


Committee Report: Wigan and Leigh Housing Performance (2005/06) and Delivery Plan (2006/07)

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| Report to: | Community Protection Panel | Cabinet |
| Date: | 24 July 2006 | 27 July 2006 |
| Subject: | Wigan and Leigh Housing Performance (2005/06) and Delivery Plan (2006/07) | |
| Report of: | Director of Community Protection | |
| Contact officer: | Peter Layland - 01942 404135 | |
| Purpose / summary: | To report the performance of Wigan and Leigh Housing during 2005/06 and to present the Delivery Plan for 2006/07. | |
| Alternative options considered and reason for selecting the one recommended: | Options include accepting, modifying or rejecting the Delivery Plan. Acceptance is recommended since budgets and priorities are in line with existing Council and Board expectations. | |
| Recommendation / decision: | The performance of Wigan and Leigh Housing for 2005/06 be noted: That the Wigan and Leigh Housing Delivery Plan for 2006/07 be accepted. | |
| Key Decision: | This report involves a key decision within ground 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 8th August 2006 This item is included in the Forward Plan. | |
| Implications: | | |
| Financial: | Wigan and Leigh Housing Company has revised management fee of £15.5m for 2006/07 (£15.6m for 2005/06). | |
| Staffing: | No implications for 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 Practices for Rented Housing. | |
| Wards affected: | All | |
| Special Interest Members – Which have been consulted | None | |

Tracking/Process:

| | Consultation | Ward Members | Partners |
|--------------|--------------------------------|----------------|----------------|
| | - | - | - |
| Panel | Overview & Scrutiny | Cabinet | Council |
| 24/07/06 | - | 27/07/06 | - |

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

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| Proper Officer | B. Saunders |
| Date | 13 July 2006 |

Background

Within the Councils contractual arrangement with Wigan and Leigh Housing (WALH), the Company are required to submit an Annual Delivery Plan which covers issues such as stock investment, finances and priorities for development. Also since 2003 a performance management framework has been in place to ensure the best possible services are delivered and that the Company contributes to the Councils strategic objectives.

Within the performance framework the Council requires:

- A wide range of indicators to be monitored and performance reported quarterly to Community Protection Panel (except 1 st quarter) and half yearly to Cabinet.
- An Annual Questionnaire to be completed by WALH that assesses performance during the previous year and looks forward to the coming year.
- Closer monitoring/reviews on WALH services based on a risk and performance basis.

To ensure the above are delivered the Council meets WALH on a cycle of monthly, quarterly and annual meetings. The Annual Meeting is formal with the Cabinet Member for Community Protection, the Chairs of the Company and tenants representatives attending the meeting. The meeting took place on June 16th considering both the Company's performance over the last year and the Delivery Plan for the coming year.

This report firstly summarises the Company's performance during 2005/06 and looks at the Delivery Plan for 2006/07 concentrating on next years priorities.

Performance – 2005/06

WALH performance in 2005/06 has been principally assessed by looking at the overall performance framework. However progress against the smaller number of indicators used within the CPA has been separately completed along with WALH achievements against the agreed priorities in last year's delivery plan. In summary this has shown relatively good progress in terms of measured performance, but a more mixed performance by WALH in achieving its business priorities.

Performance Management Framework

Throughout 2005/06 reports tracking performance have been produced and this report provides the year end figures. In overall performance terms WALH have performed reasonably well during 2005/06, with 70% of targets being met.

The attached performance framework (Appendix 1) provides detailed WALH performance information covering each of the performance indicators. In summary it demonstrates good performance in the following areas:

- Improvement of the stock to a decent homes standard
- Reduction in current arrears
- Reduction in the proportion of empty homes
- Good responsive repairs performance
- High tenant satisfaction with most services
- Good progress in equality and diversity issues
- Improvement in the quality of life indicators.

Whilst these areas of strong performance are considerable, there are some areas of concern. These include:

- Deterioration in the time taken to relet properties
- The continued use of bed and breakfast for homeless people
- Continued difficulties in terms of providing information especially on financial and repair issues
- Deterioration in proportion of former tenant arrears collected.

With regard to relet times this deterioration is partly due to a change in definition which now includes properties subject to major work. Also the use of bed and breakfast has diminished somewhat in recent months. However to fully address these issues intensive monitoring is in place and Action Plans have been negotiated with WALH to ensure performance improves. Additionally progress will be tracked during the year and reported within the quarterly reports.

CPA Performance

A smaller number of performance indicators are used by the Audit Commission to determine a councils housing performance within the CPA process. Given their importance these indicators are monitored even more closely and are also valuable because they provide important benchmarking information against other Councils.

Whilst the presented information has yet to be audited and could therefore change, WALH performance this year appears to be stronger than last. The reduction in the number of poor scores is especially relevant. These were identified for action during the year and performance has generally improved thus lifting our overall scores. A summary of overall performance is shown below and individual scores are shown in Appendix 2.

CPA Performance Figures WALH contribute to:

Housing Services Block

| | Top Quartile | Mid | Lower Quartile |
|-----------------------|--------------|-----|----------------|
| 2004/05 | 4 | 5 | 2 |
| 2005/06 (provisional) | 5 | 6 | 0 |

WALH Contribution to Community

Housing Clock (mainly homelessness)

| | Top Quartile | Mid | Lower Quartile |
|---------|--------------|-----|----------------|
| 2004/05 | 2 | 0 | 1 |
| 2005/06 | 2 | 1 | 1 |

Performance against WALH 2005/06 priorities

A further key element of WALH's performance is demonstrated in its ability to complete the priorities agreed between the Council and WALH within last years Annual Delivery Plan. Appendix 3 provides a detailed evaluation of progress and it shows a mixed performance.

The following priorities have shown good progress:

- Phase 2: Service Excellence Review
- Level III Equality Standard for Local Government
- Performance
- Handling of the Ince Contaminated Land issues

However critical risk areas are:

- Lack of progress on value for money and procurement issues
- Limited progress on visioning / new agreement.

In terms of the critical risk areas the slow progress on visioning and agreeing the new contract has largely been out of WALH control. Discussions have been made difficult by the continued delays by Government in issuing guidance on how ALMOs should develop beyond their initial five year period. This has now recently been published and WALH have developed a draft vision emphasising amongst other issues, the need to improve life on estates over the next few years. Rapid progress has recently been made on this topic and a report setting out the options and recommending a course of action has been prepared.

However the lack of progress on value for money and procurement issues is a major concern, especially as it was a significant criticism of WALH within last years Audit Commission Inspection. The disappointing performance in this area is principally due to under-estimation in the level of work needed and the extremely tight targets set by the Inspectorate. Discussions on this key issue have occurred and the Council have asked WALH for a full revised Action Plan on how it intends to take forward this priority in the current year along with any other issues that arose from the inspection. Once in place progress against this Action Plan will be

reported during the year. WALH are now aware of the concern in this area and intend to provide more resources to ensure good progress is made in 2006/07.

Contractual Investigation

A further issue that needs to be reported has been the discovery and subsequent investigation into an electrical rewiring contract which failed to carry out the required work to the specification. This has been fully investigated by WALH and an independent consultant and has resulted in claims for compensation of £198,000 on behalf of the Council being accepted by the contractor. The key element of the claim was work not being properly carried out by a sub contractor.

Proposals to Amend Performance Framework

In light of the emergence of CPA targets and the new visioning being carried out by WALH it was agreed at the recent Annual Meeting to look to further develop the performance management framework during the year. It is intended to provide a greater degree of strategic focus on key issues and the resultant proposals will be presented to Cabinet.

Annual Questionnaire

The Annual Questionnaire enables Community Protection as client to gather key information not reported quarterly by WALH. It also provides the opportunity for WALH to set out the background to the preparation of the Delivery Plan and the agreement of new priorities. The key results of the questionnaire mostly reflect the earlier discussions on performance and on progress against 2005/06 priorities. However the questionnaire also gathered information on a broader range of issues including risk analysis, trends and more detailed management action. One of the key issues discussed at the Annual Meeting is the continued market trends of greater housing demand and a reduction in the supply. For example the turnover rate for dwellings (proportion that are available to let in any year) has again significantly reduced to just 7.56%. This rate was 14.3% in 2002/03, meaning that over the last 3 years the real supply of Council housing has been nearly halved. This is causing considerable difficulties and challenges for WALH and the Council and it is clear that the recently agreed Affordable Housing Strategy is desperately needed. Following on from this, other weaknesses and threats identified included:

- Financial risks due to reduced stock and yet relatively fixed costs.
- Challenges of trying to improve long term sustainability of estates and yet supporting higher numbers of vulnerable tenants.
- Difficulties of improving governance arrangements.

2006/07 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 financial details of 2006/07 and forecasts up to 2008/09. A copy of the plan is enclosed as Appendix 4. Much of this information has been presented as part of the estimates process and from other performance reports. However of key importance for this report is the development of the proposed priorities for 2006/07. These priorities are set out below:

Table A: Proposed Priorities for 2006/07 (WALH)

| Theme: Visioning the future | | | | |
|-----------------------------|---|----------------------|--|----------------------|
| No | Task | Strategic Theme Link | Success Measure | Responsible Director |
| 1 | We will develop a longer-term strategy beyond 2007 that encompasses a vision for social housing in the borough. | All | An approved strategy in place to inform future plans | Chief Executive |
| 2 | We will review the management structure and portfolios to facilitate effective delivery of the new vision. | All | New structure embedded | Chief Executive |
| 3 | We will review the governance structures for the company. | All | Governance structures agreed and operational | Chief Executive |
| | We will negotiate an extension to the Management Agreement with the Council | | | Deputy Chief |

| | | | | |
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| 4 | following a review of the clauses in the existing agreement | All | New agreement signed | Executive |
| 5 | Develop the Neighbourhood Management Role entrusted to WALH by LSP | People and Choice Neighbourhood Renewal | Knowledge management system developed and operating | Director of Stock Investment |
| Theme: Value for Money / Efficiency | | | | |
| 6 | We will review the remaining bought-in services from Wigan Council | Business Enabler | Agreed and signed SLAs for all bought-in services; to include performance measures; Efficiency savings of at least 2.5% achieved; | Deputy Chief Executive |
| 7 | We will identify costs of services and inputs and prioritise them for review | Business Enabler | Costs identified and costing structure agreed Priority list for review agreed VFM Project plan produced and implementation started | Director of Corporate Services |
| 8 | We will test all services against the Value for Money Key Line of Enquiry | Business Enabler | Documented tests with action identified and incorporated into overall VFM Project Plan | Management Team |
| 9 | We will complete the implementation of phase 3 of the Service Excellence Review of Area Housing offices | People and Choice Neighbourhood Renewal | Part-time offices closed and efficiency savings realised Staff relocated into remaining AHOs Staffing changes implemented and efficiency savings realised | Area Directors |
| 10 | We will implement the revisions to the Council's allocations policy | People and Choice Neighbourhood Renewal | Revisions to policy agreed by council and implemented | Area Directors |
| 11 | We will complete the Job Evaluation pilot and project | Business Enabler | Evaluation completed Scoring system agreed ready for pay modelling | Deputy Chief Executive |
| 12 | We will tackle the remaining improvements identified by the Audit commission's Housing inspectors in the last inspection | All | Main criticisms dealt with to satisfaction of Council client | All – co-ordinated by Deputy Chief Executive |
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The above priorities focus upon the three themes of visioning the future, obtaining value for money / efficiency and in obtaining continuous service improvement. They clearly look to the future, look to take account of strategic challenges shared with the Council and the LSP, eg neighbourhoods and look to develop better services as economically as possible. Again during the year the Council will engage with WALH over these priorities and the results of the monitoring will be reported as part of the Quarterly reporting cycle.

Conclusions

This report has set out an evaluation of WALH performance during 2005/06 and outlined the emerging priorities for next year within the WALH Delivery Plan. The broad message is that WALH has made significant progress in improving its performance. However some critical short and longer term issues need to be faced not least how to ensure value for money is obtained as well as looking to develop the organisation from one devoted to delivering decent homes to one with a broader and targeted decent communities remit.

Appendices

1. **Client Quarterly Performance Report**  (208kb)
2. **Audit Commissioning Benchmarking Analysis (CPA)**
3. **Progress on Priorities in 2005/06 Delivery and Business Plan**  (71kb)
4. **Delivery & Business Plan 2006/2007**  (232kb)

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Appendix 2 - Audit Commissioning Benchmarking Analysis (CPA)

| Indicator | Wigan Threshold position (2005/06 Performance) |
|---|--|
| Proportion of non-decent LA Homes | Mid Quartile |
| Percentage of change of LA decent homes | Upper Quartile |
| Urgent repairs in time | Mid Quartile |
| Average time for non-urgent repairs | Upper Quartile |
| Rent Collection and Arrears | Mid Quartile |
| Average re-let times | Mid Quartile |
| Average weekly management cost | Mid Quartile |
| CRE code for rented housing | Mid Quartile (no upper quartile) |
| Energy Efficiency of Council Housing | Upper Quartile |
| Overall satisfaction with housing service | Upper Quartile |
| Satisfaction with opportunities to participate | Upper Quartile |
| Average time in temporary accommodation – bed and breakfast | Mid Quartile |
| Average time in temporary accommodation – hostels | Upper Quartile |
| Repeat homelessness | Upper Quartile |
| Change in Use of temporary accommodation | Lower Quartile |

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