

Ascham Homes Board Meeting

**PUBLIC**

Minutes of meeting held at  
Boardroom, Willow House, 869 Forest Road, Walthamstow, London E17 4UH  
Monday 26<sup>th</sup> September 2011

<b>Board Members:</b>		
Kellie Carson	KC	
Clare Coghill	CC	Apologies
Barry Coppock	BC	
Howard Cresswell	HC	
Paul Douglas	PD	Apologies
Grace Igwe	GI	
Ahsan Khan	AK	
Paul Lowenberg	PL	
Ben Newton	BN	
Annie Niner	AN	Apologies
Foluso Olomolaiye	FO	
Liz Ormston	LO	
Alan Siggers	AS	Did not attend
Ron Tamcken	RT	Apologies
Michael Todd	MT	Arrived late
Wendy Wilson	WW	
<b>Staff</b>		
Madeleine Forster, Chief Executive	MF	
Sonya Jackson, Company Secretary	SJ	
Jo Murphy, Deputy Chief Executive	JM	
Kate Sinclair, Head of Business Transformation	KS	
Derek Young, Interim Director of Finance	DY	
Maxine England [Minutes]	ME	
<b>Others</b>		
Chris Baines, Interim Housing Client Manager	CB	
Paul Langford, Director of Housing & Safe & Strong Communities	PL	
Councillor Saima Mahmud, Council Member Representative	SM	

		Action
1.	<p><b>Welcome, Introduction, Apologies for Absence</b></p> <p>The Chair began the meeting by introducing the new Council Member Representative, Saima Mahmud, who has taken over from Councillor Marie Pye. Within days of her new post, Saima attended a Neighbourhood Management Induction session the Deputy Chief Executive ran for staff. The Board and Executive commended Councillor Pye for her services throughout the period of time she has worked with the Ascham Homes Board and especially the leadership she provided in creating effective partnership working and supporting the development of the Modern ALMO.</p> <p>The Chair further introduced the meeting to the prospective Resident Board Member candidate, Sylvia Sheppard who is from Contract Panel Area 1.</p> <p>Apologies listed above.</p>	
2.	<p><b>Declarations of Interest</b></p> <p>As a Councillor, Board Member Ahsan Khan declared an interest in the Leasehold Valuation (LVT) matter. Kellie Carson declared an interest as her partner is the Executive Director of Friday Hill TMO.</p>	
3.	<p><b>Public Interest Questions</b></p> <p>None.</p>	
4.	<p><b>Board Minutes</b></p>	
4.1	<p><b>Board – 11<sup>th</sup> July 2011</b></p> <p><u>Matters Arising:</u></p> <p>Page 2, Northwood Tower Concierge – The Deputy Chief Executive informed the Board of her recent meeting with the Wood Street Councillors. Due notice has been given. The next step is to notify residents of the outcome and agree a new process. Residents are to be advised that police profile would be raised within the Tower.</p> <p>Page 9, Quarter 1 Balanced Scorecard Performance and Presentation – The Interim Director had 3 actions arising from this report. He</p>	

	<p>advised as follows:</p> <ul style="list-style-type: none"> <li>■ Housing Benefit change relating to non dependents (a £10 rise per affected tenancy) – The research indicated that this had only had a marginal impact on outstanding arrears. He advised that Scrutiny Committee Members had reviewed a detailed presentation on rent arrears.</li> <li>■ Relationship between arrears and residents in receipt of benefits – Arrears increases are worst amongst tenants receiving no benefit or only partial housing benefit. In those cases, arrears have increased by about a week and a half. The percentage of residents whose rent is paid by direct debit is 17.5%.</li> <li>■ Benchmarking Data - HouseMark will be publishing the 10/11 benchmarking data in October and at that point a comparison can be made on Ascham Homes’ rent performance to those of other ALMOS. Once this data is received, Board would be given an update. <b>Action.</b></li> </ul>	<p><b>IDoF and HBusTrans</b></p>
<p><b>5.</b></p>	<p><b>Strategy</b></p>	
<p><b>5.1</b></p>	<p><b>Chief Executive’s Report</b></p> <p>The Chief Executive gave the Board a summary of the key themes she focussed on in her report.</p> <p>Localism Bill - This has received another reading since the last Board meeting and introduces major changes to homelessness, allocations and tenancies.</p> <ul style="list-style-type: none"> <li>■ The potential end to automatic “home for life” for Council tenants.</li> <li>■ Councils are to be given the power to set their own rules as to who goes on their waiting list.</li> <li>■ Councils will be able to discharge their duty with an offer of suitable private sector accommodation without requiring consent.</li> </ul> <p>London Borough of Waltham Forest is considering all of the above, and will be taking a paper proposing their strategic approach to the issues to Cabinet in October.</p>	

<p>The reform to the Housing Revenue Account is to dramatically change the funding of Council housing. The Board has had a training workshop on this. The development of a 5 year asset management plan and business strategy will form a major part of the Board strategy day in November.</p> <p>Audit Commission Action Plan Sign Off – At the last Tenants’ Council meeting, residents signed off the Action Plan, which was based on the Audit Commission recommendations. The TSA have been informed.</p> <p>The Chief Executive invited the Board to Ascham Homes’ third Residents’ Conference to be held on Saturday 15<sup>th</sup> October. The details of the Conference have been uploaded on the Website, been placed onto all e-mail straplines, and notices will be going out this week. A crèche will be provided.</p> <p>Resident Board Member Recruitment Process – Four expressions of interest have been received, 3 from Area 1 and 1 from Area 3. However only 1 potential applicant has come to the Board meeting as noted in one above. The results of the election process will be announced to the Board in November.</p> <p>Outreach Day – Over 1000 residents were visited. The key messages from the day are to be circulated to the Board. <b>Action.</b> 57% of residents felt Ascham Homes was improving, 26% felt it was not. Out of the ranking of what 4 key services required improvement, repairs came out on top. The Board were informed of the commitment of staff to go back in 6 months to those residents who complained of no improvement and ascertain if a difference has been made. The outcome of this will be reported to Board. <b>Action</b></p> <p>The Board were pleased there was a reference to the August disturbances, and enquired as to what responsibility the new Community Engagement Manager would hold. The Chief Executive indicated that it was a wide brief including seeking to contribute to community partnership priorities such as worklessness, training, income maximisation and ASB. The postholder would also be exploring how additional income through sources such as the lottery may be available.</p> <p><b>Decision:</b></p> <p>The Board noted the report.</p>	<p><b>HBusTrans</b></p> <p><b>CE</b></p>
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<p><b>5.2</b></p>	<p><b>Communications Strategy</b></p> <p>The Board's agreement was sought on the draft Strategy, which focused on 6 major objectives:</p> <ul style="list-style-type: none"> <li>■ Strength the reputation of Ascham Homes;</li> <li>■ Ensure the communication spend delivers maximum impact;</li> <li>■ Get the basics right;</li> <li>■ Make it easier for staff to feel part of a learning organisation with a good reputation;</li> <li>■ Increase the positive presence in the media;</li> <li>■ Provide stakeholders with a recognisable brand and “feel” of the company.</li> </ul> <p>The Board commended the Strategy, and made the following comments:</p> <ul style="list-style-type: none"> <li>■ There should be references use of social media as an additional communications tool e.g. using social networking, texting, forum pages on the website. More and more residents are making use of digital media and the Strategy should reflect that;</li> <li>■ We should ensure close partnership with the Council's press office. The Head of Business Transformation advised of the company's plan to develop a team of communications champions; they will be to provide stories for all newsletters;</li> <li>■ While commending the breadth and scope of the strategy the Executive were asked whether it was achievable and deliverable within budget. Assurances were provided on these points;</li> <li>■ Reduction of paper use. Board wished to see consideration of whether electronic documentation could be used rather than paper distribution of reports. It was agreed that this would be examined. A question was asked about destroying papers following meetings. Either Board members may do this themselves, taking care to ensure confidentiality of exempt papers or they may leave them and Ascham Homes staff will make arrangements for safe handling.;</li> </ul>	
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	<p>disqualifying reasons, permitting Council Board Members who become local authority tenants or leaseholds to remain, or become newly appointed to the Board, but Resident Board Members could not remain or be elected to the Board if they are or become Councillors;</p> <ul style="list-style-type: none"> <li>■ Article 30(3) – confirming the Board will appoint a Vice Chair, as well as a Chair at its first meeting after each Annual General Meeting;</li> <li>■ Article 41(1) – the adoption of a new article which provides the authority for the Board to be governed by other rules within its Standing Orders not stipulated within the Articles;</li> <li>■ Standing Orders Section 6.1 – Procedure for Selection and Election of Ascham Homes’ Board Members - Page 53, add to read that existing resident Board Members would not be required to undertake the activities prior to qualification with the exception of issuing a statement for inclusion in the election ballots.</li> <li>■ Standing Orders Section 6.4 – Procedure for Conduct of Board and Committee Meetings - under paragraph 15.1 (Exempt Decisions), the second sentence shall be amended to read: “They include matters which may be commercially sensitive, relate to labour relations of the organisation or individuals, are legally privileged, including opinions from Counsel and action taken, or to be taken, in connection with the prevention, investigation or prosecution of a specific crime.</li> </ul> <p><b>Decision:</b></p> <p>The Board approved the changes to the Articles of Association, and approved the Standing Orders as amended, subject to their ratification by the Council shareholder and requested that they be registered as quickly as possible. <b>Action</b></p>	<p><b>Acting Co Sec</b></p>
<p><b>5.4</b></p>	<p><b>Approval of Ascham Homes’ Annual Report for Year Ended 31<sup>st</sup> March 2011</b></p> <p>The Board was presented with the annual report and financial statements for the year ended 31<sup>st</sup> March 2011 for their approval.</p> <p>The Interim Director of Finance advised that the major change to the Annual Accounts is the inclusion of a provision of £5.4 million, which is the claim by the Council against Ascham Homes in relation to the LVT</p>	

decision. Further, the provision of £4.5 million relates to the FRS17 pension reporting requirement. This liability is guaranteed by the Council.

The Board were advised that Audit Committee have discussed this at their last meeting on 12<sup>th</sup> September, along with the external Auditors, who gave their agreement to the Accounts

The Interim Director of Finance referred the Board to Appendix 1 being the Final Accounts and asked the Board to note the following;

- Page10 – Statement of Board Member responsibilities;
- Page 15 – The Board’s signature was required;
- Page 17 – Going Concern – The company remains a going concern. No demand for payment of the contingent liability has been made by the Council;
- Page 24, paragraph 11 (Revenue Reserve) – There should be brackets around the sum of £5,050,893;
- Page 32, paragraph 20 (Provision for liabilities) – This gave a clear account of the Council’s £5.4 million claim.

**Decision:**

The Board:

- Endorsed the report of the Board as set out on pages 5 – 7 deleting the reference on page 6 relating to rotational retirement and the Operating and Financial Review on pages 8 – 10 of the Annual Report;
- Endorsed the financial statements for the year ended 31<sup>st</sup> March 2011 as set out on pages 13 – 33 of the Annual Report with the amendment noted on page 24;
- Approved the Annual Report and Financial statements for 2010/11 (Appendix 1);
- Agreed that the Company Secretary sign the Director’s report on behalf of the Board;
- Agreed to the Chair signing off the Financial Statements;
- Agreed to delegate authority to the Chair to sign the letter of

	representation on the Board's behalf.	
<b>6.</b>	<b>Performance</b>	
<b>6.1</b>	<p><b>Ascham Homes' Performance Summary – August 2011</b></p> <p>The Board noted that Scrutiny Committee discussed the Performance Summary in detail at the last meeting on 13<sup>th</sup> September..</p> <p>The Board noted the following:</p> <ul style="list-style-type: none"> <li>■ Repairs - Significant improvement had been made over the last few months and 6 out of 9 indicators had exceeded their targets;</li> <li>■ Rent and Garage Lettings – Whilst certain areas of the rent processes had shown improvement, a number of areas required further work, which included new tenant sign-ups , succession and assignment cases. These are being considered by the Executive and the Board noted that a more detailed report was included in the Agenda for Board discussion.</li> <li>■ Leasehold Service Charges – The Rents and Leasehold teams are currently under review with the focus being on improving collection performance;</li> <li>■ Estate Services – Two out of the 4 indicators had achieved target. The Deputy Chief Executive welcomed the suggestion of evening inspections in order to capture the feedback of those residents who are in employment;</li> <li>■ Customer Services – Two out of 4 indicators had achieved target;</li> <li>■ Tenancy Services – Three out of 4 indicators had achieved target;</li> </ul> <p><b>Decision:</b></p> <p>The Board noted the report.</p>	



	<p>The Board:</p> <p>Noted the capital expenditure and asset management update and approved the Asbestos Management Plan.</p>	
<p><b>7.2</b></p>	<p><b>Revenue Monitor June 2011 – Quarter 1 with verbal update through August</b></p> <p>The Interim Director of Finance referred the Board to paragraph 2.5, which stated that since Quarter 1, there had been a further update on revenue performance to the end of July and this showed a small increase in the projected deficit for the year of £68,000. Further, he noted that the August position showed a potential deficit of £218,000. This additional cost is largely the result of implementing single status that had not been included in the budget. Other potential costs relate to Employment Tribunal claims against the company. Currently there are 5 claims. Three of those claims have been given dates scheduled during this financial year. Out of those 3 claims, 2 contain references to discrimination for which there is no limit on the any awards given to the claimant. Dates are awaited for the other 2 claims.</p> <p>Potential cost pressures for the company, include the following:</p> <ul style="list-style-type: none"> <li>■ Employment Tribunal costs;</li> <li>■ The delayed implementation of the latest restructure;</li> <li>■ Premises costs for 195 Wood Street;</li> </ul> <p>The company does have sufficient reserves which may be used to cover costs however the company is seeking to contain these costs within its current budget total.</p> <p><b>Decision:</b></p> <p>The Board noted the report and agreed that a decision on whether to spread pension costs of restructures over 3 years will be taken at the end of the financial year once cost totals are available. <b>Action</b></p>	<p>IDofF</p>
<p><b>7.3</b></p>	<p><b>Solar PV Schemes Funding Options</b></p> <p>The Board were presented with the final proposal for solar photo voltaic (PV) systems.</p> <p>In order for the company or the Council to obtain the current high tariff for electricity generated, schemes must be installed and registered by</p>	

	<p>31<sup>st</sup> March 2012. Mini tender returns and further legal investigation will be received by the company within the next few weeks. This will determine what can be achieved within the timescale and any HRA implications. .</p> <p><b>Decision:</b></p> <p>The Board noted the report.</p>	
<b>7.4</b>	<p><b>Risk Management Strategy</b></p> <p>This report was approved by the Audit Committee at its 14<sup>th</sup> June meeting.</p> <p>The housing portfolio holder asks how the Council is kept informed about risk management. It was noted that this was done as part of the officers' partnership group (COPS). Risk management is part of the core function of the Audit Committee and there is an annual review by the Board.</p> <p><b>Decision:</b></p> <p>The Board agreed the Strategy, subject to the addition of reference to the inter relationship between the Council and Ascham Homes in risk management.</p>	
<b>8.</b>	<p><b>Committee Minutes and Feedback</b></p>	
<b>8.1</b>	<p><b>Scrutiny Meeting of 13<sup>th</sup> September 2011</b></p> <p>The Committee Chair advised the Board that due to time constraints the meeting did not discuss the full Agenda. The report regarding the Leaseholders Team is to be represented to the November meeting. It was noted that Ahsan Khan did send his apologies.</p> <p>The minutes were noted.</p>	
<b>9.</b>	<p><b>Any Other Urgent Business</b></p> <p>No items were raised.</p>	
<p><b>Move to Exempt Business</b></p> <p>A Board Member proposed the move to Exempt Business and to exclude the public.</p>		

**Paul Lowenberg - Chair of the Board**

**Signed** \_\_\_\_\_

**Dated** \_\_\_\_\_

<b>Date:</b> 21 <sup>st</sup> November 2011	<b>Ascham Homes Board</b>	<b>Agenda Item: 5.1</b>
<b>Chief Executive's Report</b>		<b>Status:</b> <b>Public</b>
		<b>Decision</b>
<b>Author:</b> Madeleine Forster, Chief Executive	<b>Telephone: 020 8496 4048</b>	

## 1. Purpose of Report

- 1.1 To update Board Members on issues not contained elsewhere in the Board papers.

## 2. Executive Summary

- 2.1 To update members on issues that are not dealt with elsewhere in the agenda.

## 3. Recommendations

- 3.1 Board is recommended to:

3.1.1 Note the report.

3.1.2 Agree the dates for meetings for 2012/13

## 4. External Matters

### 4.1 Right to Buy Reform

4.1.1 The government needs to build 200,000 new homes a year to meet the growing housing demands of the country. In the Housing Minister's strategy, right-to-buy, the reform of the planning system and releasing government land are identified as mechanisms to deliver this. Very few commentators and housing professionals are of the view that these measures will achieve the stated purpose.

4.1.2 Since the 1980s, council tenants have been able to buy their properties at discounted rates. The receipts however were not ringfenced for new housing

but were returned to the treasury, overall reducing the social housing stock in the country. The government have said that money raised through sales will be reinvested back into building new homes.

- 4.1.3 In a survey taken in May 2009, right to buy homeowners were twice as likely as others to have difficulties in maintaining mortgage payments. The survey also showed that those who had exercised the right to buy option on their council home were twice as likely to have other loans secured against it and were therefore at greater risk of repossession.
- 4.1.4 The Minister's statement indicates that they will bring forward proposals to increase the right to buy discount. When the new policy is announced and the discount rates are confirmed, Ascham Homes may see an increase in the number of right to buy applications and enquiries. This is already an area of work where there is much activity but few outcomes as residents get to the valuation stage or even further and then pull out.
- 4.1.5 We will develop a plan to be able to deal with the potential increase in interest in right to buy and work with our colleagues in the council to ensure that enquiries and applications are turned around swiftly. We do however believe that the number of residents in a position to buy their homes, even with a more generous discount, is likely to be low given the fact that 70% of LBWF residents have a household income of less than £30k per year, and the continuing impact of the economic conditions.
- 4.16 However, if the number of right to buys increases significantly, there could be a negative impact on the self-financing Housing Revenue Account.

## **5. Internal matters**

### **5.1 Resident Conference Feedback**

- 5.1.1 On 15th October, we held the second residents' conference of the year. Of the 125 residents who attended, around 60 were from Central area, 35 from North and 30 from South. We received high levels of resident satisfaction for the event and we came away with many more ideas for the next event and the run up to it.
- 4.2 Residents were engaged in a discussion about the plans for the Modern ALMO, along with staff from the Council and since this discussion, meetings have taken place to address residents' concerns and ideas. The Resident Engagement Strategy was further developed in workshops with residents and this is presented to the Board for review later in the agenda.
- 4.3 The Conference was also the first opportunity for residents to meet their neighbourhood teams. Thanks to colour-coding residents' badges, relevant team members from North, Central and South were able to identify residents from their area and stop to introduce themselves throughout the day. During the afternoon sessions, the neighbourhood teams gave presentations to residents from their patch and residents were involved in discussions on

priorities for their communities.

- 4.4 Residents were most satisfied with the Meet Your Team workshops, the venue and the catering and the way the day was administrated. Since the event, staff have held a lessons learnt session to develop improvements for the next event. We are keen that the next event will have more residents involved in the planning and preparation of it and even presenting on the day. We'd also like to offer different types of sessions such as showing videos and we will hold smaller events on the run up to the conference that will feed into it.
- 4.5 The Conference is an opportunity for residents to have their say and it's also an opportunity for Ascham Homes to showcase what we do well and involve residents in key decision making. The last two Conferences have been project managed by staff who have volunteered to run the event and it has helped develop these staff in event, budget and project management and other softer skills such as negotiation and peer management.

## **5. Resident Board Member Elections**

- 5. The elections for area 1 (two residents are standing in this area) will take place towards the end of November, and the count will take place on 14<sup>th</sup> December.
- 5.2 We had no eligible residents from area 3, and it appeared that we would continue to have a vacancy, however a resident at the Conference came forward and expressed an interest. As a result, we agreed to ask once more for nominations. A further 9 residents have now expressed an interest and the information pack and nomination forms have been sent out to them. They have until 15<sup>th</sup> November to return their completed nomination form. Eligible residents will then be invited to attend the Board meeting on the 21<sup>st</sup> November and will attend a training session with the Chief Executive and a Board Member. They will then be asked to prepare their written statement. Assuming that at least two candidates complete the process, there will be an election in January.

## **6. Housemark Benchmarking**

- 6.1 This quarter we have received the Housemark benchmarking data for 2010/11. Being a member of Housemark means that we can compare our business information with other organisations across the country. We benchmark our performance and financial indicators against twelve other ALMOs in London and Housemark place us in quartiles depending on our performance.
- 6.2 Since the previous year, 2009/10, 17 indicators have improved, 11 have worsened and 11 have stayed in the same quartile. It is worth noting that in some cases, improvement may indicate a decrease in investment, which we might consider to be an area needing investment, and vice versa.

**12. Resource Implications**

- 12.1 There are no new resource implications that are not dealt with elsewhere on the agenda.

**13. Diversity Implications**

- 13.1 There are no new diversity implications that are not dealt with elsewhere on the agenda.

- 6.3 A summary report written by Housemark will be circulated to any Board members who express an interest. Here are some of the key findings and points of interest:
- 6.4 Our overhead calculations according to the Housemark definition places us in the third quartile. Further discussion about the ratio between back office and service costs will be part of the budget discussions at the awayday.
- 6.5 Most indicators show that we have low costs per property, especially in front line costs but in some cases such as cyclical maintenance and major works, we have higher management costs than the average.
- 6.6 We show that we are in the top quartile for spend on resident involvement with spend halving since the last year. Whilst we are in the top quartile (with low spend), we do not necessary think that this is the best place to be. Resident engagement affects more than resident satisfaction, it can drive improvements in the business, value for money actions and inward investment into the community. The creation of the Resident Engagement Manager this year will impact negatively on our financial spend in this area, but positively on the performance of the service in the future.
- 6.7 We also appear to have low costs for the collection of rents and service charges. Whilst we have reduced the teams in recent years, the definition of this indicator means that some rents staff are not included but are included in the Finance overhead, none the less, this is helpful benchmarking in developing our vision for the income service.
- 6.8 We have overall a low number of repairs per property but a higher cost per repair. This is likely to be reversed in the future as demand has risen and the average cost fallen.
- 6.9 The housing management costs are the lowest by a long way in our group. We may see this change for the year 2011/12 with the new Neighbourhood Management structure in place and we need to ensure that whilst we still may be providing services at a lower cost than our peers, it is not at the expense of service quality.
- 6.10 Housemark have been to Ascham Homes to present the findings to managers and we will be working with this information to develop our delivery plans and budgets for next year.

## **7. Guardian Public Service awards**

- 7.1 London Borough of Waltham Forest has been shortlisted for a Guardian Public Service Awards in the Sustainability category, for the partnership project between ourselves, Restore the furniture and paint recycling project and Kiers. We recycle any furniture found in empty properties via Restore, who recondition it and sell it to residents at a low price. They also provide recycled paint, which Kier are using to decorate elderly people's flats as part of our reintroduced elderly decorations project. Kier are providing their labour

at cost price thus enabling us to carry out more decorations than we had planned. Andrew and I have been invited to the awards ceremony and are hoping that this innovative project will receive the award it deserves!

## **8. Board Appointment**

- 8.1 I wanted to inform the Board that I have been appointed to the Board of Gateway Housing Association. Gateway is a small Association operating within Tower Hamlets, and I hope to learn from them as well as to share expertise with them. This will not in any way conflict with the interests of Ascham Homes.

## **9. Update on the Leasehold/Rents Review**

- 9.1 The Board received a report on the Leasehold/Rents Review at its last meeting in September and agreed the principles set out: to restructure the services within the operational services; namely neighbourhood services and data control.
- 9.2 At that time the aim was to take the detailed and consulted structure proposals to November Board for consideration with Equality Assessment and staff consultation comments.
- 9.3 However, subsequently issues have arisen which affect the timing and commencement of the proposals including the affordability of the restructure in the current year, and some further process and performance analysis to support any restructure proposal.
- 9.4 EMT has considered these issues and has now agreed to defer the implementation of the restructure until commencement in Q1 2012/13. As a result the detailed proposals will be coming to the May 2012 Board meeting.
- 9.5 EMT has also agreed that as an interim measure the Rents Income and Leasehold Teams should report to the Deputy Chief Executive and a detailed plan for service development and improvement be developed. This will also allow process improvements (that are not reliant on the restructure proposals) to be taken forward to ensure that the business delivers best available performance.

## **10. Board and Committee dates**

- 10.1 Appendix 1 presents the proposed dates for Board, Committee, Training and Residents Conference dates for 2012/13. Care has been taken to align these with reporting timeframes, the Council calendar and other critical dates. Members are asked to approve or amend the schedule.

## **11. Risk Factors**

- 11.1 The Government's proposals for changes to the Right to Buy regime will need to be modelled in the HRA business plan as they emerge.

## Board and Committee Meetings Dates – 2012/2013

Month/Year	Board	Scrutiny	Audit	Governance & Remuneration	Board Training
Jan 2012	23 <sup>rd</sup> January 2012 - AGM				January
Feb 2012		28 <sup>th</sup> February		22 <sup>nd</sup> February	
Mar 2012	26 <sup>th</sup> March		6 <sup>th</sup> March		
Apr 2012					
May 2012	21 <sup>st</sup> May				May
Jun 2012		5 <sup>th</sup> June	18 <sup>th</sup> June		
Jul 2012	30 <sup>th</sup> July			11 <sup>th</sup> July	
Aug 2012					
Sep 2012	24 <sup>th</sup> September	18 <sup>th</sup> September	4 <sup>th</sup> September		
Oct 2012					October
Nov 2012	19 <sup>th</sup> November			28 <sup>th</sup> November	
Dec 2012		4 <sup>th</sup> December	11 <sup>th</sup> December		
Jan 2013	28 <sup>th</sup> January - AGM				

Board Strategic Day – Saturday 24<sup>TH</sup> November 2012

Residents' Conference – Saturday 20<sup>th</sup> October 2012

Month/ Year	Half Term [Proposed dates for Waltham Forest]	Bank Holidays	Ethnic Festivals
Jan 2012		2 <sup>nd</sup> January – New Year’s Day Holiday	23 <sup>rd</sup> January – Chinese New Year
Feb 2012	13 <sup>th</sup> – 17 <sup>th</sup> February		
Mar 2012			
Apr 2012	2 <sup>nd</sup> – 13 <sup>th</sup> April	6 <sup>th</sup> April – Good Friday 9 <sup>th</sup> April – Easter Monday	6 <sup>th</sup> – 13 <sup>th</sup> April - Passover
May 2012	4 <sup>th</sup> – 8 <sup>th</sup> June	7 <sup>th</sup> May – Bank Holiday	
Jun 2012		4 <sup>th</sup> June – Spring Bank Holiday 5 <sup>th</sup> June – Queen’s Diamond Jubilee	
Jul 2012	23 <sup>rd</sup> July – 4 <sup>th</sup> September		4 <sup>th</sup> July – American Independence Day
Aug 2012		27 <sup>th</sup> August – Bank Holiday	20 <sup>th</sup> July – Ramadan begins 18 <sup>th</sup> August – Ramadan ends 19 <sup>th</sup> August – Eid Al-Fitr
Sep 2012			25 <sup>th</sup> - 26 <sup>th</sup> September – Yom Kippur
Oct 2012	29 <sup>th</sup> October – 2 <sup>nd</sup> November		26 <sup>th</sup> October – Eid al Adha
Nov 2012			13 <sup>th</sup> November – 17 <sup>th</sup> November
Dec 2012	24 <sup>th</sup> December – 7 <sup>th</sup> January	25 <sup>th</sup> December – Christmas Day 26 <sup>th</sup> December – Boxing Day	8 <sup>th</sup> December – Hanukkah starts 16 <sup>th</sup> December – Hanukkah ends
Jan 2013			

<b>Date:</b> 21st November 2011	<b>Ascham Homes Board</b>	<b>Agenda Item: 5.3</b>
<b>Compliance with Public Sector Equality Duty</b>		<b>Status: Public</b>
		<b>Decision</b>
<b>Author: Kate Sinclair, Head of Business Transformation</b>	<b>Telephone: 020 8496 4018</b>	

## 1. Purpose

- 1.1. The purpose of this report is to inform the Board of the steps that Ascham Homes is taking to ensure that Ascham Homes is compliant with the Public Sector Equality Duty. We are introducing a new way of assessing the effects on protected groups of any changes to services or policies.

## 2. Recommendations

- 2.1 That the Board notes and comments on the report
- 2.2 That the Board approves the new Equality Analysis template in Appendix 1.

## 3. Introduction

- 3.1 Ascham Homes must have due regard to its Public Sector Equality Duty (PSED) when making decisions. However, the level of analysis required should only be proportionate to the relevance of the duty to the service or decision. The process tool for considering the impact on services is the "Equality Assessment".
- 3.2 Previously known as an Equality Impact Assessment, Equality Analysis is a process that provides evidence to help understand the impact of planned changes in services, activities and functions on different types of people and on relationships between different people. In simple form it asks "what will happen if we do things this way?"
- 3.3 An Equality Assessment is completed at the planning stage for all new and reviewed policies, approaches, services and functions that affect people, communities and relationships in those communities.

#### 4. **Public Sector Equality Duty Requirements**

4.1 The PSED requires us to strive to achieve three equality aims:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited under the Equality Act
- advance equality of opportunity between those who share a “protected characteristic” and those who do not share that characteristic
- foster good relations between persons who share a relevant protected characteristic and person who do not share it. This means having due regard to the need to tackle prejudice and promote understanding.

4.2 The duty is **not** however to achieve the three equality aims, but to take them into account when making the final decision – therefore the duty does not stop difficult but justifiable decisions being made.

4.2 The Equality Act 2010 identifies nine “protected characteristic or protected groups” – that is protected from unlawful discrimination, harassment or victimisation. The protected characteristics are: age, gender, disability, gender reassignment, pregnancy/maternity, race, religion and belief, sexual orientation, and (in discrimination matters only) marriage/civil partnership.

4.3 It is our aim to ensure legal compliance, to have an awareness of opportunities to promote equality and cohesion and to be aware of conflicting priorities across protected groups and communities and address these issues.

#### 5 **Developing Equality**

5.1 The current process of undertaking an impact assessment in the latter stages of the development of a policy, project or service means that the findings of these assessments recommend changes to something that is already designed and only focuses on staff profiling rather than service impacts.

5.2 The new Equality Assessment is designed in such a way to design-in equality and diversity as a key priority of any policy or service change. As such, the assessment will be undertaken at the start to inform the development and design.

- 5.3 Best practice advice is that it is important to keep the assessment short, simple, proportionate, evidence based, accurate and outcome focussed.
- 5.4 An Equality Assessment itself should be completed by one individual (usually the officer making the proposal) rather than collectively, and committee officers and members making decisions must give conscious and open minded consideration to the impact of the duty on their decision, e.g. be prepared to change or amend a decision if appropriate.
- 5.5 The Equality Assessment can become a source of useful information and is a framework on which we can develop the right services that our business, residents and communities need.
- 5.6 The new Equality Analysis template can be seen in appendix 1. It is more concise than the previous Equality Impact Assessments and addresses each protected group separately.
- 5.7 There is a Red Amber Green (RAG) system indicator at the top of the analysis so that issues can be identified according to the protected groups that the issues apply to.
- 5.8 Not every section will need to be completed. If there are gaps in the analysis, this will tell us where we need to collect further information in the future and should be added to the action plan.
- 5.9 The content and layout of the form is in line with LBWF's new Equality Analysis and recommended practice and allows us to assess our risks of inequality in our decision making. This will allow some reviews across services in the borough.

## **6 Staff engagement and training**

- 6.1 Throughout business and service planning for 2012/13 staff will be engaged in developing their plans and reviewing services using the new Equality Analysis as part of their planning.
- 6.2 Staff will be trained in using the new Equality Analysis and as part of this training, they will be invited to give feedback and suggest any additions or amendments to strengthen the document and increase it's use in the organisation.

## **7 Resident Involvement**

- 7.1 As part of the draft resident engagement strategy, we have outlined that we would like to have themed working groups of residents and a wider understanding of community diversity within neighbourhood activity.

7.2 We will invite residents to form part of an Equality Action group where they can have training and input into our service development from an equality perspective.

## **8 Monitoring and Scrutiny and Learning**

8.1 EMT now have a monthly standing agenda item where they consider outstanding issues from Equality Impact Assessments and this will now include Equality Assessment Review.

8.2 Boards and committees will receive Equality Assessments for all relevant new policies and service proposals as well as updates on progress on significant issues.

# Equality Analysis

Name of policy/ service/ approach being reviewed@										
Protected Group(s)	Race	Gender	Disability	Age	Sexual orientation	Religion or belief	Gender re-assignment	Pregnancy or Maternity	General	Marriage or civil partnership (eliminating discrimination only)**
1. Explain the aims of the policy/ service/ activity/ approach (step2)										
2. Explain the potential for and any positive impact on the identified group(s)/ individuals (step 2 and 3)										
Race				Sexual orientation				Marriage or civil partnership **		
Gender				Religion or belief				General		
Disability				Gender re-assignment				Comments		
Age				Pregnancy/ Maternity						
3. Explain the potential for, and any actual negative impact on the identified group(s)/ individuals (step 2 and 3)										

Race		Sexual orientation		Marriage or civil partnership **	
Gender		Religion or belief		General	
Disability		Gender re-assignment		Comments	
Age		Pregnancy/ Maternity			

**4. Explain the actual opportunities, and the potential for opportunities that this policy/ activity/ service provides to advance equality and promote community cohesion (step 2 and 3)**

Race		Sexual orientation		Marriage or civil partnership **	
Gender		Religion or belief		General	
Disability		Gender re-assignment		Comments	
Age		Pregnancy/ Maternity			

**5. Describe the impact of the changes on for Ascham Homes staff in terms of staff, structure or practice**

Race		Sexual orientation		Marriage or civil partnership **	
Gender		Religion or belief		General	
Disability		Gender re-assignment		Comments	
Age		Pregnancy/ Maternity			

**6. What further work/ activity needs to be carried out as a result of this EIA? Identify what needs to be done, how it will be done, the completion date, responsibility for the action plan and when the (new) policy/ service/ approach will be implemented (step 5)**

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**7. When will this EIA be due for monitor/ review and who will be responsible for completing the review? (step 5)**

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Name of assessor:		Date EIA complete:		
Name of assessor:		Date EIA complete:		
Approved by:		Date approved:		



## Equalities Assessment Reference Data Nov 2011

### L B Waltham Forest Population Profile

<b>Population</b>	247,503		
<b>Race</b>	<p>Waltham Forest's BAME population is 98,830 out of 232,726. This is 42% of the total population and 8th highest across London when expressed as a percentage of total population. Broken down by specific ethnicity: Pakistani (9%), Black Caribbean (8.9%), Black African (7.1%), Other Asian (4.1%), Black Other (4.1%), Indian (3.5%), Other (3.7%), Bangladeshi (1.2%) and Chinese (0.9%). Of all the new arrivals to the borough since 2002, the top 3 countries of origin have been Poland, Pakistan and Lithuania (Source: GLA 2010 SHLAA and NINO Registrations Data 2002 –2010 DWP).</p> <p><b>NB: These statistics provide general data for this protected characteristic.</b></p>	<b>Age</b>	<p>The 2011 Mayhew Harper population count shows that Waltham Forest has a population of 247,503. Broken down by broad age group, some 28% of the population (68,141) are aged 0-19, 34% (83,798) aged 20-39, 29% (71,048) aged 40-64 and 10% (24,517) aged 65+. Pan London data from the GLA shows that Waltham Forest has a larger percentage of its population aged 0-19 (28.3%) compared to 24.5% across London. Between 2011 and 2031 the same data shows that the 65+ age group in Waltham Forest is forecast to grow the most from 26,898 to 39,852. (Source: 2011 Mayhew Harper population count and 2010 SHLAA from GLA).</p> <p><b>NB: These statistics provide general data for this protected characteristic.</b></p>
<b>Pregnancy/ Maternity</b>	<p>Data regarding recent births from the GLA shows that Waltham Forest has 8.9% of its population aged between 0 and 4 compared to a London wide figure of 7.6% (2011). For those up to the age of 1 this percentage is 1.9% and 1.6% respectively. The Total Fertility rate for Waltham Forest in 2009 is 2.54 (4<sup>th</sup> highest across London) compared to a London wide figure of 1.95. The teenage pregnancy rate in Waltham Forest (2009) is 55 per 1,000 of the female population aged 15-17 compared with 41 across London and 38 across England. Source: 2010 SHLAA from GLA, Office for National Statistics, NHS (NCHOD).</p> <p><b>NB 1.The total fertility rate measures the projected number of births born to a woman over her lifetime 2.These statistics provide general data for this protected characteristic.</b></p>	<b>Marriage/ Civil Partnership</b>	There is no data collated from residents for this protected characteristic.

<p><b>Gender</b></p>	<p>Estimates of the gender split in Waltham Forest are 50.6% female and 49.4% male (Mayhew Harper) and 51.3% female and 48.7% male (GLA SHLAA). (Source: 2011 Mayhew Harper population count and GLA 2010 SHLAA). <b>NB: These statistics provide general data for this protected characteristic.</b></p>	<p><b>Religion or beliefs</b></p>	<p>According to the 2001 Census the borough has 57% of its population stating their religion to be Christian, Muslim 15.1%, Hindu 1.8%, Jewish 0.7%, Sikh 0.6%, Buddhist 0.4% and other 0.4%. Some 15% of residents claimed no religion whilst 9% did not state an answer. The multi-faith nature of Waltham Forest is evidenced by more recent data which shows that Waltham Forest has around 150 Christian Churches, 16 Muslim Mosques, 4 Hindu Temples, 3 Jewish Synagogues, 1 Sikh Gurdwara and 1 Tao Temple. Source: 2001 census and Waltham Forest Faith Forum <b>NB: These statistics provide general data for this protected characteristic.</b></p>
<p><b>Disability</b></p>	<p>Recent data from the 2009 Annual Population Survey suggests there are 24,000 disabled people of working age (16-64) living in Waltham Forest. This would represent around 16% of the resident working-age population and is in line with the London average.</p> <p>2011 data on the percentage of those claiming Disability Living Allowance shows that claimant rates tend to be higher in the southern and middle wards of the borough compared to the north though this data should only be treated as a rough indicator of the prevalence of disability. There are 19,000 people with reduced mobility living in Waltham Forest, half of whom have walking difficulties (48%) and 13% are wheelchair users. It is estimated that there are between 1,800 and 3,200 children and young people in the borough experiencing some form of disability. As of June 2010, 1,418 children and young people had a statement of Special Educational Needs in Waltham Forest (Source: 2001 Census, 2009 Annual Population survey, Office for National Statistics, Department for Work and Pensions).</p> <p><b>Notes: These statistics provide general data for this protected characteristic.</b></p>	<p><b>Sexual orientation</b></p>	<p>National estimates of LGBT population range from 0.3% to 10% using different measures. A recent study commissioned by Waltham Forest Council suggested the population to be somewhere between 7,000 to 10,000 people in 2007 (this is 4-6% of the adult population). The study also suggested that there maybe at least 35 transgender individuals in the borough (Source: Measuring Sexual Identity – Office for National Statistics, Waltham Forest LGBT Matters).</p> <p><b>NB: These statistics provide general data for these protected characteristics.</b></p>

**Equalities Assessment Reference Data Nov 2011**

**Ascham Homes Organisational Profile - To be updated following most recent restructure and appointments (HR to action)**

<b>Staff</b>		<b>Pregnant/ Maternity</b>	
		<b>Age</b>	
<b>Risk of redundancy</b>		<b>Race</b>	
<b>Gender and Gender re- assignment</b>		<b>Religion or beliefs</b>	
<b>Disability</b>		<b>Sexual orientation</b>	
<b>Marriage/ Civil Partnership</b>		<b>General comments</b>	

<b>Date:</b> 21 <sup>st</sup> November 2011	<b>Ascham Homes Board</b>	<b>Agenda Item: 6.1</b>
<b>Ascham Homes Quarter 2 Balanced Scorecard Performance Report</b>		<b>Status: Public</b>
		<b>Decision</b>
<b>Author: Kate Sinclair – Head of Business Transformation</b>		<b>Telephone: 020 8496 4018</b>

## 1. Purpose

To provide the Board with an overview of the 2nd quarter performance.

## 2. Executive Summary

2.1 13 of the indicators are on target and 11 have missed target in the second quarter of 2011/12.

## 3.0 Recommendations

3.1 Board notes and comments on the report.

## 4 Background

4.1 The Balanced Scorecard sets out performance on a range of Customer, Finance, People and Delivery measures for 2011/12.

4.2 This report covers a full review of performance for the indicators in the balanced scorecard and provides explanation and remedial action where indicators are falling below target. Results are cumulative for the quarter and year-to-date information is given where applicable.

4.3 Quarter 2 performance is detailed in Appendix 1. We have shown HouseMark quarterly KPI tracking results where these are available. We are achieving top quartile performance for repairs completed within target and gas servicing, 2<sup>nd</sup> quartile void re-lets, 2<sup>nd</sup> quartile for void rent loss and bottom quartile for rent collection. A column has been added showing the quarter-on-quarter direction of travel.

## 5 Customer

5.1.1 19% (23/118) complaints were escalated in quarter 2 against the 12% target. . There was a 9% quarter-on-quarter reduction in performance. Year-to-date

performance is 14%. There was a spike in complaints in July and August with 8 and 11 received respectively. The most frequent reason cited by residents for their complaint was 'delay' and the majority relate to repair, maintenance and improvement services. The new complaints response staff structure was completed in August and we are reviewing the way in which we handle complaints and how we work with the Council; we anticipate improved performance going forward.

- 5.1.2 92% (518/ 565) residents were satisfied with overall services in quarter 2 and the 80% target was achieved by a significant margin. 91% were satisfied year-to-date. N.B. The sample size in quarter 1 was small for all of the satisfaction measures, therefore quarter-on-quarter comparisons for this and the following four indicators need to be viewed with caution.
- 5.1.3 86% (443/ 515) residents were satisfied that their views are taken into account in quarter 2, a 10% quarter-on-quarter improvement, achieving the 70% target. 85% were satisfied year-to-date.
- 5.1.4 95.5% (550/576) residents were satisfied with the helpfulness of the landlord in quarter 2 a 6.5% quarter-on-quarter improvement. The 70% target was exceeded by a significant margin. 95% were satisfied year-to-date.
- 5.1.5 90% (489/545) residents were satisfied with the repairs service in quarter 2 against the 92% target. There was a 6% quarter-on-quarter improvement. 90.92% were satisfied year-to-date.
- 5.1.6 57% (315/ 551) residents agreed that 'things are improving where I live' in quarter 2 against the 70% target. There was a 5% quarter-on-quarter improvement. 56.6% agreed year-to-date. A common theme in the comments from residents who did not agree that things were improving was responsive repairs, this is not unexpected as repairs are known to be the biggest driver of dissatisfaction. i.e. dissatisfaction with repairs has a big impact on satisfaction with other measures. However we anticipate continuing improvement in this indicator as a result of the implementation of the recycling initiatives, the completion of the Decent Homes programme and the tenant-led major repairs allowance.

## 5.2 Finance

- 5.2.1 £22,062,076 rent was collected year-to-date over £22,883,121 due giving a 96.41% collection rate against a year end target of 100.25% and a quarter 2 profiled target of 98.59%. However there was a 0.61% quarter-on-quarter improvement. Targeted plans have continued to address performance. The former tenant arrears and write-offs are being addressed systematically. The recent rents and leasehold service review reported to Board in September gave clear indications for options for future service and performance delivery. An implementation plan focussing on performance recovery is being developed for implementation from quarter 4. Going forward we anticipate a significant improvement in January as a result of the impact of the Christmas rent free weeks. Friday Hill performance was 96.27%, LBWF hostels 93.4%, and SAMS 96.87%. Total HRA performance is 96.37%.

- 5.2.2 The budget for 2011/12 of £22,436m is expected to remain on target for the year. The six month review at the end of September showed potential overspends in both repairs and maintenance and the rest of the business of £903,000 for which mitigating action is being taken to contain the potential overspends identified.
- 5.2.3 The capital budget for 2011/12 of £25,439m is expected to remain on target for the year.
- 5.2.4 Rent lost due to empty properties in the first six months was £199,023 against rent due of £22,924,326. This represented a 0.87% rent loss, exceeding the target of 1% target.
- 5.2.5 £511,936 leaseholder service charges were collected in the period April to September over £612,094 due, a 42% collection rate against a profiled 50% quarter 2 target. However, there was a 1.3% year-on-year improvement in performance. Arrears letters were sent to all leaseholders in August and final adjusted service charge bills for 2010/11 were sent out in September; we anticipate a significant improvement in performance in the 3rd quarter. The recent rents and leasehold service review reported to Board in September gave clear indications for options for future service and performance delivery. An implementation plan focussing on performance recovery is being developed for implementation from quarter 4. There is a continuing focus on debt-recovery work and weekly meetings with managers and the Director of Finance. The implementation of the Right to Buy and service charge modules of iWorld are progressing well, and live testing will begin shortly.

### 5.3 People

- 5.3.1 The BME staff profile is 51% (93/182) exceeding the 42% target. The gender profile is 45% (81/182) not meeting the 51% profile. The disability profile is 4% (8/182) not meeting the 13% target. More work needs to be done on this indicator in relation both to the range of protected groups it reports on (presently just three out of nine) and to identify a more effective measure for 2012/13. N.B. the targets have been amended to reflect the LBWF resident profile rather than the AH resident profile. Standard practice is to reflect the employment pool- i.e. the residents of the Borough, not the customers.
- 5.3.2 The average number of sick days year-to-date is 17.97 (4.35 without long term sickness) against the <8 day target. There has been an increase in the number of stress-related and other illness related cases. The cases are being carefully managed, and progress on every long term sickness case is monitored monthly by EMT.
- 5.3.3 The data is awaited for the % temporary staff meeting the <10% target and it will be input shortly.
- 5.3.4 100% (13) staff achieved a satisfactory or excellent appraisal meeting the 90% target. We are aware that many more appraisals have been completed than the quarter data suggests - Insufficient numbers of completed appraisals are being returned to the HR team. There will be a significant increase in the sample size in quarter 3.

## 5.4 Delivery

- 5.4.1 3,530/4,134 (85%) of works orders were completed right first time in quarter 2 against the 94% target. Year-to-date performance is 86.86%. Considerable work is underway to ensure that the contractor and staff understand and report on this indicator in the right way and deliver repairs right first time. The digipen project, enabling electronic collection of post inspection data on rft is progressing well, and field testing begins in November. KierBM analysed the September data and reported the main reasons for not completing rft as: -28 orders needed specialist parts, 12 resulted in an inspection and 31 required works in more than one visit.
- 5.4.2 99% (7100/7193) works orders were completed within timescale in quarter 2 achieving the 99% target. 97.64% of orders were completed within timescale year-to-date.
- 5.4.3 81 voids were turned round in 1,485 days in quarter 2, an average of 18.33 days, achieving the 23 day target. There was a 9 day improvement quarter-on-quarter. Year-to-date performance is 23.51 days. After a sustained period of routine voids being delivered within both cost and time target, the performance of one contractor fell away in September. With the introduction of a third contractor, this performance has now been redressed and performance should improve in quarter 3.
- 5.4.4 86.1% (56/65) asb cases were closed resolved in quarter 2 against the 90% target. However there was an 18.5% quarter-on-quarter improvement in performance. Year-to-date performance is 79.79% closed resolved. A large proportion of the closed unresolved cases were because there was no recurrence of the issue within three months. As a best practice measure and to improve performance staff will contact complainants within the three month closure period, if they can confirm that there has been no recurrence of the issue directly with the tenant then the case is classified as closed resolved.
- 5.4.5 4.1% (1,170/28,326) of calls were abandoned after 7 rings in quarter 2 achieving the 5% target. Year-to-date performance is 3.88%.
- 5.4.6 11% (1,145/10,497) homes were non-decent at the end of quarter 2. The 0% target is on profile to be achieved.
- 5.4.7 100% of gas checks were completed.
- 5.4.8 78.7% (890/1131) inspections achieved a grade "A" (excellent - clean and litter free) against the 95% target. There was a 1.4% quarter-on-quarter reduction in performance. Year-to-date performance is 79.36%. The inspections that did not achieve grade "A" all resulted in a "B" (good - some litter build up) standard. 87% (325/373) of residents were satisfied with estate cleaning and grounds maintenance services in the April-September reporting period. Expectations about the performance standard have been re-iterated with supervisory staff. It is recognised that this KPI is too narrowly focused on estate cleaning, and a new more holistic measure for measuring conditions on estates will be devised and implemented in 2012/13.

5.4.9 117 external decorations were completed in quarter 2 achieving the profile of 117 properties.

## **6. Resource Implications**

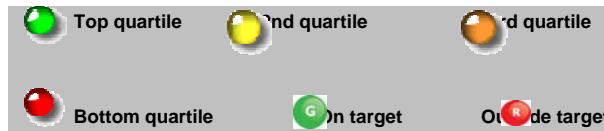
6.1 Any rent or leasehold service charge not collected will affect the performance of the HRA.

## **7. Diversity Implications**

7.1 Diversity information is collected at the same time that the customer follow up calls are made. This enables us to have a more complete picture of the profile of our customer base and in turn will affect how we design and provide services.

## **8. Risk Factors**

8.1 None specific.




















## Ascham Homes Balanced Scorecard 2nd Q 2011/12

Customer		Q1	Q2	Target	Mark bench	Trend	Status (and benchmark where available)
C1	% of complaints escalated to Stage 2	10%	19%	12%		↓	R
C2	% satisfaction with overall services	68%	92%	80%		↑	G
C3	% satisfaction that their views are taken into account	74%	86%	70%		↑	G
C4	% satisfaction with the helpfulness of the landlord	89%	95.5%	70%		↑	G
C5	% satisfaction with the repairs service	84%	90%	92%		↑	R
C6	% satisfaction that "Things are improving where I live"	52%	57%	70%		↑	R
Finance		Q1	Q2	Target	House Mark bench mark		Status
F1	% of rent collected. Cabinet measure.	95.80%	96.41%	100.25%		↑	R
F2	% variance of projected year end revenue spend to profiled budget	(May) -0.1%	0%	0%		↑	R
F3	% variance of projected year end capital spend to profiled budget	0.00%	0%	0%		↔	R
F4	Void rent loss	0.82%	0.87%	1%		↓	G
F5	% of service charges collected	23.65% (25% target)	42.0%	50% (year end 101%)		↓	R



## Ascham Homes Balanced Scorecard 2nd Q 2011/12

 People		Q1	Q2	Target	House Mark bench mark	Status
P1	Staff diversity profile - to reflect customer profile	Staff profile		LBWF Resident profile		
	BME (Yes)	50%	51%	42%	↑	
	Gender (Female)	48%	45%	51%	↓	
	Disability (Yes)	4%	4%	13%	↔	
P2	Average number of sick days per employee (FTE)	5.34	17.97	<8 days	↑	
P3	% of temporary staff	0.5%	Awaited	<10%		
P4	% of staff who have achieved a satisfactory level or above in their appraisal	To be reported in quarter 2	100.00%	90%	↑	

 Delivery.		Q1	Q2	Target	House Mark bench mark	Status
D1	% of repairs done right first time.	90%	85%	94%	↓	
D2	% of total repairs within service target. Cabinet measure.	97%	99%	99%	 ↑	
D3	Average relet days. Cabinet measure.	27.5	18.3	23 days	 ↑	
D4	% of closed resolved cases for ASB.	67.6%	86.1%	90%	↑	
D5	% of abandoned calls.	3.6%	4.1%	<5%	↓	
D6	% of social housing stock failing to meet the Decent Homes Standard	12.9%	11.0%	0.0%	↑	
D7	Number of annual gas checks completed as a % of those due.	100%	100%	100%	 ↔	
D8	% of estates achieving an "A" grade.	80.1%	78.7%	95%	↓	
D9	No. properties where external decorations have been completed (profiled)	Nil due	117/117	To achieve profile	↑	

<b>Date:</b> 21 <sup>st</sup> November 2011	<b>Ascham Homes Board</b>	<b>Agenda Item: 7.1</b>
<b>Capital Expenditure and Asset Management Update to 30<sup>th</sup> September 2011 – Quarter 2</b>		<b>Status: Public</b>
		<b>Information</b>
<b>Authors:</b>  <b>Jo Murphy – Deputy Chief Executive</b>  <b>Derek Young – Interim Director of Finance</b>		<b>Telephone:</b>  <b>020 8496 4023</b>  <b>020 8496 4983</b>

## **1. Purpose of Report**

- 1.1. To present the capital expenditure monitoring position as at 30<sup>th</sup> September 2011 (See Appendix 1) and an Asset Management update.

## **2. Executive Summary**

- 2.1. Expenditure on the capital programme of £25.439m for 2011/12 has continued and £7.7m was spent at the end of September 2011 against an expected expenditure of £12.9m. The majority of the under spend of £5.2m is on MRA and Fire Risk Assessments (FRA). This was due to delays in progressing Section 20 notices to leaseholders due to the focus on moving Decent Homes forward. These delays have now been resolved and more works will commence over the coming months as more Section 20 consultation periods expire. At this stage the capital programme is projected to spend on target for the year. A capital cash flow forecast for the year is set out in Appendix 2 and 3.
- 2.2. The Decent Homes programme for 2011/12 is £13.558m of which £8.758m was carried forward from 2010/11 and the remainder is for the programme for 2011/12. £5.5m was spent at the end of September 2011 almost all of which was for the 2010/11 programme carried forward.
- 2.3. Fire Risk work on a detailed programme is completed and leasehold consultation has been completed. Contractors are now on site and although only £19k has been spent to date, spend will accelerate from October. The

capital budget for the year is £2.3m.

- 2.4. The Major voids capital budget is £1.064m with expenditure to September 2011 of £246k. The average cost to date is £15.4k against a target of £20k. Although volumes are ahead of target the average cost is significantly below target and the budget will not be exceeded.
- 2.5. The Re-Procurement of the repairs contract remains on track with site visits now in progress. The successful contractor should be determined before Christmas leaving a three month mobilisation period available to the successful contractor and Ascham Homes.
- 2.6. A report on the position of the current repairs contract is elsewhere on the Board agenda.

### **3. Recommendations**

- 3.1. Board is recommended to:
  - 3.1.1. Note the capital expenditure to date.
  - 3.1.2. Note the Asset Management update.

### **4. Capital Expenditure to date**

- 4.1. Capital expenditure to date is less than expected due to delays in initiating works due to the Section 20 process and the change management process being undertaken by the service. The spending is currently £7.7m against a profiled budget of £12.9m representing an under spend of £5.4m. Asset Management is confident that all work streams are still on target to deliver the programme this year and a synopsis of each area is contained within this report.

### **5. Asset Management Update – Capital Programmes**

- 5.1. After a slow start, all projects are now on site and programmed to complete within the financial year. The exception to this is the Public Realm project at Attlee Terrace, where the compulsory purchase of leaseholders' pramsheds is now required to achieve the agreed proposals.
- 5.2. Performance in the routine repairs service has improved following the serving of a formal Notice on the contractor and a further favourable financial settlement. Performance in Routine Voids has dipped but is being restored.
- 5.3. **Decent Homes 2010/11** – this programme is now on target for completion of all Decent Homes works by the end of December 2011.
- 5.4. **Decent Homes 2011/12** - this programme is intended to target those properties that might otherwise have failed DH compliance during the year. Surveys have been completed on 920 properties and the programme is now

on site for completion by the end of the financial year.

- 5.5. **Fire Risk Assessment works** – this programme is a carry-over from last year. The programme for the remaining balance of 280 properties is now on site, with assurance that it will be completed by the end of the financial year.
  - 5.6. **MRA works** – the new Devolved MRA budget has now been the subject of resident bids and consultation and the results and priorities have been agreed in Contract Panel meetings. AMPs for both old and new programmes have now been processed, Section 20s are feeding through, and 10 projects are currently on site. It has been agreed with LBWF that £750k of the new funding should be used for the upgrade or replacement of door entry systems on Tenby Court (£100k: now completed) and borough-wide (£650k: 36 schemes all awaiting Section 20 expiry) as these are known resident priorities. Most of the remainder of the 2011/12 capital programme are rolling programmes that are being delivered through the year. The exception is one off projects such as lift replacements (6 sites) and communal boiler replacements which are now in progress.
  - 5.7. **Public Realm works** – this programme will provide significant external and environmental improvements at Attlee Terrace, Tenby Court and Essex Close. The works at Attlee Terrace have been agreed following extensive public consultation, but these involve the demolition of all existing pram sheds (without re-provision) to improve sightlines and security and also to enable road widening. 45 of these pramsheds are owned by leaseholders and, after consultation with LBWF, it has been agreed that these will be procured through compulsory purchase to enable demolition. This will obviously delay the original programme. At Tenby Court, the Phase 1 works (external decorations and envelope repairs) are nearing completion. Phase 2 is due on site once LBWF sign-off has been received. At Essex Close, the road and FRA works are due on site imminently and the security works are due on site in mid-December.
  - 5.8. **Major Voids** – the volume of Major Voids (47 by the end of September against an allowance of 56 for the year) poses some initial concerns as the budget can not sustain these volumes going forward. However, average costs are below target and the Asset Management team will monitor the volumes closely so that total spend does not exceed the budget allowance.
  - 5.9. **Reprocurement** – the reprocurement strategy envisages the delivery of capital works continuing with our existing partners (Apollo and Breyer) into 2012/13 and until such time as the new service provider (from April 2012) has been able to demonstrate competence in the delivery of the routine maintenance service. [see also below]
- 6. Asset Management Update – Revenue Programmes**
- 6.1. **Repairs** – Since our issuing of a formal default notice against day-to-day repairs contractor for breach of performance under the terms of the contract, their performance has improved significantly. There has also now been a favourable financial settlement in regard of the large volume of dissented works, and we have moved to an average-cost-per order framework to give

us increased control over costs and therefore better budget certainty.. The position continues to be monitored carefully by the Core Group. The contractor is currently co-locating their staff to Willow House to improve communications.

- 6.2. **Repairs Out of Hours** – Our out of hours telephone service was previously provided through Waltham Forest Direct with identified cases referred to our contractors and out of hours relief staff. This service has been reviewed by the council and they are moving to a new approach. We have reviewed the revised Waltham Forest Direct service offer and have decided instead that our service demands are better met through Kier's out of hours service. The transition period has been successful and we have been able to reduce handling and costs in the service approach.
- 6.3. **Routine Voids** after a sustained period of routine voids being delivered within both cost and time target, the performance of one contractor has fallen below the acceptable standard which is putting pressure on reported key to key performance. We have taken steps through the introduction of a third contractor, and weaker performance has now been addressed. The current outturn to date for completed and committed voids is currently below the budgeted expectation.

## **7. Risk Factors**

- 7.1. The Board should note that the revenue budget has an income item for capital commission fee income of £782,000 for managing the Councils housing capital programme. The Company is assuming that the income budget will be achieved this year but is conscious that if the budgeted capital expenditure is not achieved there will be a direct impact (reduction) on this income stream. For every £1.0m that is not achieved on that part of the capital programme that attracts commission income (excluding therefore the 2010/11 Decent Homes budget which is managed by JRP) there will be a reduction in this income of £50,000. The extent to which there is any shortfall in this income (as a result of under-spend on capital) can be borne by reserves in the current year and then recouped in the next financial year when the capital expenditure takes place.
- 7.2. However the Board should also note that if capital expenditure is not achieved it can be carried forward to the 2012/13 programme (with Council agreement) under the new HRA arrangements.

## **8. Resource Implications**

- 8.1. No exceptional resourcing implications have been identified in connection with this Report.

## **9. Diversity Implications**

- 9.1. No exceptional diversity implications have been identified in connection with this Report.

## **10. Conclusion**

- 10.1. Although capital spend has slipped, both capital and revenue programmes are on target to complete to budget within the financial year.

## ASCHAM HOMES LIMITED

### CAPITAL ACCOUNT:

### September 11

	Original Budget 2011/12 £000	Transfers £000	Revised Budget 2011/12 £000	YTD Budget £000	Income / Expend to Date £000	Budget Variance to Date £000	Projected Outturn 2011/12 £000	Projected Variance 2011/12 £000
<b>FINANCED BY:</b>								
Supported Borrowing	(11,598)	0	(11,598)	(5,862)	(4,677)	1,184	(11,598)	0
Leasehold Contributions	(1,960)	0	(1,960)	(991)	(787)	204	(1,960)	0
MRA - Non Decent Homes	(8,954)	0	(8,954)	(4,525)	(1,914)	2,612	(8,954)	0
MRA - Fire Risk Assessments	(2,295)	0	(2,295)	(1,160)	(19)	1,141	(2,295)	0
Direct Council Funding	(632)	0	(632)	(319)	(265)	54	(632)	0
<b>TOTAL INCOME</b>	<b>(25,439)</b>	<b>0</b>	<b>(25,439)</b>	<b>(12,857)</b>	<b>(7,661)</b>	<b>5,196</b>	<b>(25,439)</b>	<b>0</b>
<b>EXPENDITURE</b>								
Decent Homes	13,558	0	13,558	6,852	5,464	(1,388)	13,558	0
Direct MRA	8,954	0	8,954	4,525	1,914	(2,612)	8,954	0
Fire Risk Assessments	2,295	0	2,295	1,160	19	(1,141)	2,295	0
DRF - Conversion Extensions	290	0	290	147	263	117	290	0
DRF - CHP	342	0	342	173	2	(171)	342	0
<b>TOTAL EXPENDITURE</b>	<b>25,439</b>	<b>0</b>	<b>25,439</b>	<b>12,857</b>	<b>7,661</b>	<b>(5,196)</b>	<b>25,439</b>	<b>0</b>
<b>(SURPLUS)/DEFICIT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**COMPANY CAPITAL ACCOUNT CASH FLOW STATEMENT 2011/12**

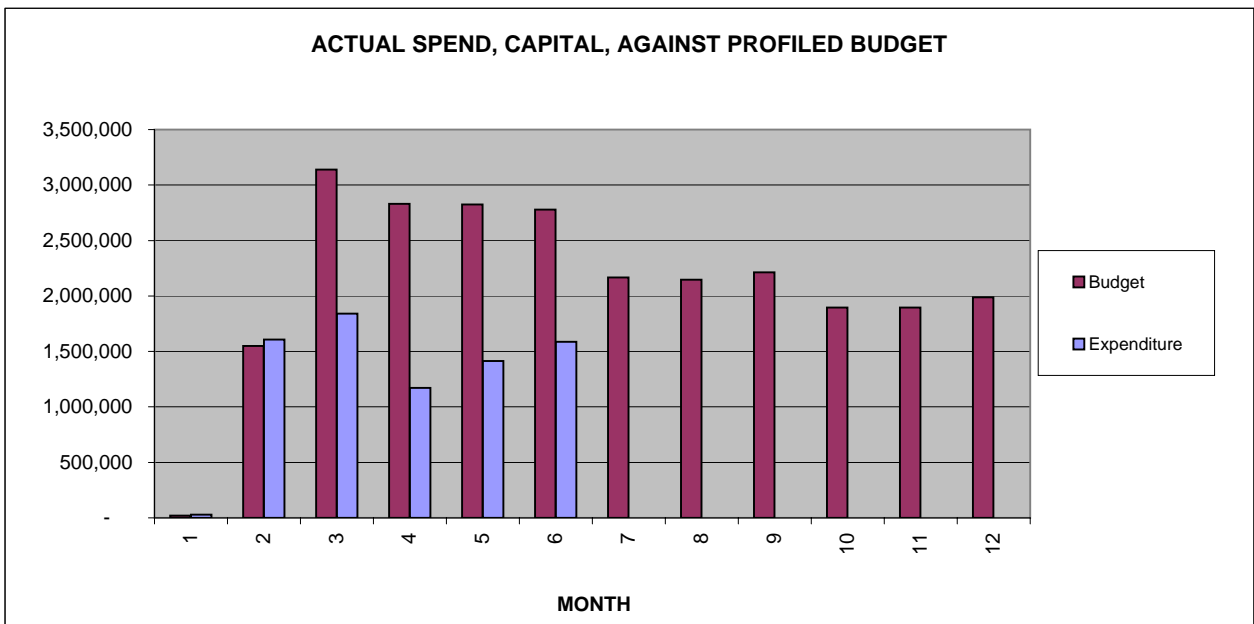
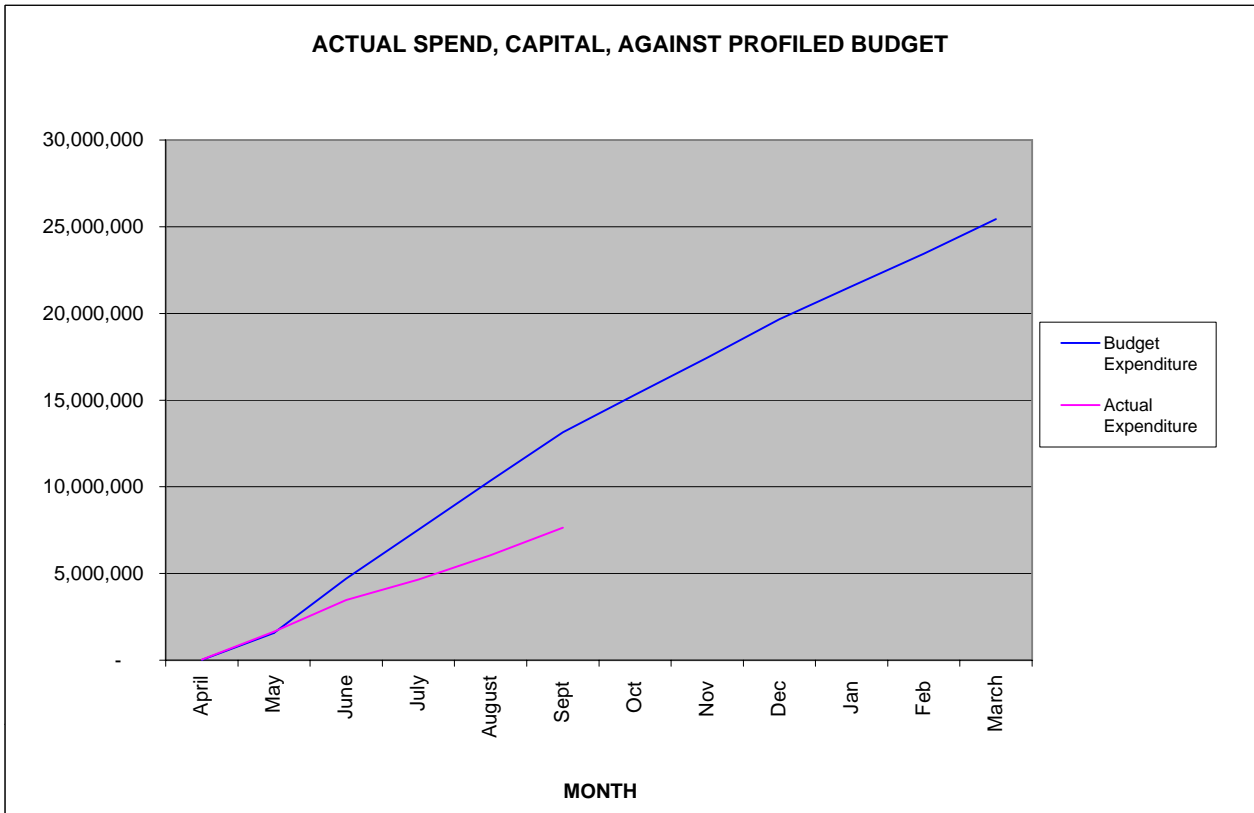
**BUDGET**

Expenditure	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March
CHP	-	-	115,000	190,000	265,000	342,000	342,000	342,000	342,000	342,000	342,000	342,000
Conversion Extensions	-	70,000	140,000	210,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000
<b>Sub Total</b>	<b>-</b>	<b>70,000</b>	<b>255,000</b>	<b>400,000</b>	<b>555,000</b>	<b>632,000</b>	<b>632,000</b>	<b>632,000</b>	<b>632,000</b>	<b>632,000</b>	<b>632,000</b>	<b>632,000</b>
Decent Homes	370	1,098,376	2,740,618	4,121,398	5,492,178	6,827,958	7,738,478	8,648,998	9,559,518	10,238,078	10,916,638	11,598,001
Leaseholder Recharges	-	174,772	368,400	584,000	799,600	1,015,200	1,198,933	1,372,667	1,546,400	1,680,933	1,815,467	1,960,000
<b>Sub Total</b>	<b>370</b>	<b>1,273,147</b>	<b>3,109,018</b>	<b>4,705,398</b>	<b>6,291,778</b>	<b>7,843,158</b>	<b>8,937,412</b>	<b>10,021,665</b>	<b>11,105,918</b>	<b>11,919,012</b>	<b>12,732,105</b>	<b>13,558,001</b>
Devolved MRA	17,817	50,396	272,657	492,068	714,988	937,907	1,344,107	1,750,308	2,156,508	2,592,701	3,028,893	3,467,833
Fire Risk Assessments	-	1,205	301,205	633,205	965,205	1,298,205	1,464,205	1,620,205	1,777,205	1,946,205	2,115,205	2,294,884
MRA	932	172,558	767,564	1,304,995	1,832,425	2,426,705	2,925,968	3,425,231	3,989,951	4,466,830	4,943,709	5,486,282
<b>Sub Total</b>	<b>18,749</b>	<b>224,158</b>	<b>1,341,426</b>	<b>2,430,268</b>	<b>3,512,617</b>	<b>4,662,816</b>	<b>5,734,280</b>	<b>6,795,744</b>	<b>7,923,664</b>	<b>9,005,735</b>	<b>10,087,807</b>	<b>11,248,998</b>
<b>Net Total</b>	<b>19,120</b>	<b>1,567,305</b>	<b>4,705,444</b>	<b>7,535,666</b>	<b>10,359,396</b>	<b>13,137,974</b>	<b>15,303,691</b>	<b>17,449,409</b>	<b>19,661,582</b>	<b>21,556,747</b>	<b>23,451,911</b>	<b>25,439,000</b>

**ACTUAL**

Expenditure	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March
CHP	-	-	20	20	20	1,584						-
Conversion Extensions	-	71,669	145,232	145,232	194,372	263,337						-
<b>Sub Total</b>	<b>-</b>	<b>71,669</b>	<b>145,252</b>	<b>145,252</b>	<b>194,392</b>	<b>264,921</b>						<b>-</b>
Decent Homes	8,385	1,106,390	2,412,077	3,202,506	4,000,632	4,677,418						-
Leaseholder Recharges	-	174,772	360,471	519,091	672,488	786,594						-
<b>Sub Total</b>	<b>8,385</b>	<b>1,281,162</b>	<b>2,772,547</b>	<b>3,721,597</b>	<b>4,673,120</b>	<b>5,464,013</b>						<b>-</b>
Devolved MRA	17,817	96,643	308,354	380,124	456,377	752,360						-
Fire Risk Assessments	750	1,955	16,457	17,852	17,897	18,851						-
MRA	1,182	182,911	232,440	380,342	716,830	1,144,962						-
<b>Sub Total</b>	<b>19,749</b>	<b>281,508</b>	<b>557,251</b>	<b>778,318</b>	<b>1,191,104</b>	<b>1,916,173</b>						<b>-</b>
<b>Net Total</b>	<b>28,134</b>	<b>1,634,339</b>	<b>3,475,050</b>	<b>4,645,167</b>	<b>6,058,616</b>	<b>7,645,107</b>						<b>-</b>

**COMPANY CAPITAL ACCOUNT CASH FLOW STATEMENT 2011/12**



<b>Date:</b> 21 <sup>st</sup> November 2011	<b>Ascham Homes Board</b>	<b>Agenda Item: 7.2</b>
<b>Revenue Budget Monitoring: September 2011 – Quarter 2</b>		<b>Status: Public</b>
		<b>Decision</b>
<b>Author:</b> Derek Young Interim Director of Finance		<b>Tel:</b> 020 8496 4893

## 1. PURPOSE

- 1.1. This report is to advise the Board of the revenue budget monitoring position as at 30<sup>th</sup> September 2011.

## 2. EXECUTIVE SUMMARY

- 2.1. This report is the second quarter report on the Company's management accounts including a report on the revenue position and the second quarter balance sheet and cash flow statement. The Company is reporting a net surplus of £1.480m against a budgeted surplus for the first six months of £1.379m – a positive variance of £101,000.
- 2.2. During the half year budget review the Finance Team identified a number of potential overspends for the year as a whole which, if left unchecked, could have resulted in an overspend for the year of £903,000. This was split between the Repairs and Maintenance Budget and the rest of the business as follows:

	Potential Overspend
Repairs and Maintenance	£454,000
Rest of the Business	£449,000
<b>Total</b>	<b>£903,000</b>

- 2.3. As a result the Executive Management Team challenged all budget holders to identify savings through the value for money process and from non-essential spend. This review has resulted in a number of actions identified to contain the potential overspends identified above. These actions are set out in detail in the body of the report.

## 3. RECOMMENDATIONS

- 3.1. The Board is asked to:

- i Note the Company's financial position to 30<sup>th</sup> September 2011;
- ii Note the Company's Outturn Position as set out in Section 5 of the report.
- iii Approve the mitigation actions set out in Section 5 of £903,000 to ensure that expenditure is contained within the budget.
- iv Approve the set aside of £100,000 of the budget for contribution to reserves (£250,000) to cover the incorporation of the new services associated with the Modern ALMO into AH from 1<sup>st</sup> April 2012. This will reduce projected reserves at 31<sup>st</sup> March 2012 from £599,000 to £499,000

#### **4. MANAGEMENT ACCOUNTS**

##### **Income and Expenditure Account (Appendix 1)**

- 4.1. This report is the second quarter budget monitoring report for 2011/12 covering the period April to September 2011. The report also provides Quarter 2 statements covering the balance sheet, cash flow statement and the analysis of overheads to direct costs.
- 4.2. The Company's Quarter 2 summary management accounts are shown in Appendix 1. They show a surplus for the first six months of £1.480m against a budgeted surplus of £1.379m – a positive variance of £101,000.
- 4.3. The surplus in the first six months arises primarily because some of the repairs and maintenance budget is profiled to be spent in the second half of the year – namely the external painting programme – but income from the Management Fee is evenly spread over the year resulting in a surplus in the first six months.
- 4.4. Employees Budgets are showing an overspend in the first six months of £280,000 primarily because of the following issues:
  - i Single Status Agreement payments of £217,000 have been charged against £50,000 previously set aside meaning the Company has had to fund £167,000 more than expected as a results of Union's challenging previous offers;
  - ii The remainder of the first six months' over spend is relating to the restructures where the full benefits will not be felt until the second half of the year;
  - iii Other budget areas are showing savings which will largely unwind in the second half of the year.

##### **Balance Sheet at 30<sup>th</sup> September 2011 (Appendix 2)**

- 4.5 The Company balance sheet as at 30<sup>th</sup> September 2011 is shown in Appendix 2.
- 4.6 The key points to highlight include:

- 4.6.1 The Company has debtors of £7.372m with the vast majority of this debt being with the Council. This reflects the timing difference between the Company invoicing for capital works and the Council making payment and therefore there is no material risk of bad debt.
- 4.6.2 The pension liability shown in the statement is the position at 31<sup>st</sup> March 2011. Pension liability updates are provided annually and so the next update will be on 31<sup>st</sup> March 201

#### **Cash Flow (Appendices 3 & 4)**

- 4.7 The cash flow statement is shown in Appendix 3. The statement shows the Company's profiled budget allocation per month for expenditure and income as well as the actual spending to Quarter 2. Appendix 4 shows both the income and expenditure analysis through graphs.
- 4.8 The key point to draw from the cash flow at Quarter 1 is the reduced spending compared to the profiled budget. This is primarily down to the Company paying the repairs contractor less than originally anticipated due to the discussions around the issues drawn from the Default Notice

#### **Analysis of Company Costs (Appendix 5)**

- 4.9 The second quarter analysis of Company costs, based on the projected outturn, split between direct functions and overheads is summarised in Appendix 5. The analysis is based on the modelling used by Housemark for benchmark performance statistics.
- 4.10 The position currently projects Direct Functions at 80.3% (Council target 85%) and Overheads at 19.7% (Council target 15%). The reconciling items are excluded from the calculation under Housemark guidance notes; these are primarily the contribution to reserves and the IT development fund.
- 4.11 The Company will continue to monitor the relationship between direct functions and overheads however it is unlikely to see significant movement from the figures reported this year.
- 4.12 The Company recognises that the relationship of direct functions to overheads is outside of the Council's target. Notwithstanding, Management Team will continue to assess the position and are committed to reducing the proportion of overheads through a back office review and through further monitoring when setting the budget over the next three years. However the Board should note that the Company has undertaken significant reviews of front line services and this explains the higher proportion of overheads at present. As the back office reviews are likely to take place later this year and next year it is likely that the proportion of overheads will increase next year before finally settling at level closer to that targeted by the Council.

## 5. PROJECTED OUTTURN AT YEAR END

- 5.1. During the half year budget review the Finance Team identified a number of potential overspends for the year as a whole which, if left unchecked, could have resulted in an overspend for the year of £903,000.
- 5.2. The Executive Management Team has now ring fenced the business part of the Company from the repairs and maintenance part to ensure that each area delivers the savings required to bring the Company's finances back in line with the budget. The was split between the Repairs and Maintenance Budget and the rest of the business as follows:

	Potential Overspend
Repairs and Maintenance	£ 454,000
Rest of the Business	£ 449,000
	£ 903,000

- 5.3. As a result the Executive Management Team challenged all budget holders to identify savings through the value for money process and from non-essential spend. This review has resulted in a number of actions to contain the potential overspends identified above. These actions are set out below.

### **Repairs and Maintenance (Potential Overspend £454,000)**

- 5.4. The Company is continuing to monitor the day-to-day repairs financial and performance positions closely. While performance has improved since the Company issued and subsequently withdrew the Default Notice earlier this year, Asset management is still managing the financial pressure emanating from the high volume of work orders being requested by tenants. Current projections indicate that work orders will reach around 29,700 this year against an estimated total of 24,000 when the budget was set. Asset Management's analytical review of the work order system has indicated that historic information used when setting the budget did not fully take into account that in prior years the Company had allowed a backlog of orders to build up when there were pressures on the budget. This coupled with the proactive approach by the Company in raising customer expectations this year by encouraging tenants to report repairs has meant that at current levels this budget will overspend by around £454,000. Asset Management is in regular contact with the contractor to ensure that jobs are priced appropriately and where necessary post inspections and dissensions are dealt with robustly to protect the Company's financial position. Notwithstanding both parties have recently agreed a position for the remainder of the year whereby the contractor will charge all work orders valued at up to £500 at a flat rate of £75 per work order. Work orders over £500 must be approved by Asset Management before work can proceed, this enables the service to review large value works to determine whether they are day-to-day repairs or whether they

should be part of other routine or planned works. Asset Management has undertaken a costing of this proposal and estimated that the cost of day-to-day repairs will be reduced to an over spend of £124,000 a saving of £324,000.

- 5.5. In setting the day-to-day repairs budget this year Asset Management identified that historically the Company had curtailed repairs works at the end of the year when there were budget pressures. This was taken into account along with the knowledge that they may be a benefit from backlog repairs not being present this year as in 2010/11 the practice of curtailing repairs did not happen. While these issues were difficult to quantify when setting the budget, an assumption had to be taken. It is clear now that these assumptions underestimated the true volume levels on day-to-day repairs and therefore have manifested as a budget pressure this year. This pressure will impact on the base budget and therefore will need to be addressed as part of the budget process for 2012/13.
- 5.6. A further review of volume pressures is being undertaken to identify if there are further savings to be achieved through reducing volume. This includes ensuring that all work orders recorded as day-to-day repairs actually are day-to-day repairs. For instance, it appears that communal works are being charged to day-to-day repairs when there is a separate budget for these works.
- 5.7. Management team has tasked Asset Management with controlling repairs and maintenance to ensure that the over spend is contained within the existing budget. As well as the agreement with the contractor to implement a flat rate charge, Asset Management has also identified two further areas for savings this year through achieving values for money. This includes the external decorations programme where a saving of £100,000 has been achieved through delivering this year's full programme for less than budgeted. A further £30,000 saving on communal works has been targeted.
- 5.8. The savings identified above will deliver the £454,000 savings required on the Repairs and Maintenance budgets to return to a break even position.

**Rest of the Business (Potential Overspend £449,000)**

- 5.9. The rest of the business is showing a potential overspend of £449,000 made up as follows:

<b>General overspends:</b>		
Single Status costs	£167,000	The costs exceeded the amount set aside following the Union challenging the initial settlement.
Depreciation & Bad Debt provision	£ 72,000	These will need to write down depreciation this year and also consider writing off bad debt from

Other net underspends	(£ 16,000)	tenant recharges that are uncollectible.
Legal Costs	£126,000	Additional legal fees arising from Employment Tribunal Cases.
Modern ALMO	£100,000	Potential cost of implementation of Modern ALMO changes.
<b>Total</b>	<b>£449,000</b>	

- 5.10. As a result the Executive Management Team challenged all budget holders to identify savings through the value for money process and from non-essential spend. This review has resulted in a number of actions identified to contain the potential overspends identified above. These are set out below:

Reduction in Change Management Costs	£100,000	This budget was earmarked to fund change management costs that have now been charged into 2010/11 thus releasing this budget (see 6.2)
Training budget	£ 70,000	The training budget is projected to under spend this year.
Cleaning Contract SLA	£ 20,000	The cleaning staff transferred into the Company this year so savings have been achieved from the original cost of the SLA.
Legal Services	£ 20,000	A review of legal services has identified a further savings this year.
IT New Services Budget	£ 80,000	The total IT development fund will not be spent this year.
Other Minor Savings	£ 59,000	
<b>Total</b>	<b>£349,000</b>	

- 5.11. This still leaves a £100,000 short fall in balancing the budget for the year. It is therefore proposed to reduce the budget provision of £250,000 for contributions to reserves by £100,000 unless further savings are identified during the rest of the year or projected overspends fail to materialise.

## 6. RESTRUCTURE OF COMPANY SERVICES

- 6.1. The Company is currently managing a number of Employment Tribunal cases. The legal costs have exceeded the budget available and require a further budget allocation to fund future costs. With ongoing cases, the

possibility of further cases following the restructure this year and potential liabilities should the Company lose cases at tribunal, it is a concern that the cost in this area may rise substantially over the remainder of the year. Because of the nature of this area it is extremely difficult to accurately quantify what the total cost will be and therefore this will continue to be a financial risk, managed monthly. Notwithstanding, Management Team are constantly reviewing the options available to manage costs down and will continue to do so throughout the remainder of the year.

## **7. LEASEHOLD VALUATION TRIBUNAL**

- 7.1. The Company is continuing to progress the outstanding insurance claim and updates will be provided to the Board separately where appropriate.

## **8. RISK FACTORS**

- 8.1. The Board is recommended to note the following key risks and where appropriate the Finance intervention plans being delivered to ensure financial risk is contained in line with financial regulations;
- i The day-to-day repairs budget is potentially over spending by an estimated £450,000 on an annualised basis. The implementation of a £75 flat rate charge per work order will help reduce this position to an over spend of £126,000 by 31 March 2012. Further savings from the external decorations programme has been identified and communal works have been identified. However it is essential that these savings are delivered and careful scrutiny will need to continue for the rest of the year.
  - ii The company is managing a number of employment tribunal cases which continue to incur legal costs. It is likely that these costs will continue to increase throughout the year and although additional provision has been made this may be insufficient together with any settlements that may be reached.
  - iii The Board should note the current position on the LVT / insurance claim as covered in section 7.
  - iv The commission income budget of £782,000 is fee income to the Company for managing the Councils housing capital programme. The Company is assuming that the income budget will be achieved this year but is conscious that if the budgeted capital expenditure is not achieved there will be a direct impact (reduction) on this income stream. For every £1.0m that is not achieved on that part of the capital programme that attracts commission income (excluding therefore the 2010/11 Decent Homes budget which is managed by JRP) there will be a reduction in this income of £50,000. The extent to which there is any shortfall in this income (as a result of under-spend on capital) can be borne by reserves in the current year and then recouped in the next financial year when the capital expenditure takes place.

## **9. RESOURCE IMPLICATIONS**

- 9.1. The Company has identified significant financial pressures this year which it has quantified and implemented a plan to control the pressures within existing resources. This includes ring fencing repairs and maintenance budgets separately from the budgets to run the business, implementing an intervention plan to ensure that savings are delivered and conducted a six monthly budget review with all Heads of Services to ensure that budget pressures and budget under spends are all identified and dealt with accordingly.

## **10. DIVERSITY IMPLICATIONS**

- 10.1. There are no diversity implications contained within this report.

## **11. CONCLUSION**

- 11.1. The Company continues to manage its finances effectively and continues to monitor pressure points effectively and efficiently. The financial pressures faced by the Company this year are being managed and Management Team is confident that the current reported over spend will be contained through management actions savings in other areas.

APPENDIX 1

ASCHAM HOMES LIMITED

INCOME & EXPENDITURE ACCOUNT:

September 11

	Original Budget 2011/12	Transfers	Revised Budget 2011/12	Budget to Sept 2011	Income / Expend to Date	Budget Variance to Date	Projected Outturn 2011/12	Projected Variance 2011/12
	£000	£000	£000	£000	£000	£000	£000	£000
	A	B	C	D	E	E-D	F	C-F
<b>INCOME</b>								
Management Fee Income	(21,109)	0	(21,109)	(10,555)	(10,555)	0	(21,109)	0
Commission Income	(782)	0	(782)	(261)	(163)	98	(782)	0
Interest Received	(25)	0	(25)	(12)	(13)	(1)	(20)	5
Capitalisation	(400)	0	(400)	(133)	(166)	(33)	(400)	0
Customer and Client Receipts	(124)	0	(124)	(66)	(56)	10	(116)	8
<b>TOTAL INCOME</b>	<b>(22,440)</b>	<b>0</b>	<b>(22,440)</b>	<b>(11,027)</b>	<b>(10,953)</b>	<b>74</b>	<b>(22,427)</b>	<b>13</b>
<b>EXPENDITURE</b>								
Employee Expenses	7,990	318	8,308	3,758	4,038	280	8,274	(34)
Agency and Contracted Services	27	0	27	13	23	10	46	19
Premises Related Expenses	1,328	(112)	1,216	658	632	(26)	1,213	(3)
Transport Related Expenses	205	0	205	117	94	(23)	203	(2)
Supplies and services	1,788	(148)	1,640	975	725	(250)	1,654	14
Day to day repairs	9,043	(58)	8,985	3,422	3,259	(163)	8,994	9
R&M Capital	400	0	400	133	166	33	400	0
SLAs	442	0	442	48	7	(41)	422	(20)
Contribution to Reserves	250	0	250	0	0	0	150	(100)
Provision for Bad & Doubtful Debt	0	0	0	0	0	0	25	25
Depreciation	0	0	0	0	0	0	47	47
Tenant Management Organisations	963	0	963	522	529	7	995	32
<b>TOTAL EXPENDITURE</b>	<b>22,436</b>	<b>0</b>	<b>22,436</b>	<b>9,646</b>	<b>9,473</b>	<b>(173)</b>	<b>22,423</b>	<b>(13)</b>
SURPLUS/(DEFICIT) BEFORE TAX	(4)	0	(4)	(1,381)	(1,480)	(99)	(4)	0
TAX	4	0	4	2	0	(2)	4	0
<b>SURPLUS/(DEFICIT)AFTER TAX</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,379)</b>	<b>(1,480)</b>	<b>(101)</b>	<b>0</b>	<b>0</b>

## APPENDIX 2

### ASCHAM HOMES LIMITED

<b>BALANCE SHEET</b>	<b>Sep 11</b>
	£
<b>FIXED ASSETS</b>	
Tangible Assets	115,797
<b>CURRENT ASSETS</b>	
Debtors	7,372,230
Cash at Bank	1,358,295
<b>CURRENT LIABILITIES</b>	
Creditors	(8,497,214)
<b>Total Reserves</b>	<b>349,108</b>
Pension Liability	(4,439,000)
Notional Revenue Reserves	(4,089,892)

## COMPANY REVENUE ACCOUNT CASH FLOW STATEMENT 2011/12

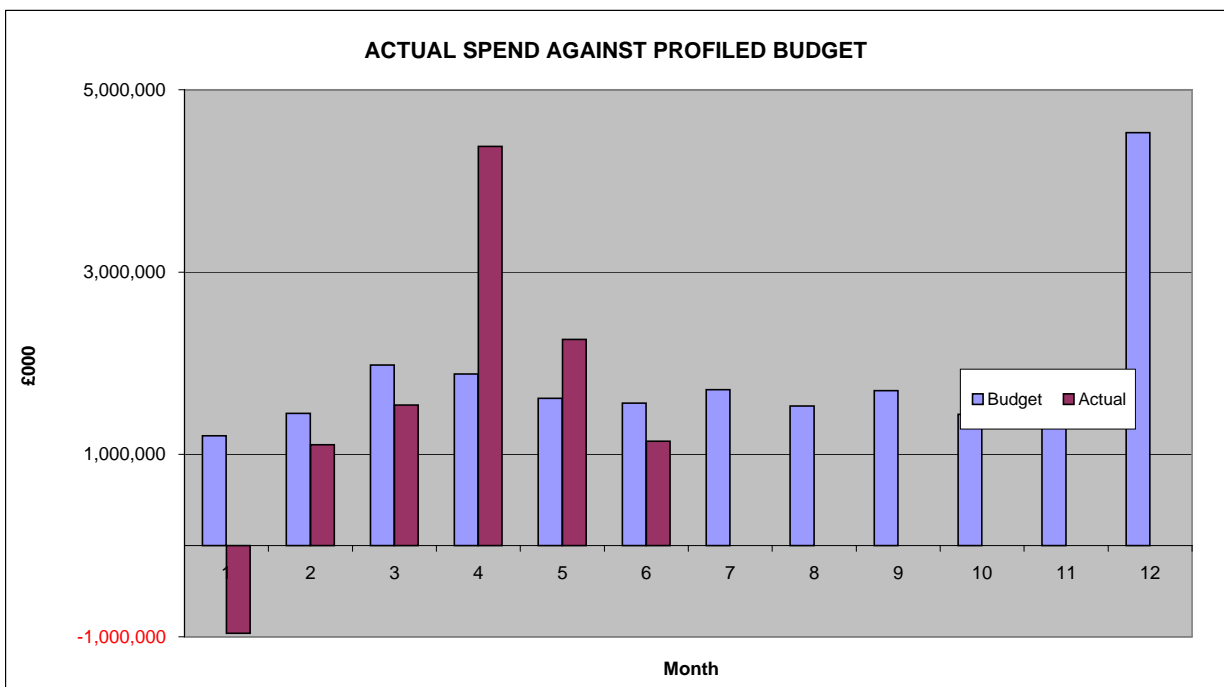
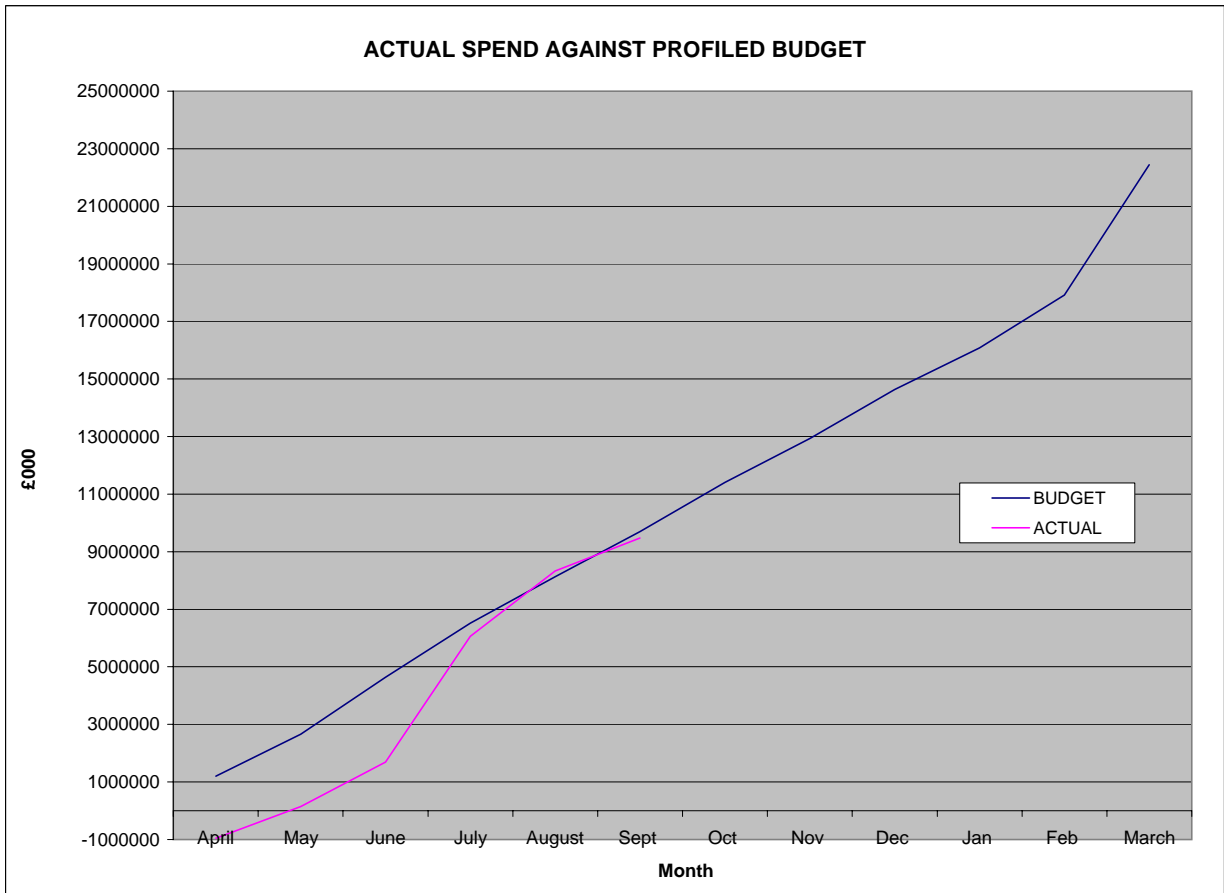
## BUDGET

Expenditure	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	Total
Agency & Contracted	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	26,500
Cont to Reserves	0	0	0	0	0	0	0	0	0	0	0	250,000	250,000
Corp Tax	0	0	0	0	0	0	0	0	0	0	0	4,054	4,054
Employees	627,730	628,930	629,230	646,835	637,433	637,433	633,401	633,401	633,401	633,401	639,072	710,935	7,691,203
Premises	42,088	53,676	346,785	73,516	73,516	149,578	70,180	66,844	146,242	66,844	66,844	146,742	1,302,852
Repairs	120,141	594,372	779,507	913,282	655,927	509,343	758,185	583,226	673,248	492,566	877,312	2,431,803	9,388,916
SLAs	0	1,905	4,198	0	0	0	0	0	0	0	0	436,129	442,232
Supp & Services	153,779	153,779	158,779	153,779	153,779	170,399	153,779	153,779	153,779	153,779	153,779	153,779	1,866,967
TMO	240,788	0	42,090	75,586	75,586	75,586	75,586	75,586	75,586	75,586	75,586	75,586	963,150
Transport	17,043	17,043	17,043	17,043	17,043	17,043	17,043	17,043	17,043	17,043	17,043	17,043	204,520
RCCO	0	0	0	0	0	0	0	0	0	0	0	300,000	300,000
<b>Sub Total</b>	<b>1,203,778</b>	<b>1,451,914</b>	<b>1,979,841</b>	<b>1,882,250</b>	<b>1,615,492</b>	<b>1,561,590</b>	<b>1,710,383</b>	<b>1,532,088</b>	<b>1,701,508</b>	<b>1,441,428</b>	<b>1,831,845</b>	<b>4,528,280</b>	<b>22,440,394</b>
	<b>1,203,778</b>	<b>2,655,692</b>	<b>4,635,532</b>	<b>6,517,782</b>	<b>8,133,274</b>	<b>9,694,864</b>	<b>11,405,247</b>	<b>12,937,334</b>	<b>14,638,842</b>	<b>16,080,270</b>	<b>17,912,114</b>	<b>22,440,394</b>	
Income													
Capitalisation	0	0	-59,999	0	0	-59,999	0	0	-59,999	0	0	-219,998	-399,996
Commission	0	0	-195,450	0	0	-195,450	0	0	-195,450	0	0	-195,450	-781,800
Customer Recpts	-8,912	-8,912	-8,912	-8,912	-8,912	-8,912	-8,912	-8,912	-8,912	-8,912	-8,912	-26,461	-124,488
Interest	-2,083	-2,083	-2,083	-2,083	-2,083	-2,083	-2,083	-2,083	-2,083	-2,083	-2,083	-2,083	-25,000
Mgmt Fee	-1,759,093	-1,759,093	-1,759,093	-1,759,093	-1,759,093	-1,759,093	-1,759,093	-1,759,093	-1,759,093	-1,759,093	-1,759,093	-1,759,093	-21,109,110
<b>Sub Total</b>	<b>-1,770,087</b>	<b>-1,770,087</b>	<b>-2,025,537</b>	<b>-1,770,087</b>	<b>-1,770,087</b>	<b>-2,025,537</b>	<b>-1,770,087</b>	<b>-1,770,087</b>	<b>-2,025,537</b>	<b>-1,770,087</b>	<b>-1,770,087</b>	<b>-2,203,084</b>	<b>-22,440,394</b>
<b>Net Total</b>	<b>-566,310</b>	<b>-318,174</b>	<b>-45,696</b>	<b>112,162</b>	<b>-154,595</b>	<b>-463,946</b>	<b>-59,705</b>	<b>-238,000</b>	<b>-324,029</b>	<b>-328,660</b>	<b>61,757</b>	<b>2,325,196</b>	<b>0</b>

## ACTUAL

Expenditure	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	Total
Agency & Contracted	-3,525	2,000	8,109	9,416	3,000	4,000							23,000
Corp Tax	0	0	0	0	0	0							0
Employees	-326,394	706,546	867,636	1,036,213	1,089,000	665,000							4,038,000
Premises	-145,050	42,369	250,951	319,730	140,000	24,000							632,000
Repairs	-579,672	272,214	374,935	2,404,522	781,000	172,000							3,425,000
SLAs	-20,301	1,656	4,062	71,584	-18,000	-32,000							7,000
Supp & Services	-93,694	73,688	-44,960	410,966	181,000	198,000							725,000
TMO	239,202	0	41,733	74,065	63,000	111,000							529,000
Transport	-31,596	7,394	39,711	52,491	23,000	3,000							94,000
<b>Sub Total</b>	<b>-961,030</b>	<b>1,105,867</b>	<b>1,542,176</b>	<b>4,378,987</b>	<b>2,262,000</b>	<b>1,145,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,473,000</b>
	<b>-961,030</b>	<b>144,837</b>	<b>1,687,013</b>	<b>6,066,000</b>	<b>8,328,000</b>	<b>9,473,000</b>	<b>9,473,000</b>	<b>9,473,000</b>	<b>9,473,000</b>	<b>9,473,000</b>	<b>9,473,000</b>	<b>9,473,000</b>	<b>9,473,000</b>
Income													
Capitalisation	0	1,516	-381	0		-167,135							-166,000
Commission	0	0	0	-261,000	0	98,000							-163,000
Customer Recpts	-13,071	-9,087	-8,347	-13,494	-6,000	-6,000							-56,000
Interest	0	0	-4,488	-3,512	-2,000	-3,000							-13,000
Mgmt Fee	-1,663,067	-1,759,092	-1,759,092	-1,759,000	-1,759,092	-1,856,092							-10,555,434
<b>Sub Total</b>	<b>-1,676,138</b>	<b>-1,766,662</b>	<b>-1,772,308</b>	<b>-2,037,007</b>	<b>-1,767,092</b>	<b>-1,934,227</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10,953,434</b>
<b>Net Total</b>	<b>-2,637,168</b>	<b>-660,795</b>	<b>-230,132</b>	<b>2,341,981</b>	<b>494,908</b>	<b>-789,227</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,480,434</b>

**COMPANY REVENUE ACCOUNT CASH FLOW STATEMENT 2011/12**



## APPENDIX 5

<b>HOUSEMARK BENCHMARK PERFORMANCE</b>		
	<b>£</b>	<b>%</b>
<b>Direct Functions</b>		
Major Works & Cyclical Maintenance Functions	6,108,968	27.7%
Responsive Repairs & Void Works Functions	5,516,617	25.0%
Housing Management Functions	2,112,157	9.6%
Estate Services	2,423,979	11.0%
Leasehold Management	125,888	0.6%
Contribution to capital expenditure	300,000	1.4%
Other	1,116,426	5.1%
<b>Sub-total of Direct Functions</b>	<b>17,704,035</b>	<b>80.3%</b>
<b>Overheads</b>		
Office Premises	310,854	1.4%
Information Technology & Communications	605,491	2.7%
Finance	1,185,477	5.4%
Central Overheads	2,245,413	10.2%
<b>Sub-total of Overheads</b>	<b>4,347,235</b>	<b>19.7%</b>
<b>Total Costs Excluding Reconciling Items</b>	<b>22,051,270</b>	<b>100.0%</b>
<b>Reconciling items</b>		
Adjustment for large IT items	350,000	
Contribution to company reserves	250,000	
One-off pension deficit funding	71,863	
Depreciation	47,000	
Provision for bad debts	25,000	
Corporation Tax	4,054	
<b>Sub-total of Reconciling Items</b>	<b>747,917</b>	
<b>Total Costs Including Reconciling Items</b>	<b>22,799,187</b>	

<b>Date:</b> <b>21<sup>st</sup> November 2011</b>	<b>Ascham Homes Board</b>	<b>Agenda Item: 7.3</b>
<b>Re-procurement of Repairs &amp; Maintenance Works and Services</b>		<b>Status:</b> <b>Public</b>
		<b>Information</b>
<b>Author: Ann Lucas – Procurement Adviser</b>		

## **1 PURPOSE OF REPORT**

- 1.1 To provide the Board with details of progress to date, the next steps and the key risks.

## **2 EXECUTIVE SUMMARY**

- 2.1 Good progress has been made and the project is on track for mobilisation of the new contract(s) to be signed in January 2012 for commencement on 1<sup>st</sup> April 2012.

## **3 RECOMMENDATION**

- 3.1 The Board are recommended to:

3.1.1 Note the progress, next steps and key risks; and

3.1.2 Note that an update of the outcome of the evaluation process will be given at the meeting. A special Board has been scheduled for the end of the Strategy Day on November 26<sup>th</sup> at 6pm in order to consider the tender report and recommendations.

## **4 BACKGROUND**

4.1 As agreed by the Board, the contracts for responsive repairs and voids, and all M&E services had been extended to 31 March 2012. New contracts, to commence on 1 April 2012, need to be procured in accordance with European Union procurement regulations.

4.2 In May 2011, the Board approved a Repairs and Maintenance Strategy which set out Ascham Homes' approach to managing the repairs and maintenance services it provides to our tenants and leaseholders, to provide a framework

for the procurement. At the same meeting, the Board also agreed the governance arrangements for the re-procurement project.

- 4.3 The Project Team of Ascham Homes' Officers, chaired by the Deputy Chief Executive, has been meeting on a weekly basis throughout the project. The joint Ascham Homes / LBWF Project Board has met three times to agree the contracting strategy, the pricing mechanisms, the evaluation criteria and weightings, and the shortlist invited to tender. Their next meeting is on 21<sup>st</sup> November to consider the outcome of the tender evaluation and agree recommendations for the Board report on the provisional award of contract(s).
- 4.4 A Customer Panel of 12 residents (both tenants and leaseholders) has been established to inform the key service requirements and improvements that we should seek to incorporate into the procurement. It has met five times and has developed a vision of what they want from the repairs and maintenance service (attached at Appendix 1). It also had input into the information to be sought in the Pre Qualification Questionnaire (PQQ) and recommended the evaluation criteria and their relative weighting to the Project Board.
- 4.5 Panel Members selected which elements of the PQQs they wanted to assess (seven out of sixteen questions on technical ability and experience) and which parts of the qualitative tender submissions they wished to evaluate (six out of fifteen aspects of tenderers' proposals). They have had a full day's training on interviewing and will be undertaking site visits and participating in interviews as part of the evaluation process.
- 4.6 Information was obtained from a number of client organisations and contractors / service providers as part of the soft market testing to explore the scope of services, how they are organised, the form and duration of contracts, the basis of pricing and payment, the IT arrangements, what aspects work well and what areas need to be improved. This informed our thinking about the contract packaging.
- 4.7 A Notice of Intention was issued to all leaseholders and seven observations, none of them significant, were received during the consultation period.
- 4.8 Following discussions with the Project Team, and Customer Panel, the Project Board, approved that the contract should be advertised in two Lots (Lot 1 – General building repairs, voids and planned maintenance; Lot 2 – Mechanical & electrical servicing, repairs and planned maintenance) with applicants able to express an interest in either or both. The contract(s) term is seven years, extendable by one or two terms of four years each.
- 4.9 The OJEU Notice was sent on 1<sup>st</sup> August with a deadline for return of PQQs of 12 noon on 31<sup>st</sup> August. Fifty three PQQs were issued in response to requests for further information. Fifteen completed PQQs were received within the timescale of which four were for Lot 1 only, three were for Lot 2 only and eight were for both Lots.
- 4.10 Following assessments by the Project Team and Customer Panel, and approval by the Project Board, the top scoring nine organisations were

shortlisted and invited to tender; two of these had applied for Lot 2 only whilst seven had applied for both Lots. Unsuccessful applicants were immediately notified and provided with feedback on their applications.

- 4.11 Invitations to tender were issued to the nine shortlisted applicants on 15<sup>th</sup> September. The organisations are Apollo Property Services Group Ltd, Aston Heating Ltd (Lot 2 only), Kier Services Ltd, Mears Ltd, MITIE Property Services (UK) Ltd, Morrison Facilities Services Ltd, Geoffrey Osborne Ltd, Purdy Contract Ltd (Lot 2 only), and Willmott Dixon Partnerships Ltd.
- 4.12 The evaluation criteria, and their weighting, were set out in the tender documentation as required. The OJEU Notice says that contract(s) will be awarded on the basis of the Most Economically Advantageous Tender (MEAT) i.e. evaluation will be a combination of both price and quality.
- 4.13 The evaluation weighting given to price sends a strong message to bidders about what we want from the contract; less than 40% weighting for price can be difficult to justify to leaseholders whilst more than 50% suggests to bidders that price is the most important factor. The Customer Panel were clear that they wanted quality more than cheapness and, in the current market conditions, which are resulting in extremely competitive tenders, we did not want to encourage unnecessarily low bids as these are not compatible with sustaining a high quality service over the term of the contract.
- 4.14 In the light of this, the Project Board agreed that price should count for 40% of the evaluation score and quality 60%. Setting the price element at 40% (and incentives linked to customer satisfaction Key Performance Indicators) gave a clear indication that, whilst price is important, our key objective is providing a quality service to residents which continuously improves and results in high levels of customer satisfaction.
- 4.15 Quality is evaluated by scoring method statements requested in the tender documents. The criteria / questions cannot be the same as those used in the PQQ; at tender stage we are seeking specific proposals about how those shortlisted would deliver the contract. Site visits and interviews will also be conducted. These are not scored in their own right but are used to better inform the scoring of the method statements i.e. does what we see of their services elsewhere and what they tell us face to face support or contradict their written submissions.
- 4.16 The vision for the repairs service developed by the Customer Panel informed the qualitative criteria and their weightings which were grouped into themes and sub-criteria. These are set out in Appendix 2.
- 4.17 Qualitative submissions were returned on 28<sup>th</sup> October and pricing documents on 2<sup>nd</sup> November. An extension on the pricing was granted to all tenderers because some information from existing contractors was provided late.
- 4.18 The desk top evaluation of the written qualitative submissions has been carried out by members of the Customer Panel and Project Team and the pricing submissions are currently being analysed. Visits to clients where the

tenderers are currently providing services are being carried over the period 8<sup>th</sup> to 15<sup>th</sup> November. Two sites will be visited for each tenderer and these will be used to test their claims and proposals in the written submissions and to seek any further clarifications.

- 4.19 Final interviews to further probe tenderers' proposals will be carried out by members of the Customer Panel and Project Team on 16<sup>th</sup> and 17<sup>th</sup> November. A final evaluation meeting will take place on 18<sup>th</sup> November to consolidate all the findings from the site visits and interviews and confirm or amend the qualitative scores accordingly.
- 4.20 Lots 1 and 2 are being evaluated separately but consideration will also be given to whether there are additional benefits in awarding both Lots to the same service provider.
- 4.21 A report on the evaluation results and recommended provisional award of contract(s) will be considered by the Project Board on the afternoon of 21<sup>st</sup> November. A verbal update will be given to the Board that evening. The tender report and recommendations will be issued to Board members by no later than 23<sup>rd</sup> November. The board will consider the report at a special meeting at the conclusion of the Strategy Day on 26<sup>th</sup> November. These timings are critical to enable a contract start on site on 1 April 2012.
- 4.22 The key activities to be undertaken after this are as follows:
- Prepare and issue Notice of Proposal to leaseholders and respond to observations – late November to end December
  - Notify unsuccessful tenderers and ALCATEL period – early December.
  - Confirm award of contracts – 4<sup>th</sup> January 2012
  - Mobilisation – January to March 2012

## **5 RISKS**

- 5.1 This is a major procurement exercise which inevitably has a number of key risks. These are summarised at Appendix 3.

## **6 RESOURCE IMPLICATIONS**

- 6.1 The re-procurement project is being carried out within existing budgets. The outcome of the project, in terms of new contracts in place by 1 April 2012, will have financial implications for 2012/13. It is anticipated that they will result in savings but these will not be known until the evaluation has been completed, and the provisional award of contract agreed at the end of November 2011.

## **7 DIVERSITY IMPLICATIONS**

- 7.1 The services covered by these contracts are provided to, and thus potentially impact on, all tenants and leaseholders. Whilst none are envisaged, any changes to the levels or standards of services that result from the proposed contract award will be the subject of Equalities Impact Assessments.

7.2 The Customer Panel that has been working with the Project Team and informing the re-procurement process is made up of a diverse group of tenants and leaseholders many of whom have not previously been involved. Their knowledge has been enhanced through their involvement in the process as has their capacity for further involvement, for example through the interview training they have received.

**What Residents Want....**

The Ascham Homes repairs service is an important emergency response service for us. We need a service which is professionally focussed around delivery and costs, but which can also be tailored to meet the specific needs of vulnerable residents.

We want a service where operatives deliver quality work and where they arrive on time at an agreed time. We understand that we might have to wait a bit longer if our repair is not an emergency but feel it is unacceptable for appointments to be cancelled at short notice.

It is important to us that people who come to our homes are skilled in their trades but also have an excellent approach to customer service. We want contractors to arrive with full and correct information, and the appropriate tools and supplies to complete the job and show respect for residents and their homes.

We want people who are honest and keep their promises to us. We need to be kept informed in an open and fair way. If you have bad news to tell us then speak to us in advance rather than let us down or stop communications with us.

We want to receive an excellent low cost telephone repairs reporting service direct to the contractor, preferably with phone and internet access, 24 hours a day 7 days a week, where we can receive a confirmed appointment the first time we make contact.

A sense of value for money is important to us, and we feel that there is a place in service delivery for performance related incentives and penalties. We don't want cheap products or services. We want to pay a fair price for a fair job. We don't want to pay for repeat or poor work.

We want to receive services from people who can think ahead of problems and to make sure that money is well spent on our homes.

We enjoy the investment that contractors make into fun day events in our communities but we value work opportunities, handyman services and repair days more.

We want to be involved in signing off work quality, job satisfaction, monitoring and evaluating contract performance. When a job is done well we will give credit and where it isn't we expect the situation to be put right quickly.

We recognise that residents also have responsibilities about their conduct, communication, timekeeping, fairness and payment of recharges which will support the success of the relationship with contractors and Ascham Homes and LBWF residents.

## APPENDIX 2

### QUALITATIVE EVALUATION CRITERIA and WEIGHTINGS

Theme	Detail	% of Total
Capability (20%)	<u>Management Team</u> - Please provide details of the resources to be allocated to the Term Programme with an indication of the competence and experience of the management and staffing you propose to use, highlighting the particular skills you would bring. This should include names, CVs, proposed roles, and a proposed organisation structure chart.	7%
	<u>Partnering Arrangements</u> – Please provide details of your experience of partnering with local authorities, ALMOs and other housing providers, your approach to collaboration and how you will implement such an approach with Ascham Homes for the Term Programme. This should include an example from a similar relationship, the key risks and how they were managed.	6%
	<u>Supply Chain and Sub-Contracting</u> – Please provide details of how you would develop supply chain involvement in the partnering process over the Term Programme to ensure their integration into the Partnering Team. Please specify the Specialists (sub-contractors) you propose to use, including a brief history of the relationship and existing partnering arrangements, and the arrangements for selecting and managing them.	7%
Mobilisation (15%)	<u>Mobilisation</u> – Please provide a mobilisation plan setting out your proposed approach and resource allocation to mobilising the Term Programme and the transition from mobilization to operation. This should include proposed arrangements for the location of staff (management, supervisors and operatives) and a full prospective Partnering Timetable.	7%
	<u>Information Systems</u> – Please provide details of your ICT proposals for the management of the Term Programme and how these will be made available to Ascham Homes. This should include details of all ICT systems to be used, how they are integrated, and how data will be transferred to Ascham Homes.	8%
Operational	<u>Call Handling</u> – Please provide details of your proposed arrangements for receiving calls from residents and	7%

(20%)	Ascham Homes, diagnosis of repairs and allocating works to operatives. This should include out of hours arrangements and how you will provide an equitable service to the diverse community served by Ascham Homes.	
	<u>Quality</u> – Please provide details of your quality management, quality assurance and defect rectification proposals for the Term Programme, including how you will achieve the aspiration of right first time tasks and zero defects.	7%
	<u>Health &amp; Safety and Sustainability</u> – Please provide a draft Health & Safety Plan for the Term Programme and details of how you will implement your Health & Safety policies from the commencement of the contract, particularly in relation to works with residents in occupation. Please also provide your proposals for the promotion of environmental sustainability in connection with the Term Programme, including the integration and interface of waste re-cycling and disposal.	6%
Customer Service (20%)	<u>Consultation and Customer Satisfaction</u> – Please provide details of your established consultation processes for Residents, both as groups and individuals, and how they will be implemented in the Term Programme. This should include your procedures for ensuring that you reach all Residents. Please also submit your proposals for monitoring, responding to and improving customer satisfaction.	7%
	<u>Complaints and Damages</u> – Please provide details of your policies and procedures for dealing with complaints and claims for damage, and how they will be implemented for the Term Programme.	7%
	<u>Appointments and Access</u> – Please provide details of how appointments and access arrangements with Residents to undertake surveys and works would be effectively managed. This should include repeat visits and what arrangements are made when delays or problems occur.	6%
Community Benefits (10%)	<u>Local Suppliers and Direct Labour</u> – Please provide details of how you will maximize the use of local businesses as part of your supply chain and sub-contractors, including the use a SME and BME businesses. Please also provide details of the proportion of directly employed labour you envisage at the commencement of the contract and your proposals for any changes to this during the Term Programme.	5%
	<u>Training and Employment Opportunities and Corporate Social Responsibility</u> – Please provide details of your proposals for employment and training initiatives aimed at maximizing the opportunities for long-term	5%

	jobseekers and the development of apprenticeships. This should include specific numbers of opportunities linked to the volumes of works and these will become contractual commitments. Please also provide details of your approach to Corporate Social Responsibility and the investment you will make to the benefits of Waltham Forest.	
Development of the contract (15%)	<u>Improving Service Delivery</u> – Please provide details of details of how you will continuously improve performance in terms of quality, cost and customer satisfaction during the Term Programme, together with your suggestions for innovation and changes to the services as specified and the anticipated benefits of such changes.	8%
	<u>Pricing, Incentives and Risk</u> – Please provide details of your proposals for developing arrangements for pricing, incentives and the transfer of risk during the Term Programme, including the anticipated timescale and pre-conditions for these changes. This should include open book accounts and reconciliation, value management processes, and ensuring cost certainty and value for money.	7%

### APPENDIX 3

Potential Risks	Consequence (1-4)	Likelihood (1-4)	Overall Risk Rating	Prevention and Mitigation
Failure to complete Procurement process within timescales and budget	4	2	8	Close monitoring of programme and project plan. Project Team escalate any potential issues and delays to Project Board with recommendations.
Failure to Mobilise, including failure of implementation / integration of systems to deliver requirements of new contract mobilisation.	4	2	8	Set out key-milestones, identify interdependencies and close monitoring of programme and project plans.
Failure to devise a robust Tender Evaluation process: PQQ vs ITT and balance of Price / Quality.	3	1	6	Develop clear governance arrangements and consultation.
Failure to specify Pricing Framework: which delivers value for money in both short & long-term	3	2	6	Use Schedule of Rates initially, and develop modern pricing mechanism. Contract to be flexible enough to allow management of budget difference year on year.
Failure to design a performance management framework, including compliance / termination clauses & incentivisation structure	2	2	6	KPI's linked to incentive payments, termination and extension(s). Performance indicators expected to improve within the contract term, service delivery focus on customer satisfaction and innovation.
Failure to devise robust annual review framework: enabling efficiencies gained to be quantified and shared.	3	2	6	Have a clause requiring year-on-year efficiencies as part of the contract. Incentivise efficiencies through an efficiency-sharing arrangement.
Failure to maintain existing customer service levels, with changing service providers	3	2	6	Commitment from existing providers. Contingency planning and satisfactory hand-over of information etc. to the new service provider.