas with problems include the districts of Durham with 10.9% of dwellings in Wear Valley being at risk from low demand. The Council has worked in partnership with the other district Councils within County Durham (Challenge 9 Group) to develop a bid for funding under the Single Housing Investment Pot. Wear Valley has secured £30,000 for the financial year 2004/05 and approximately £600,000 for the financial year 2005/06. It is important to note however that this funding will be invested into a programme of selective demolition, improvement and renewal of private sector housing.*

This bid for a place on Round 5 of the ALMO programme includes a 5% element for environmental works that will contribute to the ongoing regeneration and environmental improvement projects on ALMO housing estates, which are currently in receipt of limited regeneration funding. The 5% funding is vital as it will enable the Council and key partners to tackle environmental deprivation on run down estates, reduce crime and anti social behaviour and improve perceptions of council areas. This in turn will stimulate the local housing market and attract new tenancies, boosting the population of the district. This will enable the delivery of the key strategic objectives of the Council Plan and the Community Plan.

## **Section G) Division of Functions**

The proposed division of functions between the ALMO and the Council, follows the suggested division in section 3 of the ALMO Guidance 2004. The division of functions has been arranged to ensure the ALMO becomes an independent and sustainable organisation, and is able to fulfil its primary task of improving housing stock, housing management and the delivery of services.

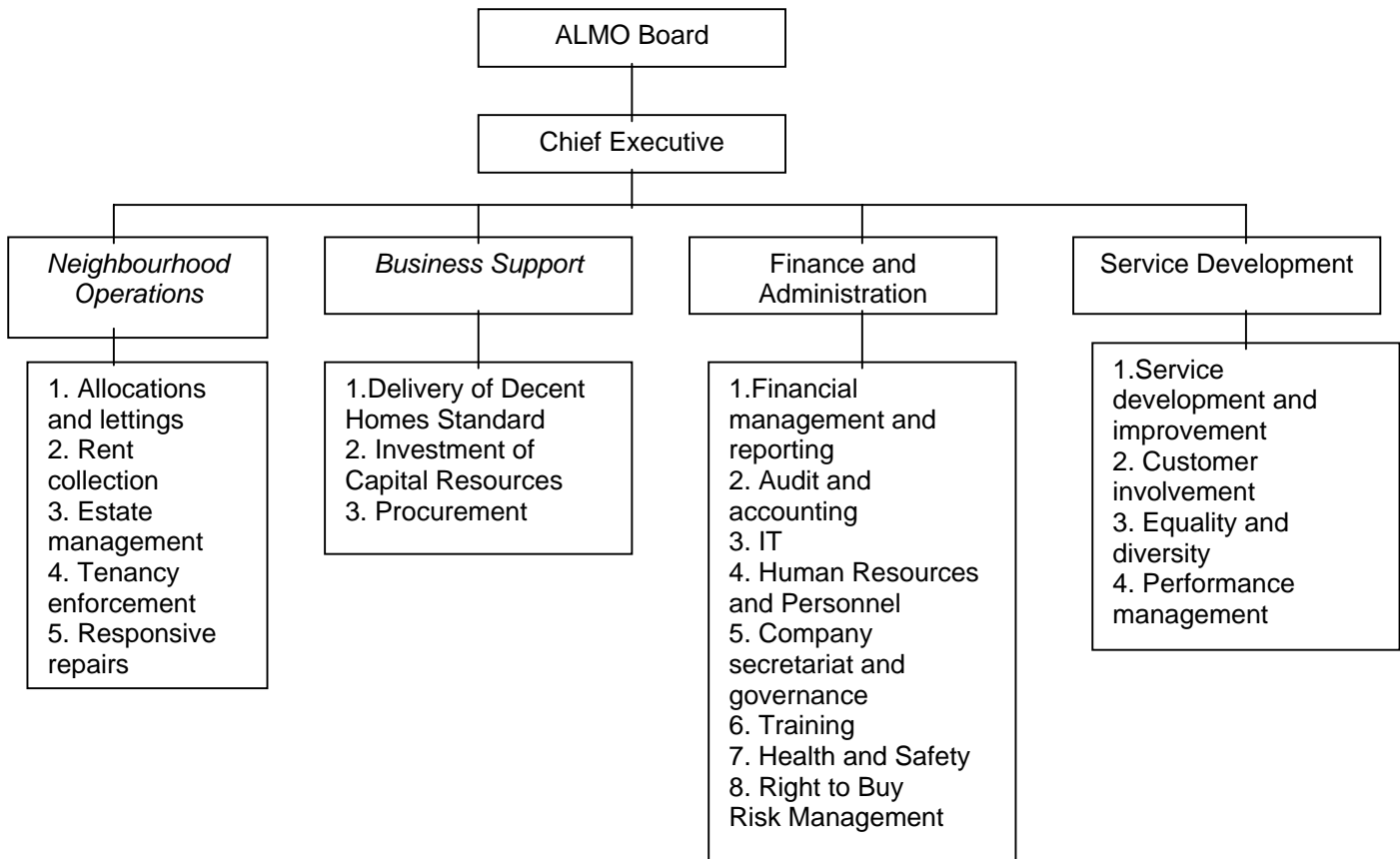
The ALMO will be responsible for:

- Stock investment decisions and repairs ordering
- Rent collection, dealing with arrears and debt counselling
- Consulting and informing tenants on matters which are the ALMO's responsibility
- Promoting tenant participation, including involving tenants in monitoring and reviewing service standards
- Enforcement of tenancy conditions
- Similar functions for leaseholders
- Managing lettings, voids and under occupation
- Estate management, caretaking and housing related support services under the Supporting People Programme
- Street Wardens

The Guidance states that should the ALMO take on other responsibilities, these must not distract the ALMO from its primary focus and should be justified as complementing the ALMO's main functions and improving the sustainability of its investment in decent homes. Wear Valley District Council therefore proposes that the ALMO assumes the following functions to enhance the housing management functions the ALMO will discharge:

- Neighbourhood Operations
- Housing Business Support
- ALMO finance and secretariat
- ALMO service development

## **ALMO Structure**



### ***Neighbourhood Operations***

The neighbourhood operations service includes frontline services to tenants such as:

- Allocations, lettings and under occupation
- Rent collection, dealing with arrears and debt counselling
- Estate management including street wardens
- Tenancy enforcement
- Responsive repairs and maintenance including the workforce
- Supporting People programme services including Homeline
- Delivery of the homelessness service

### ***Housing Business Support***

The Housing Business Support service would lead on the delivery of the Decent Homes Standard, the investment of the ALMO's capital resources and procurement.

### ***ALMO Finance and Administration***

The ALMO will be responsible for the use of resources provided by both the Government and the Council, therefore the ALMO will require its own financial, administrative and legal expertise to provide guidance. The ALMO will therefore include the following functions:

- Financial management and reporting
- Audit and accounting
- IT
- Human resources and personnel
- Company secretariat and governance
- Training
- Health and safety
- Right to buy

### ***ALMO Service Development***

The ALMO will also be closely scrutinised by the Council, its Board, the Housing Inspectorate and the Government. The ALMO will be responsible for its own service development and performance management and will develop functions in the following areas:

- Service development and improvement
- Customer involvement
- Equality and diversity
- Performance management

### **Strategic Functions of the Council**

The Council will continue to have a vital strategic role, developing strategies to meet the housing needs of the residents of Wear Valley. The Council will retain responsibility for the following functions:

- Overall housing strategy, including liaison with RSLs, housing needs assessments and cross tenure stock condition surveys
- Homelessness strategy responsibilities
- Lettings policies in consultation with the ALMO
- General housing advice, but not that related to an individual tenancy
- Policy on tackling anti social behaviour, in consultation with the ALMO and with clear responsibilities and procedures for dealing with actual incidents
- Owner occupation strategies, including the formal determination of eligibility for Right to Buy and carrying out Right to Buy valuations, through the administration of Right to Buy could be by the authority or the ALMO.
- Housing benefit/rent rebate administration although the authority may wish to consider the scope for an ALMO to verify claims on its behalf
- Tenant participation in developing housing policy or strategy
- Overall policy on rents
- Programme of Best Value reviews, in consultation with the ALMO
- Progress reporting on energy efficiency measures under the Home Energy Conservation Act 1995
- Determining minimum standards of service required of the ALMO and monitoring its performance
- Developing and managing the Supporting People Strategy, including reviews, ensuring the provision of good quality, strategically relevant, value for money services and developing and implementing the five year strategy

Since the early part of 2004, on an incremental basis strategic housing functions have been transferred to the Council's Regeneration Department. These include housing strategy with an officer to complement the Local Development Framework. Energy Efficiency with an officer was

transferred in October 2004. The Homelessness Strategy is currently supported by the Council's General Fund. This shift will ensure that strategic housing issues are central to ongoing and developing regeneration programmes across the district.



## **Section H) Service Delivery**

The Housing Department has demonstrated considerable improvement in service delivery and housing management since the Best Value inspections of 2001 and 2003. The Department currently delivers services which are examples of national best practice, performance indicators are continuing to improve and customer involvement is genuine and of a high quality. This improvement is particularly significant as the Housing Department was in a poor position in 2001.

The Housing Department was subject to a Best Value inspection in November 2001. This inspection found the service to be poor, with uncertain prospects for improvement. The Housing Department subsequently developed a "Service Improvement Plan" in partnership with the Housing Inspectorate, to address the major areas of weakness identified by the Best Value inspection.

The Service Improvement Plan has enabled the Housing Department to concentrate on the delivery of an improved, quality housing service, which is reflective of local need, and is inclusive of customers and key stakeholders. In June 2003 the Housing Department was reinspected by the Audit Commission. Inspectors found the service to have improved, rating the service as a one star "fair" housing service. The inspection found the service to have significant strengths. These included:

- A strong customer focus, with increasing and genuine tenant involvement
- Positive and improving customer satisfaction with the service
- The introduction of staff training in customer care and equalities
- An improved Housing Strategy and fit for purpose Business Plan
- Evidence of improvements to the efficiency of housing service
- The introduction of a customer compact and action plan
- Successful undertaking of the stock options appraisal process, stock condition surveys and housing needs assessments
- Introduction of a planned maintenance programme

The inspection also found the service to have a number of weaknesses, all of which will be addressed to ensure the delivery of a high quality housing service. These include:

- Levels of tenant involvement remaining low
- Little evidence of a strategic approach to managing empty homes, difficult to let properties and financial management arrangements
- A lack of robust performance information
- A lack of clarity about many aspects of the service
- A series of value for money issues in relation to responsive repairs
- A lack of long term targets for the service
- A lack of middle management and member capacity to improve and develop services

Objectives to challenge these weaknesses have been included in the revised departmental Service Improvement Plan.

### **The Comprehensive Performance Assessment (CPA)**

The Audit Commission undertook a Comprehensive Performance Assessment of the Council in 2003. The assessment rated the Council as a fair Council in relation to the way the Council is run and the way services are delivered.

The assessment required that the Council undertake two short diagnostic assessments, which included a Decent Homes Standard Diagnostic Assessment and a Public Space Diagnostic Assessment. The CPA analysed the Council's self assessment of the Decent Homes Standard Diagnostic and came to the following positive conclusions. The Council has:

- Good quality information on the condition of the housing stock, which has informed investment needs for meeting the Decent Homes Standard
- Actively involved customers and stakeholders in developing plans and objectives for the services they receive. Tenant participation is well developed, with established customer and residents groups across the district, which are involved in a variety of consultation projects. The Council is developing further groups through Section 16 funding
- An effective system of management which is demonstrated by the service improvement from a zero star rating to a one star rating.
- High tenant satisfaction with the housing services provided by the department
- Increased financial capacity through changes in procurement practices, new IT systems and best quartile performance in several service areas
- Good track record of completing work to time, to budget and with high levels of customer satisfaction
- Well developed systems for monitoring performance and progress that enable the identification of follow up action to address under performance

The Audit Commission provided the Council with a "Direction of Travel Assessment" in December 2004. The assessment identified that the Council is making good progress in improving services and the way it works. The assessment anticipates that this improvement will continue as the Council has developed detailed action plans to deal with weaknesses highlighted by the assessment.

### ***Next Steps***

The Council published the "Council Plan" in May 2004. This Plan sets out the Council's vision, priorities and performance measures, for the period 2004-2007. This Plan will enable the Council to achieve its overarching aim of becoming the best district council in England.

The priorities of the Council Plan have been identified from the district wide "Community Plan" and from extensive consultation with residents, staff and key local stakeholders.

The Council Plan is a guide for Council departments to follow when developing their own departmental service plans, to ensure that services are reflective of community need and aspirations. The Housing Department has developed a short to medium term departmental Service Plan, from which two operational service plans has been produced. These plans are also strongly influenced by the Service Improvement Plan and the Housing Strategy. The service plans will be reviewed on an annual basis, in line with revisions to the Council Plan and the Community Plan. The Service Plans will continue to inform the development of objectives and work plans of housing department staff.

### ***The ALMO***

An ALMO will enable Wear Valley District Council to improve housing services for customers. The ALMO will build on the Council's track record for change and will improve poorly performing aspects of the service whilst strengthening better performing aspects. Through increased

freedoms and flexibilities the ALMO will deliver quality housing services that are reflective of what customers want. The ALMO will improve service delivery by:

- Strengthening links between service planning, performance management systems and investment programmes to make the best use of resources to improve poorly performing services
- Directing efficiency savings into the development of new services that meet the aspirations of tenants and are reflective of local need
- Ensuring that the service is covered by service standards that have been developed in partnership with customers
- Developing local performance indicators, in partnership with the Council and local people, that are more reflective of local need and aspirations and are measurable against the achievement of strategic objectives
- Developing long term plans to meet the Decent Homes Standard and support the ongoing regeneration of the district
- Developing a more strategic approach to service planning including more efficient planning of the repairs service and the improved management of void and difficult to let properties
- Improved partnership working with the public and private sector and other housing services providers to achieve value for money and share best practice
- Commitment from both the ALMO and the Council to deliver decent homes and improved housing management services to sustainable and balanced communities
- Building the capacity of staff, customers and the ALMO Board to ensure excellent governance and leadership of the ALMO
- Building a successful track record of change management

The ALMO will:

- Focus on meeting the Decent Homes Standard and reduce the number of non decent stock by 2010
- Achieve a two star Best Value inspection rating and will aim to achieve three stars
- Work in partnership with the Council to develop a long term vision for the housing stock, identifying the ambitions of the Council and customers in terms of what should be achieved in addition to decent homes and wider community priorities
- Provide an efficient, effective, accessible and inclusive housing service
- Promote choice and actively involve all who wish to be involved in service development and performance review
- Contribute to the ongoing regeneration of the district, assist in balancing the housing market and support sustainable communities
- Undertake the capacity building of staff, Board members and customers to enable them to contribute to and deliver an excellent housing management service

### ***Service Improvement and Development***

The ALMO will drive forward improvements to the housing management service. The ALMO will use the Audit Commission's Performance Breakthrough Model to provide direction for the important action plans that will enable the delivery of the Decent Homes Plan, the annual Business Plan and the continued delivery of the Service Improvement Plan.

The ALMO will continue to build on learning from other ALMOs and will join nationally recognised ALMO organisations to develop high quality and measurable performance standards, establish benchmarking and learn from best practice.

The ALMO will strive to achieve an excellent three star service rating at Best Value inspection by:

- Implementing examples of national good practice in Wear Valley
  - Embedding a culture of change in the organisation
- Reviewing, developing and implementing the Service Improvement Plan and ensuring all plans are compliant with the Council Plan, the Service Plan, the Community Plan, the Neighbourhood Renewal Strategy and customer aspirations
  - Actively developing the skills and capacity of Board Members
- Ensuring the governance structure of the ALMO is clear and robust and makes a commitment to the independence of the ALMO enabling it to act at arms length from the Council
  - Developing a strategic approach to meeting the Decent Homes Standard in partnership with customers
- Addressing outstanding issues from the Best Value inspections and the Service Improvement Plan
- Developing strong linkages between the ALMO's strategies and plans, such as performance management, risk management, financial management and procurement strategies

## **Section I) Best Value Reviews**

### **Best Value Inspection 2001**

The Council's repairs and maintenance service and the Property Services section were subject to a Best Value review in November 2001. The Housing Inspectorate found the service to be a poor, no star service, with uncertain prospects for improvement.

The Best Value inspection was carried out following a review of the service by the Council in March 2000. The reviews included the following areas:

- Responsive repairs
- Repairs to vacant properties
- Revenue and capital funded planned maintenance
- Gas servicing
- Property Services section

The Housing Inspectorate found the service to be poor for the following reasons:

- Low levels of service information were shared with customers, and customer input into the service was limited
- The focus of the service was on internal processes within the Council rather than outcomes for customers
- Performance was poor in comparison with similar councils
- The cost effectiveness of the service was not being demonstrated
- Customer welfare and needs were neglected
- A range of working practices were found to be inefficient and ineffective
- There was a lack of sufficient performance management systems in place, both within this service and across the council to address poor performance within services

The Housing Inspectorate believed that the repairs and maintenance service would be unlikely to improve for the following reasons:

- The Best Value review process the Council had undertaken was not thorough and failed to apply the four Cs
- Despite clear recognition and commitment from Chief Officers of the need for change, there was a lack of management capacity elsewhere within the service to deliver the significant scale of change required
- Although some Councillors were clear on the need for change, wider member support for the significant level required was no apparent

The Housing Inspectorate made a significant number of recommendations to tackle the lack of consistency in housing service provision, poor performance management controls and poor access to services. The Council was advised to:

- Ensure compliance with all gas servicing regulations for the safety of tenants
- Review and simplify repair response times
- Urgently review the revised improvement plan with customers and stakeholders to agree priorities with clear outcomes for service users
- Ensure political and corporate commitment to drive improvement and cultural change to put customers first
- Increase participation by service users in a range of Council services ensuring that action taken as a result of resident's input is communicated to encourage and promote wider involvement
- Ensure the effective involvement of tenants in developing and managing the service
- Work with tenants to introduce ways of measuring and monitoring customer satisfaction with the repairs service
- Agree with customers a preferred method of customer access to housing and repairs services
- Develop a clear strategy with tenants to switch resources from response repairs to planned maintenance to maximise value for money
- Review repair contracts and demonstrate value for money by tendering in markets where competition exists
- Set measurable and challenging targets that will demonstrate benefits to customers with reference to the top performing 25% of authorities using local and national comparisons against recommended good practice indicators
- Develop a clear stock investment strategy based on estate/property sustainability criteria
- Consider moving towards issuing void decorative allowances as a voucher using a series of nominated suppliers to ensure greater compounded value for money for residents and reduce the current risk that these allowances will not be used for the purpose for which they are issued
- Deliver value for money in the repairs service so that excessive surpluses are not made out of the Housing Revenue Account (HRA)

### **Best Value inspection 2003**

The repairs and maintenance service was reinspected by the Housing Inspectorate in June 2003, as part of the Audit Commission's commitment to the reinspection of all no star services. The reinspection took into account findings from the previous inspection and concentrated on the progress made, improvement and impact achieved and relevant developments since the 2001 inspection. The inspection also examined corporate responses to the earlier inspection judgement as well as the service responses and capacity to support further improvement.

The Council was assessed as providing a fair, one star service that had uncertain prospects for improvement. The Housing Inspectorate judged the service to be fair as although it had some strengths, there were still some weaknesses. The main service strengths were:

- A strong customer focus
- Increasing and genuine tenant involvement
- Tenants annually appraising the Director of Housing Services performance
- A tenant compact introduced with a detailed action plan
- Positive and improving customer satisfaction with repairs
- Staff training in customer care and equalities
- Translation and language line facilities made available
- The introduction of the repairs call centre improving access for tenants
- The introduction of a repairs appointment system
- The adoption of a lettable standard (although limited)
- The completion of a stock condition survey
- The completion of a housing needs survey
- The Government Office rating for the housing Strategy and Business Plan improved to average
- HRA surpluses no longer transferred to the General Fund
- Efficiency improved through bringing the workforce in house and reducing areas of duplication
- Improved gas safety procedures
- Agreement of a planned maintenance programme in advance of the financial year

The inspection also highlighted areas of weakness that the Council failed to address. These included:

- Inconsistent levels of tenant involvement which was at a low level because of the limited number of tenants involved, so the Council's performance was not effectively challenged.
- Limited information available to tenants about the standards of service they can expect from the repairs service
- The service did not comply with the CRE code of practice in rented housing
- The Council did not have a robust strategic approach to empty homes
- There was no marketing or difficult to let strategy for empty homes
- Financial management was weak leading to cuts in service without effective consultation with tenants
- The cyclical decorations programme cycle was extended from 8 – 10 years
- The multi-skilling of operatives had not been introduced
- The repairs service still had restricted working hours
- Financial resources were still being wasted
- The Council had not demonstrated and achieved value for money in its repairs service
- There was little quality control in the form of credible post inspections in the repairs service
- The split of expenditure between planned and responsive repairs and emergency repairs was adrift of good practice
- The demolition of surplus homes was slow and expenditure was being incurred on sustainable homes
- The Council lacked robust performance information on its own local targets for repairs, void repair times, recharges, lettings refusals and gas services
- The Council lacked clarity about many aspects of the service, which hampered service delivery by staff and confused customers on the service they could expect.

The Housing Inspectorate believed that the prospects for improvement are uncertain because although there are some positive drivers, these are outweighed by barriers. The positives included:

- There was a track record of improvement in some aspects of the service
- A new performance management framework had been adopted
- There was recognition that managerial and councillor capacity was in need of development

The barriers to improvement included:

- Service improvement had been achieved since the 2001 inspection, but key issues such as financial planning and control had not been addressed
- Many previous recommendations and weaknesses had not been implemented or addressed
- Areas of performance management were weak
- There was a lack of a strategic approach in general and to empty homes in particular
- There were a series of value for money issues in relation to responsive repairs that meant that finance had been wasted
- There was no medium term financial plan for the HRA
- There were no long term targets set for the service
- There continued to be a limited capacity at a political and middle management level to take tough and difficult decisions

The Council subsequently revisited the Service Improvement Plan and addressed these key areas of weakness and barriers to improvement.

### ***The Service Improvement Plan 2004***

The Housing Department submitted a progress report on the Service Improvement Plan to the Housing Inspectorate in September 2004. The report highlighted the numerous key improvements made to the housing service since the inspection in 2003. The department has:

- Introduced a post inspection system, which contributes to the monitoring of customer satisfaction
- Developed performance management systems, including the Vision Management system, to improve the efficiency and effectiveness of the housing service for the next five years
- Development of a departmental Service Plan, which is reflective of the Council Plan, the Community Plan and the Neighbourhood Renewal Strategy. We have also developed detailed operational service plans for the Property Services section and the Business Support section of the department. These are linked to personal development plans and the annual performance appraisals of staff
- Implemented a number of policies and practices which have contributed towards the department's achievement of the Commission for Racial Equality's Code of Practice for Rented Housing
- Developed a set of service standards in partnership with customers
- Used best practice procurement methods to ensure all housing services provide demonstrable value for money
- Introduced extended working hours and training programmes to enable the multi skilling of our staff
- Extended consultation with customers and key stakeholders on the development of a 7 year "Capital Programme".
- Developed a "fit for purpose" HRA Business Plan

- Linked the Capital Programme to long term partnering arrangements with contractors
- Improved financial monitoring to ensure resources are channelled into the priorities identified by customers
- Provided training opportunities for elected members, staff and customers to enable them to become involved in developing a strategic direction for housing
- Reduced the level of emergency repairs and we have undertaken intensive staff training to identify and classify emergency works
- Produced a map of housing needs, void rates, a Sustainability Index and reasons for evictions
- Revised our lettings and void management procedures
- Restructured the workforce, we have also reallocated resources for labour, plant and transport
- Undertaken a Best Value Review of procurement using advice from the IDeA and the Audit Commission
- Completed the repairs tendering exercise and MRA projects using Egan and the “Rethinking Construction” agenda as part of the tendering exercise
- Involved External Audit in assessing the transparency of procurement processes
- Revised the financial system and enabled the monitoring of the system against the assessment of service provision against budgets
- Consolidated cost centres to simplify and improve financial management practices. Budgetary responsibilities have been allocated to individual managers.
- Introduced a new rechargeable repairs policy and procedure to reduce inappropriate expenditure
- Worked in partnership with District Audit to introduce an HRA recovery plan
- Improved performance in lowering expenditure on void properties, investing an extra £120,000 in voids and appointing 2 Void Managers
- Implemented a marketing programme for the advertising of void and vacant properties in the local press and on the Council’s display boards
- Implemented the LAWN scheme in partnership with Councils in the South East offering Council homes to tenants looking to move into the area
- Developed a consultation database
- Developed a customer training programme in partnership with the customer panel, AYCC, Education in the community and Bishop Auckland college
- Introduced a twice yearly customer newsletter
- Introduced a sustainability index and Neighbourhood profiling practice

### ***Key Performance Indicators and Housing Services Performance***

*The BVPP 2004/05 highlighted the department’s performance since 2003. The department has achieved improvements in:*

BVPI 63	Energy efficiency
BVPI 74	Satisfaction of tenants with council housing and with the overall service provided
BVPI 75	Satisfaction of tenants with opportunities for decision making and management of Housing Services
BVPI 164	Local Authority following the CREs code of practice in rented housing



BVPI 185	Percentage of responsive (but not emergency repairs) for which the authority made and kept an appointment
Ex 66c	Local Authority rent collection and arrears, rent written off as not collectable as a proportion of the Authority's rent roll (percentage)
Ex 68	Average relet times for Local Authority Dwellings let in the financial year (days)
Ex 69	Percentage of rent lost through Local Authority dwellings let in the financial year
Ex 72	Percentage of urgent repairs completed within Government time limits
Ex 73	Average time taken to complete non-urgent responsive repairs (days)

The Housing Department and the Council recognise that there are issues that must be addressed to improve the housing service, and to ensure the consistent delivery of high quality housing services. The ALMO will:

- Develop long term plans and strategies, which set out clear measurable targets for improvement
- Develop a robust performance management framework which will:
  - Contain clear links to the delivery of corporate priorities
  - Set out clear priorities and non priorities for each service area
  - Contain measurable targets which are linked to critical success factors
  - Be informed by consultation with local residents and customers
  - Incorporate approaches to procurement, risk and financial management
- Properly develop the capacity of the ALMO Board, staff and customers to enable the delivery of housing management services that are of a high quality and reflect customers aspirations
- Develop and build on the ALMO's independence from the Council
- Develop surveys to identify further repair or maintenance work needed to the property
- Develop the formal process in post inspection to explore customer satisfaction, quality control, efficiency and value for money
- Review our local performance indicators to ensure they are more reflective of local need and aspirations
- Introduce benchmarking to monitor the average cost per repair and identify potential competitive markets and procurement options
- Reflect training needs and skills gaps within service plans
- Improve the dissemination of consultation findings across the Council using IT systems and processes
- Develop a Decent Homes Strategy
- Identify the most common items of maintenance work
- Fully publicise the planned Maintenance Programme to customers
- Undertake more Performance Improvement Team meetings to ensure the repairs service demonstrates good practice
- Develop a marketing plan for empty and difficult to let properties
- Undertake a thorough analysis of procurement across the Authority
- Develop a Procurement Strategy
- Develop the corporate management of the tendering process

- Ensure a monthly snapshot of the HRA account is prepared for Housing Management Team
- Develop and implement financial protocols
- Improve the financial monitoring of problem voids
- Establish a corporate consultation scheme

### **Best Value Reviews**

The Housing Inspectorate will undertake an indicative inspection of the Housing Department in August 2005. A full Best Value review will be undertaken in October 2006.

## **Section J) Tenant Involvement**

The Council recognises the importance of giving customers and key local stakeholders the opportunity to play a greater role in the management of their homes.

The Council has undertaken two years of in depth consultation with the Customer Panel, residents groups, customers, leaseholders, staff and key local stakeholders. A copy of the Customer Empowerment Strategy and the Communications Strategy is attached at annex ?

The Council established a "Stock Options Steering Group" early in the stock options appraisal process. This group includes senior Councillors, the Director of Housing Services, managers from within the Housing Department, union representatives and representatives of the Customer Panel. Since the Council took the decision to apply for a place on the ALMO programme the group has continued to meet to work on the ALMO application process.

The Council also publishes "Wear Valley Housing Matters" twice a year. This is an information magazine for housing customers. The Council has ensured that updates on the stock options appraisal, and opportunities to become involved in the process are a common feature in the magazine.

An Independent Tenant Advisor (ITA) was appointed in 2003 to advise customers on the stock options appraisal process. The Council followed good practice guidance from the Community Housing Task Force and the good practice of neighbouring authorities to work with the Customer Panel in appointing the ITA. The Customer Panel were successful in their application for funding from the Learning and Skills Council to fund the appointment themselves for the first year. The Customer Panel led on the appointment of the ITA, working in partnership with the Council to prepare questions and the interview process. The Council were supportive of the Customer Panel's decision to appoint PS Consultants as the ITA.

Since 2003 PS Consultants, have completed numerous roadshows across the district, given presentations and regularly attended public meetings to ensure customers have access to impartial advice on the stock options process. The ITA has also provided the following:

- Newsletters
- Presentations at public meetings
- A freephone service
- Training for customer representatives

The Council also worked in partnership with the Northern Housing Consortium to undertake a survey of all our tenants. In June 2004 all of the Council's tenanted properties received a questionnaire. In addition the freephone number was available and an open day was also held in the Civic Centre. The survey achieved a very high response rate of 43.7%, which indicated that 69.5% of tenants would prefer the establishment of an ALMO to manage the Council's housing stock in the future. 30.5% of respondents indicated that they would prefer the large scale voluntary transfer of the housing stock. The Northern Housing Consortium Report is attached at annex?

The Council also supported a relaunch of the Customer Panel in October 2004. The Customer Panel travelled throughout the district on a bus, encouraging residents to find out more about the Customer Panel and the stock options appraisal process. The launch enabled the Customer Panel to successfully engage with hard to reach groups, particularly with residents living in remote rural parts of the district.

Customer and leaseholder involvement has been a central part of the stock options appraisal process and the Council's decision to apply for a place on the ALMO programme. The Council intends that this involvement will continue throughout the ALMO establishment process and once the company is established.

The Customer Panel has nominated 11 representatives to become the Customer Panel's own ALMO Steering Group. This group will advise the Council on customer engagement in the continuing ALMO process. The group will play a vital role in the ongoing ALMO process.

The Council will provide customers and leaseholders with information about and the opportunity to comment on:

- The reasons for setting up an arms length body
- The functions to be transferred and the continuing role of the local authority
- The composition and status of the arms length body and its Board, including the selection and role of the tenant Board Members
- Tenants and leaseholder rights
- Performance standards for the ALMO

The Council and the Customer Panel have also agreed that PS Consultants should continue in their role as ITA throughout the ALMO process. The Council proposes to work with PS Consultants in delivering:

- 12-15 training sessions with the Customer Panel ALMO Working Group
- A freephone facility
- Production of 3-4 newsletters for all customers
- A minimum of 2 visits to each residents group
- Support, recruitment and training of Tenant Board Members
- Consultation with hard to reach groups

The Council will also develop mechanisms for wider consultation in partnership with the ITA and the Customer Panel including:

- Extended consultation and a small sample survey
- Consultation on the delegation of functions to the ALMO
- Design and delivery of work programmes and the continued involvement of the Customer Panel in appraising the performance of the service and the performance of senior Managers
- Best Value reviews

The Council will undertake a campaign of extended consultation, with use of a sample survey to demonstrate customer support for the ALMO proposals. This will include roadshows across the district, workshops, focus groups and a poster and leaflet campaign. This will provide the Council with the opportunity to directly discuss the ALMO proposals and implications with customers and leaseholders, it will also provide customers with numerous opportunities to engage with the Council and ask questions.

The Council also plans to run a "Name the ALMO" competition in the February edition of Wear Valley Housing Matters. Customers will be invited to submit their suggestions for a name for the ALMO to the Council by the end of May 2005. The winner will receive a small cash prize.

## ***Customer involvement after the establishment of the ALMO***

The ALMO will continue to work with and support the Customer Panel and numerous residents groups operating in the district.

The ALMO will establish a dedicated team to facilitate customer involvement and engage customers in influencing and improving housing services.

The ALMO will work with the Council's Community Services Department, Regeneration Department and Central Resources Department, to ensure that customers still have linkages to the major service areas that significantly effect their quality of life.

The ALMO will:

- Ensure customers receive information about housing and other public services
- Maintain ways for customers and residents to give their views and explore new ways for customers and residents to engage
- Support tenants in becoming involved in neighbourhood renewal initiatives and the development of local strategies and plans i.e. the Community Plan

To ensure the housing management services provided by the ALMO are of a high quality the ALMO will:

- Continue to report service performance to the Customer Panel
- Regularly survey customers and service users on levels of satisfaction
- Demonstrate that tenants and residents views have been taken into account in decision making
- Work with the LSP Housing Thematic Group and other local partnership structures to engage other agencies in service delivery including the police, health service and local education providers
- Involve customers in the selection of contractors to undertake works to achieve the Decent Homes Standard
- Develop future plans to meet the Decent Homes Standard such as the Decent Homes Delivery Plan and the annual Business Plan in partnership with tenants and residents groups

The ALMO will ensure that customers are kept informed of service performance and opportunities to become involved. A variety of communication tools will be used, including:

- An ALMO newsletter informing customers of service improvement and performance and opportunities to get involved
- Provision of information including service standards in leaflet, poster and tape format (for the visually impaired) and a range of languages on request
- Board meetings will be publicised in advance and will be open to the public
- Housing Services Committee meetings will be publicised in advance, minutes will be made available and meetings of interest to customers will be open to the public
- The ALMO will develop its own website complete with information on services provided, performance, Board membership, contact details and involvement opportunities

The Housing Department's services comply with the CRE Code of Practice in Rented Housing. The Department have successfully introduced:

- An "Harassment Policy"

- A recognised translation service
- A departmental equalities statement
- Diversity training to all staff
- An ethnic classification system in the new housing registration form
- Implementing relevant systems to enable the monitoring of allocations and lettings to ensure equality of access is achieved
- Establishing equality targets for the department and reporting on these on a quarterly basis
- Establishing links with minority communities through consultation with identified groups
- Consultation with the local community to explain why monitoring is being introduced

The ALMO will continue to build on these processes and will engage with hard to reach groups to ensure that the services provided meet diverse needs. Through extended consultation and partnership working with the ITA and the community and voluntary sector, the ALMO will provide opportunities to meet with special interest groups to discuss housing service issues that are of interest to them. The ALMO will ensure that groups that usually do not engage with formal consultation processes or structures are actively involved in service review, design and delivery. These groups include:

- Young people
- Black and minority ethnic groups
- Elderly and vulnerable people

## **Section K) ALMO Board and Structure**

The Council proposes that the arrangements for the ALMO Board and governance structure will closely resemble the recommendations of the Community Housing Task Force's "ALMO Governance Resource Pack 2004".

The Council recognises that the ALMO's Board of Directors and the Chairperson are vital in ensuring the good governance, and quality service delivery of the ALMO.

As the Council has relatively small numbers of housing stock, the Board will not be structured around committee or area based arrangements. The Board will assume responsibility for managing the ALMOs strategic direction, delivering the terms of the Management Agreement and approving overall policies and expenditure. The ALMO Board will also assume responsibility for:

- Achieving the Decent Homes Standard
- Audit matters
- Community involvement (in service improvement and development)
- Standards and ethics
- Performance monitoring and working in partnership with the Council to scrutinise the performance of the ALMO
- Service improvement and ensuring services are responsive to the needs of customers

The Board will ensure that performance and progress is reported to the Council's Housing Services Committee and the Customer Panel on a six weekly basis. The ALMO Board will also ensure that performance and progress is reported to the Council's Overview and Scrutiny Committee on a quarterly basis.

To establish a Board of Directors the Council will develop Articles of Association to set out the internal regulations that will cover procedures, meetings, directors and the other administrative duties of the ALMO. These Articles will define the responsibilities of Board members and their relationship with the executive team and the Council. They will also establish terms of reference for the proper management and monitoring of the company.

The ALMO Board will be made up of 15 members, with an even balance between tenant representatives, Council representatives and independent members. These Board members will be reflective of the community they serve.

### ***Reflecting the Communities of Wear Valley***

The resident population of Wear Valley as measured in the 2001 census was 61,339, of which 48% were male and 52% were female.

There is a very low BME population in the district. 99.2% of the population in Wear Valley are classed as white by the census. Only 0.3% of residents are asian, 0.1% of residents are black and 0.2% of residents are chinese.

There are 26,491 households in the district, with 99% of the resident population living in households, and the remaining 1% living in communal establishments. 30.9% of households in the district are one person households. 29.4% of households contain dependent children. 7.2% of households are lone parent households with dependent children. 67.5% of homes in the district are owned, 19.2% are rented from the Council, 4.8% are rented from a housing association and 8.5% are privately rented or contain households living rent free.

The average age in the district is 40.3 years old. 55.2% of residents are engaged in full time employment, with 4.7% of residents being unemployed. 15% of residents are retired and 9.9% of residents are permanently sick or disabled.

In order for Board Members to be broadly representative of the communities they serve they must be reflective of:

- Gender
- Ethnicity
- Disability
- Age
- Economic activity
- Tenure and household factors

The Council will initiate the recruitment of Board members and the election of tenant Board members in June 2005. The shadow Board will be appointed by the end of July 2005.

### **Election of Tenant Board Members**

ALMO Tenant Board Members must be tenants of the Council with a genuine interest in ensuring the delivery of high quality housing services. The Council will invite nominations for tenant representatives in June 2005. Tenants may nominate themselves. Tenants will then be invited to vote for representatives. Due to the wide geographical scale of the district and the distinct split between the urban and the rural, it is important that tenant Board members reflect a geographic spread. This process will be agreed with the Customer Panel, the ITA, Government Office for the North East (GONE) and the Community Housing Task Force.

### ***Identification of Council Board Members***

The Council will identify its nominations for the ALMO Board in June 2005 and will adopt the following principles:

- Council nominations should be serving Councillors
- Councillors serving on the Board should not play a significant role in decisions within the Council that relate to the ALMO and its functions

### **Independent Board Members**

The Council will advertise vacancies for independent Board member positions in the local press in June 2005. Independent Board members will be appointed following a selection and interview process. The Council will undertake a full analysis of skills in tenant and local authority Board Members and will explore the recruitment of independent Board members with relevant experience of business management, law, finance, regeneration, construction, social cohesion or housing.

### **Board Member Training**

Board members will undertake some training to ensure they are properly equipped to undertake their duties. The initial training programme will be facilitated by agreed training organisations and PS Consultants and will include training on corporate governance, housing management, Best Value equalities, development of Board Skills, leadership skills, housing finance and customer involvement. ALMO Board Members will continue to undertake training as the ALMO develops and beyond the ALMO's establishment.

The full shadow Board will have undertaken some of this training by August 2005 and will have met at least once as a group prior to the Council's application to the Secretary of State for section 27 approval in October 2005.



## **Section L) ALMO Independence**

The Council is committed to ensuring that the ALMO operates at arms length from the Council and has the independence needed to fulfil its primary functions of achieving the Decent Homes Standard and delivering quality housing management services that are reflective of customers' aspirations. Therefore the Council will observe the outline of the model Management Agreement in developing the Management Agreement.

The ALMO will deliver a quality, focused housing management service and will have maximum operational freedom from the Council, but will ensure that services are delivered within the context of the Council's wider strategic objectives. These objectives include the Council's corporate priorities, the objectives of the Community Plan and other strategies and plans that effect the communities of the district. These strategies include:

- Housing
- Economic development
- Crime and disorder
- Neighbourhood renewal
- Supporting people

The ALMO will be a strategic partner of the Council and will work with the Council to review and develop corporate and district wide strategies and deliver continually improving services.

The ALMO will develop a Business Plan, which will set out the service delivery partnership between the Council and the ALMO. The Business Plan will:

- Set out all outputs of the ALMO, the key performance requirements of the services and will include the expected performance standards of the ALMO
- Include the overall strategy of the ALMO in terms of reaching the Decent Homes Standard and meeting the strategic goals of the Council and the community
- Include the details of the financial and staffing resources required to enable the ALMO to achieve the objectives of the Delivery Plan and deliver quality services
- Set out the services that are to be delivered by the ALMO

The ALMO's performance will be subject to the Council's Overview and Scrutiny Committee on a quarterly basis, which will examine the ALMO's performance in meeting key performance indicators highlighted in the Delivery Plan and the Management Agreement. There will not be any significant variations, in terms of partnership working and monitoring and control from the model Management Agreement.

### **Separation of Functions**

A clear separation of strategic and operational functions is proposed, with the ALMO being entirely responsible for:

- Achieving the Decent Homes Standard and establishing an annual Delivery Plan in line with the Housing Strategy and HRA Business Plan
  - Managing the programme of investment in improving the housing stock
    - Carrying out the landlord function
  - Ensuring tenant involvement in service review and reviews of service standards
- Establishing an annual Business Plan for improvements to housing services and their delivery

## ***ALMO Identity***

The ALMO will have its own name, identity and logo, which will be agreed by customers, Councillors and the shadow Board.

The ALMO will be based in its own premises. Options for these premises are to be explored with customers, staff and key stakeholders. There will also be a separate website for the ALMO with interactive features for customers.

## ***ALMO Board Members***

The ALMO's Board will have full responsibility for the governance of the ALMO and will direct the ALMO's delivery of housing services to customers. Board members will be responsible for the delivery of the terms of the Management Agreement, the Decent Homes Delivery Plan and the Business Plan. They will also set individual policies for the ALMO and approve overall expenditure.

## **ALMO Support Services**

As the ALMO will act at arms length from the Council it is not a presumption of the bid that the ALMO will buy into Council operated services without effective procurement being undertaken. Should the ALMO use any support services provided by the Council when it is first established.

These services could include:

- Finance
  - IT
  - Legal
  - HR

These services will be subject to a review, based on Best Value principles a year after the ALMO is established. The ALMO will examine whether it is receiving value for money and whether further efficiencies can be identified through the outsourcing aspects of the contract.

The ALMO will undertake effective procurement processes to ensure that any outsourced support services offer demonstrable value for money and quality. As the ALMO will act at arms length from the Council it is not a presumption of the bid that the ALMO will buy into Council operated services without effective procurement being undertaken.

If the ALMO opts to use support services provided by the Council, these services will be formalised by a set of service level agreements. These agreements will be reviewed within twelve months, following Best Value principles, to enable the ALMO to assess value for money.

As the ALMO must demonstrate independence from the Council the ALMO will aim to develop its own financial and legal expertise over time. The services the ALMO will develop include:

- Financial management and reporting
  - Audit and accounting
    - IT
  - HR and personnel
  - Company Secretariat
    - Training

- Health and Safety
  - Right to Buy

## **Section M) Staffing Arrangements**

The Council has worked closely with staff and union representatives since 2002, in order to gauge their preferred option for the future management of the Council's homes. The Council has undertaken the following consultation and information sharing exercises with staff:

- The publication of internal newsletters
- Briefings for Housing Department staff (and other staff effected), including presentations from the Director of Housing Services and question and answer sessions
- The establishment of a Stock Options Steering Group (members include staff and union representation)
- A Stock Options Commission Day for staff
- A Unison secret ballot

In May 2004 Unison members, directly effected by the stock options proposals, were given the opportunity to take part in a secret ballot, in order to determine the preferred option of staff. 65 ballot papers were issued and 59 were returned a response rate of 90.7%. 52.5% of respondents identified the establishment of an ALMO as their preferred option for the future management of the Council's housing stock.

### ***Staff Transfers***

The Council recognises that it is important to safeguard the interests of the staff who will be working for the ALMO. The Transfer of Undertakings (Protection of Employment) (TUPE) Regulations 1981 will apply to transferring employees, and all effected employees will transfer to the ALMO with their continuous local government service protected. In accordance with Regulation 10 of TUPE, letters will be sent to employees and trade unions informing them of:

- The transfer
- The reason for the transfer
- Their transferral to the ALMO
- The legal, economic and social implications of the ALMO
- Their right to object to the transfer
- Any measures that will effect employees. Employees representatives should be consulted about these measures to ensure agreement

The ALMO will participate in the Local Government Pension Scheme and all employees will be eligible for membership on the scheme. Membership of Unions will not be effected.

ALMOs are protected by the Redundancy Payments Modification Order. This will enable an employee who has moved to the ALMO and then returned to local government, to have their continuous service protected for statutory redundancy purposes.

The future terms and conditions of employment for ALMO staff, after the transfer and under TUPE, will be determined by the ALMO Board, in light of local circumstances. Any local changes to the future terms and conditions of staff will be negotiated between the ALMO and staff.

In accordance with the service functions that the ALMO will discharge the following sections and staff will transfer to the ALMO:

- Neighbourhood Operations: Including housing management, tenancy enforcement, supporting people and homelessness
- Business Support: Including community involvement, capital works, service development, administration and resources

The Council's Property Services section will transfer from the Council to the ALMO. Property Services employees will also be transferred to the ALMO under TUPE regulations.

A detailed staffing structure of the ALMO will be developed, with the final structure being a matter for agreement between the Council and the ALMO Board.

### **Equal Opportunities**

The ALMO will be committed to equal opportunities in providing accessible and inclusive services and being an equal opportunities employer. The ALMO will ensure that it does not discriminate against any person or other organisation on the grounds of race, ethnic origin, disability, nationality, gender, sexuality, age, class, appearance, religion, responsibility for dependants, unrelated criminal activities being HIV positive or having AIDS or any other matter which causes a person to be treated with injustice.

Transferring and future employees will be extended equal treatment in relation to recruitment, selection, terms and conditions of employment, training and promotion. The ALMO will also work towards ensuring that ALMO employees reflect the make up of the local community, without being exclusive or discriminatory.

The Housing Department is currently made up of three distinctive sections. These include Neighbourhood Operations, Business Support and Property Services. The Department employs 122 people. The average age in the department is 40.1 years. There is one BME member of staff and three members of staff are recognised as having a disability.

There are 36 employees in the Neighbourhood Operations section, of these 16 are male and 20 are female. The average age is 36.5 years old.

There are 24 employees in the Business Support section, of these 14 are male and 10 are female. The average age is 42.4 years old.

The Property Services section employs 62 people, all of which are male. The average age is 41.6 years old.

The ALMO will continue to develop annual operational Service Plans, which are reflective of the ALMO's Delivery Plan, the Service Improvement Plan, the Council Plan, the Community Plan and other appropriate social, economic and environmental local plans.

Employees will continue to be actively involved in the development and implementation of these plans. The development of Service Plans will correspond with the development of the ALMO's annual Business Plan and the undertaking of staff performance appraisals. Employees will identify objectives for their work over the year and identify any skills gaps or training needs to meet their objectives and achieve the wider organisational objectives. The performance appraisal system will apply to all employees of the ALMO.

## **Section N) Strategic Context**

The Council has worked in partnership with local people, organisations and the community and voluntary sector to identify a number of priorities that are being implemented across the public, private and community sector to improve local quality of life. These priorities have enabled the Council to develop the Council Plan, which takes its strategic direction from the findings and the key objectives of the Community Plan. Both the Community Plan and the Council Plan propose to use housing as a regeneration tool, to underpin the improvement, development and investment in the six major objectives for the district.

The Council Plan and the Community Plan are pivotal strategies to the improvement of the district. Therefore the ALMO must recognise the significance of these strategies and must play a major role in the achievement of their objectives. This is vitally important as both strategies underline the deprivation issues prevalent in the district, which are exacerbated by poor housing, unaffordable housing and an unbalanced housing market.

### **The Housing Strategy 2002-2007**

The Wear Valley Housing Strategy 2002-2007 addresses the key issues of the Community Plan and also reflects key regional and national housing strategies. The key objectives of the Housing Strategy are:

- Adapting to the changing housing market
- Investing in the housing stock
- Creating and managing sustainable neighbourhoods
- Meeting community needs

The ALMO will lead on the achievement of these objectives as the organisation will be responsible for:

- Meeting the Decent Homes Standard
- Investing monies to sustain home improvements
- Managing Council neighbourhoods and supporting balanced and sustainable communities
- Meeting the needs and aspirations of customers through the delivery of innovative services
- Improving perceptions of estates

Following consultation with customers and key local stakeholders on these objectives the Council identified objectives for action in the Housing Strategy. These objectives include:

- Community safety
- Supporting people
- Homelessness
- Older people
- Teenage pregnancies
- Public sector housing improvement
- Private sector housing improvement
- Energy efficiency
- Affordability
- Improved forward planning
- Racial equality
- Neighbourhood management

The Housing Strategy was judged to be average by the Government Office for the North East (GONE) in 2003. The Strategy will be revised in early 2005 in order to reflect the revised Community Plan, the revised Council Plan and to ensure housing service improvement objectives are fully accounted for.

### **The HRA Business Plan 2004**

Housing Strategy priorities and objectives influence the development of the HRA Business Plan, which enables the Council to apply resources effectively and properly plan the management of Council housing stock. This assists the Council in meeting overall objectives for housing. The HRA Business Plan was assessed as "fit for purpose" by Government Office for the North East in 2003. The key objectives of the HRA Business Plan are:

- To develop strategies and policies to meet housing needs and attract investment for the regeneration of housing in the district
- To demonstrate Best Value by achieving continuous improvement in the housing service
- Provide a customer focused service that involves customers in service planning, delivery and monitoring
- To ensure the long term viability of the Councils housing services
- To ensure housing plays an active role in supporting sustainable communities and fosters social inclusion and partnership with other organisations.

The HRA Business Plan 2004 specifically focuses on medium term plans for investment into improving Council housing stock and the housing management service. These reflect the key objectives of the ALMO. Objectives include:

- Setting out a long term plan for investment in the Council's housing stock
- Ensuring financial planning of housing management and the day to day maintenance of the Council's housing stock
- Demonstrating how we will manage our housing revenue, demand and stock condition
- Enabling us to meet the Decent Homes Standard
- Providing evidence on which to base our decisions for the long term future of the Council's housing stock

The Council estimates that the cost of reaching the Decent Homes Standard, including preliminaries, fees, demolition costs and 5% for environmental works at £43,054,000. The Council estimates that between 2006 and 2010 £15.67M will be available to be spent on council homes. This figure excludes capital receipts as historically capital receipts have not been invested in improving council homes.

The Council has developed a capital works programme, which invests funding into maintaining Council homes, based on existing finances. The Council has invested up to £2.8M in the Capital Works Programme every year since 2001. The Programme is funded by the Major Repairs Allowance. This clearly demonstrates that the Decent Homes Standard will not be met under current levels of finance.

The ALMO will have the freedom and flexibility to concentrate funding onto the achievement of the Decent Homes Standard and improvements to wider Council estates. This will directly contribute to the achievement of the objectives of local, sub regional and regional strategies, as a majority of our estates are situated in some of the most deprived areas in the North.

## **Section O) Local Authority's Strategic Function**

Wear Valley District Council will continue to have a very important strategic housing role, which will influence the services the ALMO provides. The Council will retain responsibility for:

- Overall housing strategy, including liaison with RSLs, housing needs assessments and cross tenure stock condition surveys
- Homelessness strategy responsibilities
- Lettings policies in consultation with the ALMO
- General housing advice, but not that related to an individual tenancy
- Policy on tackling anti social behaviour, in consultation with the ALMO and with clear responsibilities and procedures for dealing with actual incidents
- Owner occupation strategies, including the formal determination of eligibility for Right to Buy and carrying out Right to Buy valuations, through the administration of Right to Buy could be by the authority or the ALMO.
- Housing benefit/rent rebate administration although the authority may wish to consider the scope for an ALMO to verify claims on its behalf
- Tenant participation in developing housing policy or strategy
- Overall policy on rents
- Programme of Best Value reviews, in consultation with the ALMO
- Progress reporting on energy efficiency measures under the Home Energy Conservation Act 1995
- Determining minimum standards of service required of the ALMO and monitoring its performance
- Developing and managing the Supporting People Strategy, including reviews, ensuring the provision of good quality, strategically relevant, value for money services and developing and implementing the five year strategy

Since the early part of 2004 on an incremental basis, strategic housing functions have been transferred to the Council's Regeneration Department. These include housing strategy with an officer to complement the Local Development Framework, and Energy Efficiency with an officer to complement the LA21. Other functions such as the homelessness strategy are already general fund items.

Policy and Planning Officers working in the Regeneration Department are senior officers in the administration of the Housing Market Assessment (HMA). Wear Valley is working in partnership with district Councils from across the County in order to undertake this assessment. The findings of the assessment will inform the revision of the Wear Valley Housing Strategy, and the development of a sub regional Housing Strategy. It is proposed that the HMA will be funded by monies from the County wide Challenge 9 Group or through the Planning Delivery Grant.

The strategic housing function of the Council will continue to be instrumental in the work of the LSP. Theme groups have been developed to ensure cross cutting delivery of the Community Plan. These include:

- Health
- Business
- Community Safety
- Lifelong learning
- Housing
- Environment



The LSP Housing Thematic Group is responsible for:

- Working with key local public and private sector partners
- Providing baseline information, best practice advice and support on housing issues
- Taking ownership of specific actions outlined in the Community Plan
- Monitoring and evaluating Neighbourhood Renewal and other projects
- Working with local area groups to share information and enable the development of local services

The Housing Department currently leads on the management and administration of the Housing Thematic Group. It is envisaged that once the ALMO is established the new organisation will have representation on the Housing Thematic Group, in order to ensure that the national floor target of meeting the Decent Homes target is achieved. The Council will continue to lead on managing this group to ensure the objectives of the wider Community Plan are effectively met by a variety of public, private and community and voluntary sector partners.

### ***Corporate Arrangements***

The establishment of the ALMO will have a significant impact onto the corporate centre of the Council, as political structures in terms of Council committees and strategic capacity will be effected.

The Council will undertake a detailed impact study of the effect of the ALMO on the Council's corporate and political structures and the capacity of the Council to cope strategically following the transferral of senior members of staff, with strategic leadership responsibilities.

If the Council provides the ALMO with key support services, the delivery of these services will have an impact on the Council. The Council must plan these services corporately, to ensure that value for money services are being delivered to the ALMO and that the Council's own services are not being adversely effected. The ALMO and the services the company provides and receives from the Council will therefore be reflected in future corporate planning. The provision of such services will be under continual review in terms of quality and cost and will be subject to external competition where markets exist.

The 2004 assessment of the Council's Direction of Travel highlighted that the Council has made some significant progress in delivering the priorities identified by the CPA in 2003. The assessment report summarised the Council's progress on addressing issues from the CPA. These included:

- The development and implementation of the Council Plan, which has been developed from the Community Plan and in consultation with citizens stakeholders and staff
- The Council Plan has successfully clarified objectives and prioritised work plans. These feed into service planning across the Council. The Council also has a mid term financial plan which links spending patterns with Council priorities
- A balanced scorecard framework has been developed which identifies departmental and corporate critical success factors measured against key objectives
- Performance Improvement Teams continue to meet target low performance and make demonstrable links with Council priorities
- Member and management development has been identified as a key priority for the Council
- An effective Human Resource Strategy for the Council is under development

- Work has begun to harness additional capacity through partnership working.
- The Council is investing in the development of new strategies including an e government vision and a strategy for young people. A strategic review of all Council policies is scheduled for completion by March 2005

The key areas the Council and the ALMO need to address include:

- Improve the delivery of corporate priorities on the economy, healthy living and the environment
- Develop user focused outcome measures for actions and priorities and report progress against them
- Develop and implement a robust Human Resources Strategy, including workforce and member development
- Continue to address poor and mixed performance, including addressing diversity issues and e-government
- Clarify future plans for leisure in delivering the Council's objectives

## Section P) Monitoring

In developing the Management Agreement between the Council and the ALMO, the Council will observe the guidance provided in the model Management Agreement. The Management Agreement will set out:

- The relationship between the Council and the ALMO
- Standards to which services are to be delivered
- Arrangements for reporting on and monitoring performance
- The length of the Agreement between the Council and the ALMO
- Actions to be taken where there is non compliance or failure
- Arrangements for termination

This agreement will be developed in partnership with the proposed ALMO and will be signed when the housing management function is finally delegated to the ALMO.

Under the terms of the Management Agreement the ALMO's Board of Directors will have primary responsibility for the ALMO's operation but will be accountable to the Council for the organisation's performance.

A Decent Homes Delivery Plan and an annual Business Plan will be developed, which will clearly identify the ALMO's key business and specific obligations in relation to:

- Improvements against national and local performance indicators
- Progress against the Decent Homes Target
- Involving tenants in service improvement and delivery
- Contribution to the achievement of wider strategic objectives such as the Community Plan and the Housing Strategy
- Financial and budgetary control
- Annual review of performance

Both the Council and the ALMO will endorse these Plans. The Housing Inspectorate will also assess compliance with these Plans as will the ODPM in allocating funding.

The ALMO will be accountable to both the Council and the Housing Inspectorate in reporting performance. The ALMO will develop and implement a sound performance management system, which will be closely monitored by the ALMO Board. The system will clarify how performance is measured, identify a lead officer for performance management and will link performance and risk management strategies together. The ALMO will report performance to the Council's Housing Services Committee on a six weekly basis and to the Council's Overview and Scrutiny Committee on a quarterly basis.

The ALMO will ensure that financial regulations are adhered to with the ALMO's Director of Finance and Administration being responsible for the HRA, the MRA and the ALMO Decent Homes expenditure. The ALMO's Director of Finance and Administration will work closely with the Council's Director of Central Resources in monitoring and reporting this expenditure. The ALMO will also publish an annual report and accounts in accordance with the Companies Act.

The ALMO will be subject to external auditing from the Council's internal audit team and external auditors. It is anticipated that the ALMO will be subject to a full Best Value Inspection in October 2006.

## Section Q) Timetable

The following timetable sets out the key stages in the establishment of the ALMO:

<b>Action</b>	<b>Date</b>
ALMO bid submitted	28 <sup>th</sup> January 2005
Next stage of customer involvement programme begins	February 2005
Announcement of successful ALMO applicants by ODPM	May 2005
Recruitment of Board Members	June 2005
Indicative Best Value inspection	August 2005
Section 27 application	October 2005
ALMO established	April 2006
Full Best Value inspection	October 2006
Inspection result announced	December 2006
Council draws down funding	January 2007
Publication of the final Best Value inspection report	February 2007



**SPECIAL HOUSING SERVICES COMMITTEE**

**13 JANUARY 2005**

Report of the Director of Housing Services

**WEAR VALLEY HOUSING CUSTOMERS COMPACT ACTION PLAN 2005**

**purpose of the report**

To provide information to Committee in respect of Wear Valley Housing Customers Compact Action Plan 2005 and seek Committee's approval of the document.

**background**

1. One of the main themes of Central Governments' Modernising Local Government Agenda is to ensure that customers have opportunities to be involved in service delivery at a level they are comfortable with, as formally recognised groups or at an individual level.
2. Housing Committee approved a report on 2 November 2004 that provided an update on Wear Valley Housing Customers Compact 2003 and accompanying action plans. Committee approved the production of a new Compact Action Plan for 2005 / 06 and the publication of a new Compact in 2006.

**wear valley housing customers compact action plan 2005 - consultation process**

- 6 The Compact Review Team in November 2004 agreed that the pledges for 2005 should further investigate the work that has been carried out over the past two years in respect of consulting with and involving a wider range of customers in the Housing Services. Housing Committee also approved this approach.
- 7 The draft action plan (Annex 7) went out to consultation to the Customer Panel, formal and informal residents groups, Departmental Management Team; Neighbourhood Operations Management Team; training providers and the Management Support Unit. The consultation period ended on 17 December 2004.

**wear valley housing customers compact action plan 2005**

- 8 The action plan 2005 includes the following five pledges -
  - Pledge One – Explore possibility of developing mystery customers concept;
  - Pledge Two – Promote Community Involvement throughout the District;

- Pledge Three – Implement a training strategy to ensure that all customers have the skills to fully contribute within their own communities and Council services;
- Pledge Four – Produce two newsletters, ensuring information is provided to all customers on the services the Council provides; and
- Pledge Five – Hold focus groups on Housing Services Department functions.

9 These pledges are SMART (specific, measurable, achievable, relative and timely) as can be seen from the full action plan attached.

### **financial implications**

10 The action plan 2005 is financially achievable due to the increased resources allocated to community involvement from HRA resources.

### **equalities implications**

11 The action plan 2005 follows the Commission for Racial Equality (CRE) Code of Practice for Rented Housing as it ensures accessibility to all residents of Wear Valley District in respect of involvement in Council services. The document is also available in the seven recognised languages in the District, as well as on audiotape, large print or Braille as set out in the Housing Services Departments Equalities Statement.

### **human rights act 2000**

17 The action plan satisfies all requirements of the above Act.

### **crime and disorder implications**

18 The action plan 2005 will reduce crime and disorder problems on estates across the District by actively involving customers and partner agencies in the services the Housing Services Department provides. Partnership working at a neighbourhood level will increase the realisation of sustainable communities as set out in the ODPM's Sustainable Communities Plan.

## **RECOMMENDED**

1. Committee approves Wear Valley Housing Customers Compact Action Plan 2005.

---

### **Officer responsible for the report**

Michael Laing  
 Director of Housing Services  
 Ext 281

---

### **Author of the report**

Louise Butler  
 Community Involvement Manager  
 Ext 299

---



## SPECIAL HOUSING SERVICES COMMITTEE

15 JANUARY 2005

Report of the Director of Housing Services

### **ETHNIC MONITORING RECORDS**

#### **purpose of report**

To provide performance management information to Committee in respect of monitoring of ethnic records for the Housing Services Department.

#### **background**

1. In accordance with the Housing Services Committee Report of 2 November 2004, the department will now be providing ethnic monitoring records to Housing Services Committee six-monthly and publicising records in Wear Valley Housing Matters six monthly.
2. This data satisfies both objective 5 of the Housing Services Department Race Equality Action Plan “to quantify and improve the Department’s performance in addressing equality issues” and objective 8 “introduce an ethnic classification system under which applicants for housing or housing services are asked to state their ethnic origin”.
3. This report will detail the systems that are in place to monitor access, quality and service delivery as set down in good practice examples of other housing organisations and under the Commission for Racial Equality (CRE) Code of Practice for Rented Housing – Strategies for Good Practice (Annexes 8 and 9).
4. Ethnic monitoring information has been requested from customers in accordance with CRE ethnic monitoring categories for England and Wales (Annex 10). The ethnic codings on the IBS system have been changed to CRE codings and all Neighbourhoods Operations staff have received training on the new ethnic monitoring categories to ensure that all data input from application forms is correct.
5. The ethnic records that are available for monitoring to date are as follows -
  - housing applicants by ethnic group;
  - housing applicants re-housed by ethnic group;
  - age profile of re-housed customers by ethnic group;
  - length of time people wait for housing by ethnic group;
  - geographical area of re-housing by ethnic group;

- satisfaction with repairs service by ethnic group;
  - satisfaction with letting services by ethnic group; and
  - satisfaction with housing service by ethnic group.
6. As this is the first report produced in respect of ethnic monitoring, explanations of data and baselines will be included. Data will be presented in a quarterly format.
7. There have been delays in reporting the following data which is not present in this report -
- rent arrears – former and current – by ethnic group;
  - geographical area and property type for all current tenants by ethnic group;
  - tenancy enforcement statistics by ethnic group;
  - repairs completed by ethnic group; and
  - homelessness applicants by ethnic group.
- 8 This delay in producing this data is due to a high proportion of current housing customer details providing no ethnic monitoring information. A marketing consultant has been commissioned to send a short equalities questionnaire to approximately 3800 customers asking for this information. Results of this survey will be inputted by Customer Service Assistants in January 2005. The data at point 7 will then be reported to Departmental Management Team in March 2005.

### housing applicants by ethnic group

- 9 This data gives us a baseline in respect of the percentage of applicants that are Black Minority Ethnic (BME).

2004 – Quarter 1 – April – June

<b>Ethnicity</b>	<b>Number</b>	<b>Percentage</b>
<b>BME</b>	<b>12</b>	<b>1.83%</b>
White	641	97.56%
Refused	4	0.61%
<b>TOTAL</b>	<b>657</b>	<b>100%</b>

2004 – Quarter 2 – July - September

<b>Ethnicity</b>	<b>Number</b>	<b>Percentage</b>
<b>BME</b>	<b>7</b>	<b>1.46%</b>
White	471	98.33%
Refused	1	0.21%
<b>TOTAL</b>	<b>479</b>	<b>100%</b>

- 10 The percentage of BME Housing Applicants over the two quarters (1.83% and 1.46%) is slightly higher than the total BME population in Wear Valley which is 0.8% (Census 2001).



**housing applicants re-housed by ethnic group**

2004 – Quarter 1

<b>Ethnicity</b>	<b>Number of Applicants</b>	<b>Number of Applicants Re-housed</b>	<b>Percentage of Applicants Re-housed</b>
<b>BME</b>	<b>12</b>	<b>0</b>	<b>0%</b>
White	641	163	25.43%
<b>TOTAL</b>	<b>653</b>	<b>163</b>	<b>24.96%</b>

- 11 From the total number of applicants in Quarter 1, 24.96% were re-housed. The breakdown between White and BME applicants shows that 25.43% of the White applicants were re-housed and 0% of BME applicants were re-housed.

2004 –Quarter 2

<b>Ethnicity</b>	<b>Number of Applicants</b>	<b>Number of Applicants Re-housed</b>	<b>Percentage of Applicants Re-housed</b>
<b>BME</b>	<b>7</b>	<b>2</b>	<b>28.57%</b>
White	471	162	34.39%
<b>TOTAL</b>	<b>478</b>	<b>165</b>	<b>34.51%</b>

- 12 From the total number of applicants in Quarter 2, 34.51% were re-housed. The breakdown between White and BME applicants shows that 34.39% of the white applicants were re-housed and 28.57% of BME applicants were re-housed.
- 13 Data for the age profile, length of time people wait for re-housing and geographical area of re-housing by ethnic group will only be provided for Quarter 2, July – September 2004 due to no BME applicants being re-housed in Quarter 1.

**age profile of re-housed customers by ethnic group**

2004 – Quarter 2

<b>Age (years)</b>	<b>16-25</b>	<b>26-45</b>	<b>46-60</b>	<b>60+</b>	<b>Total</b>	<b>Total %</b>
<b>BME</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1.19%</b>
White	43	56	31	35	165	98.81%
Total	43	58	31	35	167	
Total %	25.75%	34.73%	18.56%	20.96%		100%

- 14 The highest number of re-housed customers are in the 26-45 year old age group at 34.73%. The re-housed BME housing customers are also in this age group.

### length of time people wait for housing by ethnic group

2004 – Quarter 2

Waiting Time (days)	0-20	21-40	41-60	60+	Total	Total %
<b>BME</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>1.25%</b>
White	11	12	20	115	158	98.75%
Total	11	13	20	116	160	
Total %	6.88%	8.13%	12.5%	72.5%		100%

- 15 The length of time that customers wait for re-housing is displayed above. The majority of customers wait over 60 days for re-housing at 72.5%. The BME housing customers are distributed in the 60 days plus category and the 21-40 days category for length of time that people wait to be re-housed.

### geographical area of re-housing by ethnic group

2004 – Quarter 2

Geographical Area	BME	White	Total	Total %
Billy Row		3	3	1.83%
Bishop Auckland		52	52	31.7%
Coundon		13	13	7.93%
Crook	<b>1</b>	34	35	21.34%
Escomb		1	1	0.61%
Howden-le Wear	<b>1</b>	3	4	24.39%
Leeholme		9	9	5.48%
Rookhope		1	1	0.61%
Stanhope		3	3	1.83%
St Helens		6	6	3.66%
Sunnybrow		7	7	4.27%
West Auckland		10	10	6.1%
Willington		18	18	11%
Wolsingham		2	2	1.23%
Total	<b>2</b>	162	164	
Total %	<b>1.23%</b>	98.77%		100

- 16 The top three areas that housing applicants were re-housed in quarter 2 are Bishop Auckland, Howden-le-Wear and Crook. The BME applicants were re-housed in the areas of Howden-le-Wear (24.39%) and Crook (21.34%)

### **satisfaction with repairs service by ethnic group – average score out of 10**

<b>Average Satisfaction Rating Score</b>	<b>July 04</b>	<b>Aug 04</b>	<b>Sept 04</b>
<b>BME</b>	<b>8.29</b>	<b>No BME returns</b>	<b>8.3</b>
White	8.28	8.51	8.11
All	8.28	8.51	8.09

- 17 A survey is sent to a random cross section of customers every month to ascertain their satisfaction with the service we provide when carrying out repairs. From July 2004, this survey has also asked for equalities monitoring information from customers.
- 18 Satisfaction ratings with the repairs service are based on questions that are scored out of 10. The results above show the average scores from respondents categorised into BME, White British and All groups
- 19 Average satisfaction scores from BME housing customers are slightly higher than White customers in both July and August 04 results (0.01% and 0.19% higher respectively). No BME housing customers responded to the survey in August 2004.

### **satisfaction with letting services by ethnic group.**

- 20 A survey is sent to a random cross section of customers every month to ascertain their satisfaction with the service we provide when letting new properties. From July 2004, this survey has also asked for equalities monitoring information from customers.
- 21 In the data from June/July 2004 (29 completed questionnaires), all respondents defined themselves as White British, therefore we have no data to compare in respect of satisfaction with the lettings services for BME tenants for this period.
- 22 In the data from August/September 2004 (36 completed questionnaires), all respondents defined themselves as White British, therefore we have no data to compare in respect of satisfaction with the lettings services for BME tenants for this period.

### **customer satisfaction with housing service by ethnic group**

- 23 A survey is sent out to a cross section of customers who visit housing receptions or make a telephone enquiry to Neighbourhood Operations staff in the first week of every quarter. From June 2004, this survey has also asked for equalities monitoring information from customers.

- 24 In both the June and September 2004 surveys all respondents defined themselves as White British, therefore we have no data to compare in respect of satisfaction with customer service for BME tenants.

### **legal implications**

- 25 The Council has a legal duty to promote equality and prevent racial discrimination and harassment. It is also required to comply with the Commission for Racial Equality's Code of Practice.
- 26 Through the monitoring systems implemented and consultation taking place, the Housing Services Department now complies with the Commission for Racial Equality's Code of Practice in Rented Housing.
- 27 This monitoring satisfies Human Rights Legislation.

### **conclusion**

- 28 This is the first time that the Housing Services Department has monitored the service in line with the CRE Code of Practice for Rented Housing. The ethnic monitoring data produced to date does not include targets as it is been examined as a base data exercise. Only when further data investigation over a period of time and patterns can be traced, are we able to further query or investigate data. Links are currently being developed with other County Durham local authorities to identify County wide targets.
- 29 It is important to point out that when targets are developed they should not be confused with a predetermined quota, which is unlawful under the Race Relations Act. A quota is a fixed number or percentage which is imposed with an obligation to achieve it. A target on the other hand is not an absolute maximum or minimum, as it may be over or under achieved.
- 30 Due to the small numbers of BME housing applicants we are dealing with (12 applicants in Quarter 1 and 7 applicants in Quarter 2), it is prudent not to make assumptions in respect of re-housing. For example the fact that no BME housing applicants were re-housed in Quarter 1 maybe due to the applicants refusal of accommodation or change of circumstances.
- 31 From the initial ethnic monitoring records produced, the following conclusions can be reached-
- the percentage of BME housing applicants to date is slightly higher than the BME population in Wear Valley;
  - over Quarter 1, no BME applicants were re-housed and in Quarter 2, a slightly smaller percentage of BME applicants were re-housed compared to White applicants;
  - the age profile of BME re-housed customers is in the most popular category as White applicants;

- BME applicants wait for re-housing the same time periods as White applicants;
- BME customers were re-housed in the top three most popular geographical area;
- BME customers are slightly more satisfied with the Repairs Service they receive; and
- when dealing with small numbers of customers in random surveys (Lettings and Customer Satisfaction Survey), it may often occur that either BME customers will not be included in the sample or they may choose not to respond.

## **RECOMMENDED**

1. Committee notes this report and ethnic monitoring data.
2. Committee agrees to ethnic monitoring data being produced six monthly for Housing Services Committee and publicity in Wear Housing Matters.

---



---

**Officer responsible for the report**

Michael Laing  
 Director of Housing Services  
 Ext 281

**Author of the report**

Louise Butler  
 Community Involvement Manager  
 Ext 299

---

## EXAMPLES OF ETHNIC MONITORING

### What is required from HSD Equalities Action Plan

Point	Objective	Action	How?
5.	Quantify & improve department's performance in addressing equality issues.	1. Establish equality targets 2. Monitor & report quarterly.	<ul style="list-style-type: none"> <li>▪ CRE &amp; GP guidance</li> <li>▪ Advise DMT of targets &amp; who will report them.</li> </ul>
8.	Ethnic Classification system for Housing and Homelessness Applicants.	<ul style="list-style-type: none"> <li>▪ Implement relevant systems</li> <li>▪ Record &amp; report to H.C.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brian Abbott to collate data from IBS &amp; report to H.C. 6 monthly.</li> </ul>

### Examples of Monitoring needed

- Monitoring - Repairs by BME  
Housing Applications  
Homelessness Applications  
Rent Arrears by BME  
Former Rent Arrears by BME  
TET
- Ethnic classification system under which applicants for housing are asked to state their ethnic origins.
- 6 monthly monitoring reports on –
  - Access - Who has been registered for housing and who has received housing
  - Quality - Length of time people wait  
Where and in what types of properties are people re-housed
  - Service Delivery - Repairs, complaints procedure; arrears etc.
- Measurement & Targeting - agreement of base measurement target, based on -
  - number of BME population
  - number of BME's on waiting list
  - number of homeless BME's

### Statistics

- Re-housing : - Assessed housing register applicants by ethnic origin as at... 200\_

	New Applicant No. %	Transfer applicant No. %	Total No. %
White			
Black			
Mixed Race			
Failure to Declare			

- Re-housing: - demand for housing by number of bedrooms as at \_\_\_\_\_ 200\_ by ethnic origin.

No. of bedrooms	Black & Mixed Race No. %	White No. %	Unknown No. %
1			
2			
3			
4 or more			

- Re-housing: - demand for housing by age of applicant as at \_\_\_\_\_ 200\_

Age	Black & Mixed Race No. %	White No. %	Unknown No. %
Under 25			
26-40			
41-60			
61-80			
81+			

- Re-housing: - housing register applicants: allocated accommodation within specified preferred and acceptable areas by ethnic origin.

	White No. %	Black No. %	Mixed No. %	Unknown No. %	Totals No. %
Preferred choice					
Acceptable choice					
Not within areas of choice					
Total Allocations					

- Re-housing: - housing register (new applicants and transfers) by ethnic origin as at \_\_\_\_\_ 200\_

Ethnic Origin	Number %
Black	
Mixed Race	
White	
Unknown	
Total	

## CRE Rented Housing Code of Practice

### Strategies for good practice

#### Ethnic records and monitoring

In order to determine whether an organisation is providing housing and its services on an equitable basis, it needs to maintain an ethnic record keeping and monitoring system. It is recommended that local authorities, housing association and co-operatives, Housing Action Trusts, Tenants Choice Landlords and large landlords keep ethnic records and monitor them on a regular basis.

#### Why keep ethnic records?

The main components of an effective monitoring system should include:

- Consultation with local communities in order to explain why monitoring is being introduced and to obtain views on issues such as the ethnic classification system. In addition, housing organisations in any particular area should communicate with each other to see if they can devise common ethnic monitoring systems between them.
- An understanding of the role of monitoring as one part of a general equal opportunity strategy that also includes employment matters, training programmes, reviews of policies and procedures, etc.
- The confidentiality of individual records.
- An ethnic classification system under which applicants for housing or housing services are asked to state their ethnic origins. The views of the local community should be taken closely into account in determining the nature and scope of such a system.
- The designation of specific officers with responsibility for introducing and maintaining the system, to ensure that it is effective.
- Monitoring ethnic records on a regular basis with analytical reports produced at a minimum of every six months for most organisations. What is monitored will depend in part on the size of the organisation concerned. Very small housing associations, for example, may need only to look at access patterns in the first instance. In respect of larger organisations, the main areas that should be reviewed include:
  - Access – who has been registered for housing and who has received housing and by what process. This will include the length of time people wait for housing.
  - Quality – where, and in what types of properties, people are being rehoused.
  - Service delivery – this may include such areas as the repairs services, approving improvement grants, the use of complaints procedures by tenants and applicants, etc. Ethnic records can also be used to review the situation of particular groups – for example, ethnic minority elderly or women – to check that equal opportunity is being achieved, and to ensure that any particular needs are being met. In this respect it is desirable that from the outset such records should identify whether an occupancy is in sole male, sole female or joint names.



- Making monitoring reports available to tenants and local people.
- When a report reveals particular problems, such as differential allocations, a programme of action should be agreed, with a suitable timetable, in order to rectify matters.

### **The use ethnic records: measurement and targeting**

In order to assess whether different ethnic groups are being treated equally, a measurement needs to be agreed of the proportions that could be expected (for example, among successful applicants for housing) if equal opportunity was being achieved. The measurement or target will be based on the local ethnic minority population as well as other indicators of needs, such as numbers on a waiting list, or who are homeless, etc. Deciding on a suitable target can be a complex task initially as it involves taking account of differential patterns of housing, the housing preferences of ethnic minority applicants and the operation of the local housing market. Consultation with community relations councils, community groups and other housing organisations in the area may be helpful in identifying initial targets, and these will need to be kept under review.

This measurement of target, will be the yardstick by which the data are analysed to check whether ethnic minorities have received a fair share of the properties and services available. It is emphasised that a target is a system of measurement and should not be confused with a predetermined quota, which is unlawful under the Race Relations Act. A quota is a fixed number or percentage which is imposed for a particular area, and there is an obligation to achieve it. A target on the other hand is not an absolute minimum or maximum, as it may be over or underachieved. It is a yardstick for measuring success or failure. Achievement of a target does not lead to the exclusion of any particular applicant. A target is the criterion for measuring performance as reflected in the ethnic record keeping and monitoring system.

**CRE Ethnic Monitoring Categories – England and Wales****Alternative, expanded question****What is your ethnic group?**

Choose ONE section from A to E, then tick the appropriate box to indicate your cultural background.

**A White**

<input type="checkbox"/>	British
<input type="checkbox"/>	English
<input type="checkbox"/>	Scottish
<input type="checkbox"/>	Welsh
<input type="checkbox"/>	Other, please write in <input type="text"/>
<input type="checkbox"/>	Irish
<input type="checkbox"/>	Any other White background, please write in <input type="text"/>

**B Mixed**

<input type="checkbox"/>	White and Black Caribbean
<input type="checkbox"/>	White and Black African
<input type="checkbox"/>	White and Asian
<input type="checkbox"/>	Any other Mixed background, please write in <input type="text"/>

**C Asian, Asian British, Asian English, Asian Scottish, or Asian Welsh**

<input type="checkbox"/>	Indian
<input type="checkbox"/>	Pakistani
<input type="checkbox"/>	Bangladeshi
<input type="checkbox"/>	Any other Asian background, please write in <input type="text"/>

**D Black, Black British, Black English, Black Scottish, or Black Welsh**

<input type="checkbox"/>	Caribbean
<input type="checkbox"/>	African
<input type="checkbox"/>	Any other Black background, please write in <input type="text"/>

**E Chinese, Chinese British, Chinese English, Chinese Scottish, Chinese Welsh, or other ethnic group**

<input type="checkbox"/>	Chinese
<input type="checkbox"/>	Any other background, please write in <input type="text"/>

