



Report to: Community Protection Panel Cabinet
Date: 12th July 2004 8th July 2004
Subject: Wigan & Leigh Housing Performance (2003/04) and Delivery Plan (2004/05)
Report of: Director of Consumer Protection Department
Contact officer: Peter Layland 01942 404135 (ext: 4135)

Purpose/summary: To report the performance of Wigan & Leigh Housing in 2003/04 and to consider Wigan and Leigh Housing's Delivery Plan for 2004/05

Alternative options considered and reason for selecting the one recommended: Options include accepting, modifying or rejecting the Delivery Plan. Acceptance is recommended since the targets budgets and priorities are in line with existing Council and Board expectations.

Recommendation/decision:

1. The performance of Wigan and Leigh Housing be noted and the proposed monitoring framework and targets be approved subject to quarterly reports being submitted to Regeneration Panel and a half-year report to Cabinet.
2. The Wigan and Leigh's Housing Company Delivery Plan 2004/05 be accepted including confirmation of the management fee and size of maintenance spending.

Key Decision: This report involves a key decision within ground(s) 1.

The decision made as a result of this report will be published within **48 hours** and >cannot be actioned until **five working days** have elapsed after that (**making a total of seven working days after the meeting**) i.e. before **19 July 2004**.

This item is not included in the Forward Plan.

Implications:

Financial: Company seeks a revised management fee of £14.702m for 2004/05
Staffing: No implication for the Council
Policy: Housing Strategy
Equal Opportunities - Has a Diversity Impact Assessment been conducted? Report includes progress on Equality Standard for Local Government and CRE Code of Practice for Rented Housing.
Wards affected: All
Special Interest Members – Which have been consulted None

For Cabinet reports only :

Categorisation of the report:	x	x
Discussion leading to a decision		Discussion
Monitoring	x	Decision
Sharing for corporate understanding		Information

Tracking/Process:

Consultation	Ward Members	Partners
Annual Meeting of Council with WALH		

24/05/04

Panel	Overview & Scrutiny	Cabinet	Council
Comm Prot 12/07/04		8/07/04	

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972.

Proper Officer	R Saunders
Date	14 June 2004

BACKGROUND

Within the Council's contractual arrangement with Wigan and Leigh Housing Company (WALH), the Company are required to submit an annual Delivery Plan which covers issues such as financial planning, stock investment, and targets for performance, and service delivery. Also on the 28 November 2003 Cabinet adopted a performance management framework and set targets to ensure, amongst other matters, the Company contributes to the Council's strategic objectives and delivers the best possible services.

Under the performance management framework the Council requires:

- A wide range of indicators (95) monitoring WALH performance to be collected and reported Quarterly to Regeneration Panel and Half yearly to Cabinet (included within Performance Plus).
- An Annual Questionnaire to be completed by WALH that assesses performance during the previous year and looks forward to the coming year.
- A series of client reviews to be carried out on WALH services chosen on a "risk" and performance basis.

To ensure the above are delivered, the Council meets Wigan and Leigh Housing on a cycle of monthly, quarterly and annual meetings. The annual meeting is formal with the Cabinet Member for Regeneration and the joint Chairs of the Company being invited. For the current year tenants were also invited and as a result will now be included within the quarterly meetings cycle. The meeting takes place in May and considers the Company's performance over the last year and the Delivery Plan for the coming year (setting priorities, performance targets, the management fee and capital programme).

This report summarises the Company's performance during 2003/04, the Delivery Plan for 2003/04, and discusses forthcoming issues.

PERFORMANCE

2003/04 Performance

Through 2003/04 Members have received quarterly reports tracking performance. This report provides the year end figures. In overall terms Wigan & Leigh Housing have performed reasonably well during 2003/04, with the table below showing that in overall terms 66% were met. Last years equivalent figure was 48%.

Performance Indicator	No of Indicators	No of Indicators reported	No of Indicators on Target	% of Indicators on Target
Housing Strategy Objectives	4	3	3	100%
National Best Value Indicators	20	20	13	65%
Local Performance Indicators	71	50	32	64%
Total	95	73	48	66%

WALH have continued to make progress in 2003/04 and performance against specific indicators has been generally good. They have also faced additional challenges of running a large improvement programme, introducing a new IT system, and undergoing external and client reviews.

The attached performance framework provides detailed WALH performance information. In summary it demonstrates good performance in the following areas;

- rent arrears
- spend on the capital programme
- residents satisfaction with repairs

- residents satisfaction with services as a whole and opportunities to participate.

Performance within the programme to spend the additional investment monies has been particularly impressive especially as this was carried out with high tenant satisfaction levels. The other outstanding performance has been the increase in tenant satisfaction generally across a whole range of services. For example tenant satisfaction with their opportunity to participate rose from 51% in 2002/03 to 63% in 2003/04.

However areas of concern include:

- apparent worsening of performance of some key indicators such as on repairs, relets and arrears in the final quarter of the year
- limited progress on re-let times, given changes in the demand situation
- limited information on day to day response repair performance due to failings in the current IT system

Additionally sickness absence has been higher than anticipated however the targets set were on reflection over ambitious and have subsequently been aligned with the Council's. The Homeless agreement was also evaluated and performance framework revised to aid monitoring. Homeless presentations have increased substantially during 2003/04, with a significant expenditure of on bed and breakfast accommodation during the year. It is expected that homelessness will remain a risk area during 2004/05.

WALH complied with the CRE Code of Practice for rented housing in 2003/04 and also attained level 2 of the Equality Standards for Local Government. WALH hope to achieve level 3 by September 2004. However this is a challenging area as legislation and good practice is constantly evolving. For example recent consultation proposals include updating many of the existing Codes of Practice to incorporate recent legislation on race, religion etc. This will mean that this area will remain a significant undertaking for WALH in 2004/05 and beyond.

Financial Performance

It has already been mentioned that WALH delivery of its investment programme has been impressive (111%). In terms of its performance on the HRA and in terms of its management fee, final figures are not yet available but they are expected to show a small overall underspend which would be a satisfactory outcome.

Proposals to amend Performance Framework

In light of last year's performance, changes to national BVPIs and the need to demonstrate continuous improvement, amendments to the performance management framework were discussed at the Annual Meeting.

In summary the proposed changes are:

- There are 3 new National Best Value indicators which have been issued by the ODPM, on which the Council has a statutory duty to report. These will be included.
- It is proposed to delete 20 indicators from the framework as they provide limited information or WALH have no control over performance outcomes. The majority of these will be incorporated within individual service plans or reported within the Annual Questionnaire.
- There are 7 new indicators, which will provide better information on customer care, rent collection and relet times. These should provide additional information that will enable WALH manage the areas more successfully and will now be included.
- There are 16 target changes proposed, some which raise targets and others which reduce them. However the overall target for all indicators continues to be set at top quartile Metropolitan Authorities performance for 2006/07. This reflects the aim of achieving 3 star status.

Client Reviews

Part of the Performance Management Framework includes the client undertaking reviews of WALH services. The original programme for 2003/04 was for the following services to be reviewed:

Rent Arrears

Relet Times

Stock Investment Programmes

Anti-Social Behaviour

These were agreed on evidence derived from performance monitoring and on an assessment of risk. In addition the issues of Equality/Diversity and Customer Care were raised and it was agreed these would be incorporated on an ongoing basis throughout the year.

In terms of progress Appendix B provides a summary of the results. This shows that two of the reviews namely Rent Arrears and Stock Investment have been completed and two others are at the final stage of drafting. Of the two completed generally good performance by Wigan and Leigh was found but with some issues highlighted.

It should be noted that the programme of reviews was disrupted by the unforeseen Governance Review. This major piece of work was started in the final quarter of 2003/04 when it emerged that WALH were likely to be re-inspected. The interim review was reported to Regeneration Panel / Cabinet in the May cycle of meetings.

The review priorities for next year will be dominated by the inspection of WALH in February 2005. It has been agreed that the Governance Review will be reconvened when the Audit Commissions new inspection framework is available in summer 2004. Given the wide nature of this review, and the large amount of work it will entail, it is proposed that this Governance Review will be the sole review priority in 2004/05.

Annual Questionnaire

The Annual Questionnaire enables Community Protection as client to gather key information, which is not reported quarterly by WALH. The Questionnaire also provides WALH an opportunity to celebrate successes as well as express concerns and it sets a background to the Delivery Plan . The key elements of the questionnaire were:

Successes 2003/04

- Achieved Investors in People with a very positive report from the assessors.
- Attained level 2 of the Equality Standards in Local Government as well as complying with the CRE Code of Practice in Rented Housing.
- Achieved spend on capital programme despite the short time-scales and scale and variety of works completed.
- The first module of HMIS implemented.

Changes

- The Allocations Policy has been revised to reflect Government priorities of choice and transparency as well as changes to Homeless legislation. A number of amendments have been proposed during recent consultation with Community Protection, Regeneration Panel as well as WALH Board, implementation of finalised policy to take place in 2004/05.
- A review of the way WALH connects with customers is being carried out which includes re-evaluating the role of the Area Offices and how queries are dealt with.

Outstanding Issues

- A range of reviews which were prompted by Best Value Improvement Plans and Inspections are still in progress.

Main Risks 2004/05

- Detailed analysis has been carried out on the Ince contaminated land site with further evaluation and option appraisals still underway. A number of options are being explored, all may have cost implications for the Housing Revenue Account.
- Responsive repairs remain a risk in a number of ways. The reported response times have been found to be unreliable due to IT difficulties and to address this issue and improve performance management, WALH are implementing a new HMIS repairs module in addition to the proposed repairs centre.

Continuing Risks

- Medium term/long term financial risk arising from a combination of the rising costs of management and a reducing rental income due to buoyant Right to Buy sales.
- Homeless presentations have increased by 50% over the last 2 years. Although there has been a slow down during the last quarter, this remains an issue for WALH and the Council.

Issues for 2004/05

- To ensure they demonstrate Value for Money, Performance Management, Diversity and Customer Care to the Audit Commission Inspectorate in February 2005.
- WALH must complete the planned reviews on those topic areas. Some concerns have been raised regarding consistency of performance throughout the year WALH need to strive to maintain performance, as there has been a deterioration in some indicators during the final quarter of 2003/04.

DELIVERY PLAN

The Delivery Plan is the principal way WALH sets out how it is to manage the Councils housing stock over the next 12 months. The Annual Meeting discussed the proposed document which contains a range of information from linkages with

Council and Partnership objectives, to reviewing last years priorities and setting out next years priorities. It also provides a financial plan and the strategy for maintaining the stock, whilst setting out a whole set of organisational issues such as its Equality and Diversity Strategy and IT strategy etc.

The following summarises the Councils perspective of the key issues in the proposed Delivery Plan.

On contributing to wider priorities.

The document provides a better linkage (ie 'The Golden Thread') than previous Delivery Plans between the work of WALH and Council plans such as the Housing Strategy and also with the wider Partnership documents e.g. Community Plan. This is exemplified by the links made with the three themes of people and choice, neighbourhood renewal and quality homes continued within the Housing Strategy.

On service delivery and improvement.

The performance and achievements for WALH are set out in the plan concentrating on many of the issues mentioned earlier in the report. However the Delivery Plan also sets out the developing governance of the organisation such as the Board Member Development Programme and stresses the comprehensive and expanding range of services that encompass more than the core housing management function e.g. support for homeless and vulnerable people. The document also provides an explanation of WALH operating environment and an analysis of its business strengths and weaknesses and risks in the future. Key issues here include the old information systems, the current Area office structure which is popular but expensive to maintain and risks due to the loss of stock to the right to buy which reduces efficiency. The discovery of contaminated land on the Ince Central estate is also a concern, along with social economic changes that are increasing demands on services e.g. growth of homelessness and number of vulnerable people.

In response to these issues the Delivery Plan sets out a range of priorities for 2004/05. These are listed in Table 1.

On improving the Councils housing stock.

An explanation of the Procurement and Management of Works to Council Dwellings is contained within the Delivery Plan, with the more detailed Stock Investment Plan linked to this section. The key elements are the continuation of the works to bring the stock up to decent homes standard by 2008 and, the plans to let the whole of the responsive repairs service using similar partnering principles to the programmed works contracts during 2004/05. The increasing choices available to tenants and monitoring of customer satisfaction is also mentioned.

On resources and finance.

Two key aspects of resources of finance are discussed within the Delivery Plan, firstly the level of the WALH management fee for 2004/05 and secondly the medium / longer term view of the management fee and the HRA.

The management fee is paid monthly to WALH from the Council for the provision of the Housing Management service and other services such as homelessness etc. The cost are financed through a mixture of HRA and GF monies together with government grants. Expenditure is channelled through the Council who also recharge WALH for services such as payroll and IT etc.

The management fee for 2004/05 has been agreed at £14.702m, an increase of just over a million pounds on last year's fee of £13.654m. This was approved by Cabinet on the 22nd January at the same time as the Councils budget. The reconciliation of movement from 2003/04 to 2004/05 is shown below:

	£'000
03/04 Management fee	13 654
Growth *	452
Budget reduction	96
Superannuation Charge	35
Increments	185
Council Services	137
Pay Inflation	256
Non Pay Inflation	7

04/05 Management fee 14 702

*Growth largely related to expansion of services within sheltered housing, tenancy relations, customer care and furnished accommodation.

The Councils ability to pay an adequate fee depends on a range of factors such as the level of subsidy provided by the

government, performance by WALH and the impact of right to buy etc. Thus the medium and long-term trends within the HRA are of critical importance.

Table 1 WALH Priorities for 2004/05

Task	Strategic Theme	Inspection Theme
1. To continue to spend the additional resources effectively through well developed and effective partnering arrangements.	Quality Homes	Value for Money
<ul style="list-style-type: none"> To ensure that the overall service is delivered to 3 star standards. 	All	All
<ul style="list-style-type: none"> To implement partnering contracts for responsive repair service. 	Quality Homes	Value for Money
<ul style="list-style-type: none"> Complete the implementation of HMIS (new IT system) 	Business Enabler	Performance Management
<ul style="list-style-type: none"> To achieve Level III of the Equality Standard for Local Government. 	People /Choice	Equality / Diversity
<ul style="list-style-type: none"> To develop an Access Strategy that incorporates outcomes from the Area Office Review, the Customer Contact Centre and achieves external accreditation through Chartermark. 	People /Choice	Access / Customer Care
<ul style="list-style-type: none"> To develop a medium-term financial strategy for the Company which includes reviewing all services bought in from the Council. 	Business Enabler	Value for Money / Governance
<ul style="list-style-type: none"> To improve services to vulnerable customers through implementing the sheltered housing review and achieving a good or excellent result from Supporting People. 	People / Choice	Equality / Diversity Access / Customer Care
<ul style="list-style-type: none"> To implement the new and improved Allocation system. 	People / Choice	Equality / Diversity Access / Customer Care
<ul style="list-style-type: none"> To introduce a management development programme prioritising support to first line managers. 	Business Enabler	Performance Management
<ul style="list-style-type: none"> Introduce Tenant Auditors and Mystery Shoppers 	Stakeholder Enabler	Performance Management
<ul style="list-style-type: none"> Review Neighbour Nuisance Strategy 	Neighbourhood Renewal	Equality / Diversity Access / Customer Care
<ul style="list-style-type: none"> Work with the Council and others to manage the problems of contaminated land at the Ince Central estate. 	People / Choice Quality Homes	Customer Care

Currently there are considerable balances within the Council housing budgets with an estimated £23.8m within the major repairs reserve and nearly £16m in the HRA itself. These will continue to rise during 2004/05 and 2005/06. However these resources are an integral part of meeting the decent homes target and these resources will be needed in 2006/07 and 2007/08 to finance the programme works for these years.

This is illustrated below and is part of a sensible policy of funding an investment strategy over a reasonable timescale, and represent the most effective way of meeting the decent homes target.

	2003/04	2004/05	2005/06	2006/07	2007/08
Borrowing	40.3	39.5	39.5	-	-
Major Repairs Allowance & Balances	4.7	5.5	5.5	45	45
	45	45	45	45	45

However these balances currently mask longer term worries, with the likely level of future rent increases, the national management and maintenance allowances for future years and stock loss all combining to create a likely problem within the HRA account. In light of these longer term difficulties it is vital to bring the stock into good repair in order to reduce renewal costs in the future. It will also be important to improve performance in turning around empty properties, to minimise rent arrears and to look to manage the stock more efficiently. These issues will be discussed further by WALH and the Council in future Delivery Plans.

Other Key Issues

The Delivery Plan also outlines key issues such as WALH IT strategy its Human Resource Strategy and its Communication / Involvement Strategy. However of critical importance in the coming year will be the continuation of the Equality and Diversity Strategy with the immediate aim of achieving level III of the Equality Standard by September 2004.

Conclusions:

This report has set out an evaluation of WALH performance during 2003/04, outlined key issues for 2004/05 and set out the main contents of WALH Delivery Plan. The broad message is of WALH making progress in both improving its performance and in widening its service. However, critical short and longer term issues need to be faced which will entail further progress needing to be made. Challenges for next year include completing many of the reviews currently in progress, bedding down changes whilst maintaining performance, and ensuring that the proposed inspection of services is successful next February. Thus whilst WALH have made very good progress over the last year the future remains challenging.

[Appendices](#)  (71KB)

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