

## **West North West homes Leeds – ALMO Annual Review 2010/2011**

### **Governance:**

The Board is responsible for the strategic decisions of the Company and undertakes this in accordance with the powers set out in its Articles of Association, on behalf of Leeds City Council as the sole shareholder. The main board met on 9 occasions in 2010/11. Following the successful Audit Commission re-inspection in 2010, the Chair of the Board led a review of the Committee and Panel structures together with the Terms of Reference and frequency of all Board meetings. The Board approved the new arrangements which were implemented in October 2010 and included the creation of a discrete Governance, Risk and Audit Committee. The work of the KLOEs is now directed through the appropriate Committee. The Board meets bi-monthly and is supported by 3 Committees, 3 Panels and 4 Area Panels.

### Committees

The 3 Committees which meet 4-5 times per annum comprise:

- **Service Performance** - dealing with matters of performance improvement, development of customer strategies to enhance engagement, service planning service level agreements and service delivery
- **Finance and Resources** - dealing with the finance, capital programme, organisational resources, business continuity, information and communication technology and employee relations
- **Governance, Risk and Audit** - dealing with matters of corporate governance, risk management and assurance

### Panels

- **Remuneration Panel** - considers all aspects of the remuneration of Board Members, the Chair of the Board, the Chief Executive, Heads of Service and the Financial impact of any early termination of their appointment
- **Standards Panel** - considers all aspects of the implementation of the Organisation's Code of Conduct for Board Directors; reviews the stated values of the Organisation and how they are implemented in practice; reviews associated policies and procedures of the Organisation, including those relating to hospitality, gifts, whistle-blowing and other matters of business ethics
- **Scrutiny Panel** - supporting the Board by reviewing the progress of key initiatives which are essential for the delivery of the business strategy
- **Area Panels** - play a key role in monitoring local performance and ensuring alignment of their decision-making with Community Partnership Agreements; they have responsibility for delegated budgets of £480,000 (2009/10 - £480,000) to commission local enhancements. Area Panels meet bi-monthly with a maximum membership of 15 - 1 Tenant Board Director, 2 Council nominees and 12 tenants or leaseholders; the position of Chair of the Area Panel is held by a tenant or leaseholder.

The Board and Senior Management Team's ambition is to direct and support the organisation to deliver excellence and we feel that we are in a strong position to continue to improve quality in line with our corporate vision and to tackle future challenges in order to achieve the Leeds City Council's and the company's strategic objectives. In order to further strengthen our organisational capacity and competence. Directors and staff have each had individual appraisals and a training programme was devised to meet any identified skills and training gaps. Training for Board Directors has included topics such as Risk Management, Equality and Diversity and information on our new repairs partnership with Morrison's Facilities Management. A Strategic Board Awayday was held in July 2010 to support the development of the following year's business objectives.

In line with WNWhLs commitment to establishing an ethos of management development in order to support its business objectives, 28 managers undertook Institute of Leadership and Management (ILM) training with 23 managers gaining ILM level 5 accreditation.

### **Leadership in ensuring Equality**

The Directors of West North West homes Leeds believe everyone has the right to the same access to services and employment opportunities, to respect and to feel safe and secure in their own home and neighbourhood. Everyone has the right to make use of the opportunities offered by West North West homes Leeds and to use all parts of the service.

The Board of Directors promotes diversity in the provision of our services and employment and will not tolerate discrimination. West North West homes Leeds will make sure no individual or group applying for housing services or employment is treated less favourably than any other person or group, because of their individual characteristics. These characteristics include, but are not limited to, disability, ethnicity, colour, race, religion, gender, sexual orientation and age. The Directors will work together with all service providers and customers to ensure this commitment is met across the entire organisation. Changes to equality legislation and the implementation of the Equality Act 2010 are being reflected in our policies and procedures.

**Management of Risk and Internal Assurance Systems**

The Board has overall responsibility for establishing and maintaining a robust system of internal control and management of risk, including review of their effectiveness. The Senior Management Team has responsibility for ensuring risks are identified and appropriate controls and contingency plans are in place to mitigate any disruption. Reports are provided to the Board to appraise them of key risks.

Business Continuity planning (including disaster recovery programmes) has been established in conjunction with LCC and is reviewed annually.

The Board has adopted a risk based approach to establishing and maintaining internal controls, which are embedded within day to day management and governance processes. Business risks are reviewed regularly and where appropriate are recognised within the Business Plan and Annual Budget. The Board subscribes to the maintenance of independent and objective internal audit.

The control framework includes –

- Identification and evaluation of key risks
- Fraudulent activity reporting
- Control environment and internal controls
- Financial reporting systems

This system includes –

- Corporate governance arrangements operated through the Board and Committees
- Standing Orders and Financial Regulations
- An ongoing process for identifying, evaluating and managing significant risks faced by the Company
- Comprehensive budgeting and forecasting systems
- Regular reviews of periodic and annual financial reports which indicate performance against forecast
- Setting targets to measure financial and other performance
- Other performance measures including national and local indicator comparison

West North West homes Leeds is subject to audits carried out by and on behalf of Leeds City Council as part of an Assurance Framework; it also procures internal audit services from Leeds City Council. These audits are based on a risk assessment and comply with the CIPFA Code of Practice for internal audit. The Directors agree the coverage of the audit programme and the Governance, Risk and Audit Committee receives audit reports and updates from management on progress made in dealing with any recommendations.

The Annual Report from LCC in respect of the internal audit programme for 2010/11 gave the following opinion:

<b>Control Environment Assurance</b>		
<b>Level</b>		<b>Definitions</b>
2	<b>GOOD ASSURANCE</b>	There are minor control weaknesses that present low risk to the control environment.
<b>Compliance Assurance</b>		
<b>Level</b>		<b>Definitions</b>
3	<b>ACCEPTABLE ASSURANCE</b>	The control environment has mainly operated as intended although errors have been detected.

**Business Plan:**

The Board of Directors have approved a mission statement 'Putting Customers First' and a vision: 'to excel in delivering homes and services which are relevant to our customers, meet their aspirations and enhance communities'. The mission statement is underpinned by 6 strategic aims concerning, Quality Services, Quality Neighbourhoods, Promote equality and diversity, Promote Independence, and Strong Governance and Value for Money.

WNWhL has been building on its success in March 2010 when it was judged a '2-star' organisation with 'promising' prospects for improvement, by the Audit Commission. Service improvement projects throughout the year have been enthusiastically delivered embracing the recommendations from the inspection. We have addressed 50 (77%) of the 65 weaknesses identified within the Audit Commission's re-inspection report

The company is very pleased to report a surplus for the year ended 31 March 2011 of £8,518k (2009/10 - £2,202k). The financial performance of the company comprises of two elements: a management fee to meet the operating costs of the organisation and a supplementary credit allowance (SCA) received to counter the costs of borrowing and available to fund the company's ongoing capital and decency programme. SCA funding will no longer be available in 2011/12.

For 2010/11, operating costs exceeded the management fee by £344k (excluding FRS17 gain) as anticipated, a significant improvement on the budgeted deficit. A bad debt provision of £310k has resulted from the Connaught administration. The organisation has embarked upon a number of initiatives, ranging from value for money through procurement and a review of resources across its operations to tight financial management throughout the year, in order to improve performance going forward. The year's result includes performance incentives of £662k from LCC based on the organisation's performance at the year end, compared to a previous year incentive of £376k. Careful treasury management sourced further income of £310k.

The surplus from the SCA for the year of £10,299k (£10,289k in 2009/10) supplements the management fee. The balance sheet now records a cumulative operating surplus of £19,529k (£8,132k in 2009/10). This surplus is partially required to be retained to support our pension liabilities but the greater part is designated to fund our programme of further capital investments in the west northwest part of the city. This includes completing the decency programme, continuing whole house improvements and a 5-year upgrade of fire safety measures. We are also an active participant in the wider neighbourhood agenda and, in partnership with Leeds City Council, we continue to financially support a large programme of environmental projects that make our estates cleaner and greener.

Our emphasis continues to be on driving Value for Money and efficiencies via procurement processes and supply chain efficiencies to ensure the ongoing financial effectiveness of the organisation. Despite no increase in management fee, a balanced budget has been achieved after employing zero based budgeting principles and challenging all areas of spend. This will carry us through 2012/13.

**Key Achievements for West North West homes Leeds** within the period include:

- Over 98% of property managed by West North West homes Leeds now meets or exceeds the Government's Decent Homes Standard
- Supporting People quality assessment and successful re-tender for the provision of sheltered housing support services to older customers
- Tenant Participation Advisory Service accreditation reflecting the extent and quality of our customer involvement work
- Investors in People status and are working towards Investors in Diversity accreditation
- Achieved 'Diversity 2 Ticks' accreditation again
- Maintained Customer Service Excellence accreditation
- Realised savings of over £1.7m against budget through our Value for Money and efficiency initiatives
- Collected profile information on over 88% of our customers in order to tailor our activities effectively
- Awarded the hosting of the new ALMO Business Centre, set up to drive down back office costs and promote efficient and effective working practices supporting our customer facing services
- Maintenance of services to customers after the liquidation of Connaught and maintenance of service over the period by a new contractor, Lovell
- Strengthening of Governance and Risk and Assurance within WNWhL

- KLOE (Key Lines of Enquiry) Boards have achieved their objective of addressing the comments raised at the 2008/09 Audit Commission inspection. A new regime of Service Improvement Plans has been implemented liberating management to focus on revised business objectives
- Mobilised key contractors after significantly shortened lead time
- Successful implementation of QUEST, the new Leeds Anti-Social Behaviour Teams
- The initiatives implemented during 2010/11 to reduce sickness absenteeism and consequently improve organisational capacity and performances were very successful, giving a reduction of 29.28% against a target of 25%.

These accomplishments recognise the hard work and partnership between staff and customers and enable us to benchmark our achievements in continuously improving our services, in providing personalised support for vulnerable customers and in developing the organisation's capacity.

### Critical Issues and Challenges for 2011/12

The following key issues have been reflected in the current Business Plan –

- Driving through an aggressive timetable for the creation of the new ALMO Business Centre and securing short term cost savings
- Ensuring customer satisfaction post new contractor mobilisation
- Postponement of PFI in 2010/11 and potential for activity in 2011/12
- A capital programme of £17.1m for 2011/12 to support the maintenance of housing stock to meet the Government's Decent Homes Standard and to support other essential investment such as fire safety measures, adaptations, gas and electrical safety
- Delivering a series of restructures to ensure our customers receive the best possible service
- The loss of SCA funding will present challenges in the 2011/12 budget
- Economic pressure on customers and potential effect on rent arrears
- Review of the national Housing Revenue Account
- Drive efficiencies throughout the business to ensure financial sustainability, particularly through enhanced financial information, modern procurement techniques and robust contract monitoring
- Invest in staff to nurture the cultural change required to become more efficient, innovative and motivated during challenging times
- Continue our evolution in developing innovative solutions to support vulnerable customers in challenging economic times.

### Performance and Performance Management

At the year end 2010/11 our performance highlights the following when compared to the other Leeds ALMO and BITMO. We are the highest performer in 7 of 21 indicators: these relate to decent homes, energy SAP ratings, rent loss from voids, former tenant debt – collection rate and average debt, percentage of adaptations completed on time and CORE forms completed. We are the second best performers in 6 of 21 indicators. We are third performer in 6 of 21 indicators. We are lowest performer in 2 of 21 indicators these relate to complaints management and rent arrears debts over 7 weeks.

### Key Performance Indicators

Local authority and government indicators are used to ensure customer and other stakeholder (local authority and central government) priorities are being monitored and achieved. Key indicator results for 2010/11 are:

Performance issue	2008/09 Actual	2009/10 Actual	2010/11 Actual
Overall customer satisfaction	83.38%	77.5%	77.0%
Customer profiling completed	46%	83.38%	88.62%
Emergency repairs completed within target time	98.09%	96.37%	97.49%
Urgent repairs completed within target time	98.09%	98.92%	96.32%
Percentage of vacant properties	1.26%	1.01%	0.89%
Average re-let times	36.49 days	44.2 days	44.59 days
Rent loss from voids	1.59%	0.98%	0.95%
Percentage of non decent homes	18.7%	13.1%	1.53%

Percentage of stock with valid CP12	99.49%	99.89%	99.7%
Average time to complete adaptations for high priority	25 days	95 days	51.5 days
Current tenant arrears	3.55%	3.21%	3.04%
Former tenant arrears	1.58%	1.5%	1.31%
Average days lost to due to sickness absence	19.73	16.81	13.97

**Capital Programme and Decency:**

We have delivered a £20.5m programme of investment works this year and attained customer satisfaction of 100% with completed works. We ended the year at a non-decency position of 1.53% against a target of 2%.

We continue to have multiple capital essential investment needs across a high proportion of our stock which are over and above the decency definition or where new requirements, for example in improving fire safety specifications, are needed. The organisation used its extensive stock condition information to identify that we have approximately 700 properties still in need of an investment plus approach to meet customer expectations and improve living conditions. These works predominantly feature within our system built housing stock. During 2009/10 we worked with Leeds City Council to ensure a £4m programme of whole house improvements to 5M type defective housing stock could be delivered and have also prioritised funding to undertake works to the Waterloo estate during 2011/12.

**Diversity:**

Domestic Violence, Community Safety, Child Protection and Vulnerability Strategies and Policies are all in place and our diversity training plan objectives have all been delivered. We achieved 88.62% of Customer profile data. We have a Diversity Staff Group and a network of Diversity Champions throughout the business.

Other partnerships and community initiatives implemented during 10/11 were;

- Leeds Ahead - Included work in local primary schemes and youth initiatives
- Kier City Stewardship Scheme
- 'Cooking around the world' initiative
- National Federation of ALMOs award for work at Armley mosque
- Groundwork environmental projects
- Pilot pedal bike scheme
- 'Breaking the chain of debt' event
- 'Passion for Fashion' young people's project.