



Hounslow Homes
Managing quality homes for Hounslow

Strategic plan for excellence 2004-2010



Message from the chair

I recall saying in a letter to tenants in Hounslow Homes News over a year ago how proud I felt that the Government had recognised the efforts of Hounslow Homes to provide high quality services. I also said that I was very confident for the future and in our ability to improve even further.

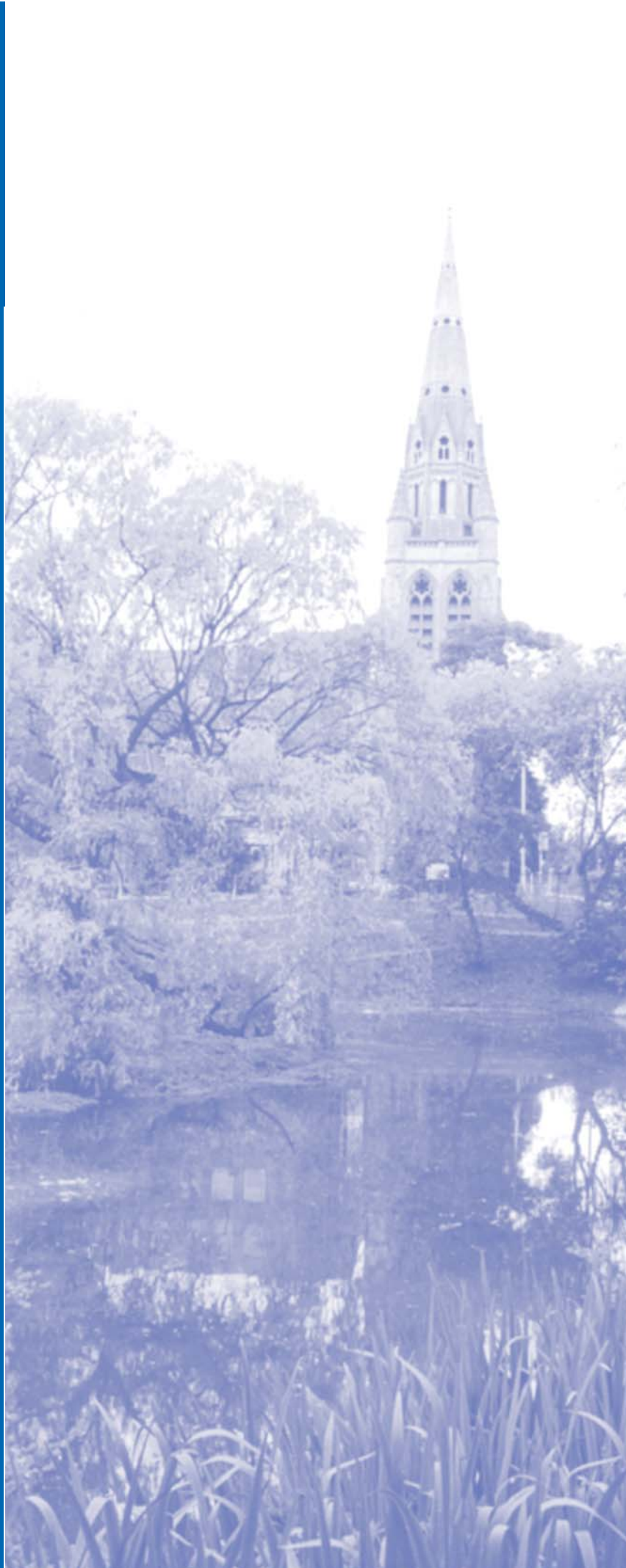
As I reflect on these words now I'm very pleased to see that my confidence was justified. The feedback we get from our customers tells us that we are improving and we are on course to get a 3 star, (excellent) rating next time the Government's inspectors assess us. This will enable us to take advantage of the opportunities that are available to Arms Length Management Organisations like Hounslow Homes so we can make an increasing contribution to the community, making Hounslow an even better place to live.

Looking back at the first two years Hounslow Homes has been operating and even further back to when, as Chair of HFTRA, I worked with the Housing Department I can see just how many changes have been made and how embracing change has helped the housing service to improve. If I recall my schooldays correctly, I think it was Charles Darwin who said it was the species most responsive to change who were the best equipped to survive, how right he was.



Alf Chandler

Chair of Hounslow Homes



Contents

Translations

Executive Summary	1
Introduction	3
Mission objectives and values	6
Building on our strengths	8
Understanding our customers	13
Financial environment	17
Organisational capacity	27
Planning for the future	30

Translations

If you require a copy of this document in another language, large print, Braille or any other format, please contact: 020 8583 2299 or minicom 020 8583 3122. This document is the Hounslow Homes Plan for Excellence 2004-2010

English

Haddii aad rabto koobbi ah qorshahan istraatiijiyadda 2004-2010 oo ku qoran luqaddaada ama ku daabacan farta waawayn ama farta loogu talagalay dadka indhaha la' fadlan soo wac 020 8583 2293

Somali

કાર્યનીતિની યોજના જણાવતી આ 'સ્ટ્રેટજિક પ્લાન 2004-2010'ની નકલ જો તમને ગુજરાતીમાં, મોટા અક્ષરમાં છાપેલી કે અંધલિપિ (બ્રેલ)માં જોઈતી હોય તો કૃપયા સંપર્ક સાધો: 020 8583 2293

Gujarati

ਸੈਨ 2004 ਤੋਂ 2010 ਤੱਕ ਦੀ ਸਟ੍ਰੈਟੀਜਿਕ ਪਲੈਨ (ਲੀਡੀ ਸੰਬੰਧੀ ਯੋਜਨਾ) ਦੀ ਕਾਪੀ ਪੰਜਾਬੀ, ਵੱਡੇ ਅੱਖਰਾਂ ਜਾਂ ਬਰੇਲ ਵਿੱਚ ਲੈਣ ਲਈ ਫ਼ਿਰਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ: 020 8583 2297

Panjabi

Per kopjen e ketij plani strategjik 2004-2010 ne gjuhen tuaj, me shkronja te medha ose Braille (gjuhen e te verberve), ju lutemi kontaktoni 020 8583 2293

Albanian

वर्ष 2004 से 2010 तक के स्ट्रेटिजिक प्लान (नीति संबंधी योजना) की कॉपी हिन्दी में, बड़ी लिखाई में या ब्रेल में लेने के लिए कृपया 020 8583 2293 पर फोन करें।

Hindi

مذہبچک پلان (مضوبہ بندی) برائے سال 2004 - 2010 کی نقل اردو زبان میں، بڑے حروف میں یا بریل (ناپینا لوگوں کے لیے) لکھی ہوئی کھائی میں) میں حاصل کرنے کے لیے براؤزر فون کریں، نمبر یہ ہے 020 8583 2293

Urdu

للحصول على نسخة من هذا المخطط الاستراتيجي 2004-2010 بلغتك الخاصة، او مطبوع بالاحرف الكبيرة او بلغة برايل الرجاء الاتصال على 020 8583 2293

Arabic

برای دریافت نسخه این طرح استراتژیک سال 2004-2010 به زبان خود، با خط درشت و یا به زبان بریل برای نابینایان، لطفا با تلفن 020 8583 2293 تماس بگیرید.

Farsi



Executive summary

Hounslow Homes is a member of the National Federation of ALMOs which in partnership with Housemark, have defined three distinct phases in an ALMO's existence:

- 1) Set up.
- 2) Delivery of decent homes and quality services.
- 3) Long term viability after decent homes have been achieved.

As Hounslow Homes nears the end of its third year, it has reached a critical point as it nears the end of the second phase and enters the third.

Our Plan for Excellence replaces the Foundation Plan we had when we started life in 2002. It also embraces all our other strategies and operational plans, which demonstrate and reflect the calibre of the services we provide.

Clearly the delivery of quality services remains a primary objective for the company as we aim to achieve a 3 star excellence assessment when we are next inspected by the Audit Commission.

Nevertheless, as we look to the medium term and beyond, we have aspirations based on our abilities and expertise to allow the company to fulfil its potential and make a lasting and meaningful contribution to the community in which we operate.

The Plan for Excellence is complemented by the Housing Revenue Account (HRA) Business Plan. As we consulted and constructed these vital documents, we were grateful for guidance offered by:

The Office of the Deputy Prime Minister

"An ALMO should have a business-like approach to the improvement of the housing stock and the delivery of housing management services, based on principles of value for money, quality and continuous improvement in service delivery, and responsiveness to customers' needs".

The Housing Corporation

"A business plan is a complete picture of your organisation reflecting its aspirations and objectives, the environment in which it operates, your services and the market for them, and your position in that market. The plan should also take into consideration the expectations of the various stakeholders and an analysis of resources that are going to be needed over a defined time frame including finance, assets, staff and systems".

The Plan for Excellence is divided into seven chapters:

1. Introduction

Setting out our organisational history and some of our main achievements so far. There is also some detail of the "freedoms and flexibilities" that may be available and which we are determined to embrace.

2. Mission, objectives and values

Re-defining our Mission Statement and Strategic Objectives and setting the values which underpin our company.

3. Building on our strengths

A more detailed look at our operational environment, the successes we have achieved and how we can compare ourselves to other ALMOs, and the benchmarks for achieving excellence.

4. Understanding our customers

Assessing the profile of our customer base and discussing their priorities and expectations.

5. Financial strategy

A critical part of our Plan, providing an analysis of our resources and the risks facing us as a company.

6. Organisational capacity

A look at the strengths and expertise within the company as well as our strategies for future development, especially around our workforce and IT capacity.

7. Planning for the future

Placing into context subsidiary plans and targets and demonstrating their links to the performance management framework.

Introduction

About Hounslow Homes

Hounslow Homes is a private, not for profit company, wholly owned by the London Borough of Hounslow, set up on the 1st April 2002.

It was established by the Council in response to the Government's new initiative designed both to inject additional investment funds into existing housing and to achieve a separation of the Council's role as landlord from its broader strategic responsibilities.

Through provisions in the 1985 Housing Act (Section 27), the Council delegated its duties and powers in respect of its landlord function to Hounslow Homes. This delegation, which required Secretary of State consent, was secured by way of a 10-year contract with a 5-year break clause establishing key performance parameters for exercising the landlord duties which the Council delegated in respect of its housing stock to Hounslow Homes.

The Council retained the ownership of the property and the strategic responsibility for setting rents and determining allocations policy.

A Unique Arrangement

Arms length management in this configuration is an entirely new

form of operation and governance. As one of the first eight Arms Length Management Organisations (ALMOs) to be established in the country, Hounslow Homes effectively became a pioneer for a new way of providing services to tenants.

Although there are always advantages to being first, it does also mean that there is no one else to learn from and therefore, for the first 12 months we were defining the task as well as setting up and establishing the organisation. Whilst this demanded significant extra effort on behalf of our company, its workforce, the Council and our tenants, we have learned much and are now stronger as a result of the experience we have gained.

We hope to use this strength over the next few years to help us to diversify and build on our core business. As a fledgling organisation, we are totally dependant upon the single contract that we have with the Council. Whilst we are confident of continued support from the Council, we must recognise (and indeed our risk assessment analysis identifies) our vulnerability to changes in the political climate, changes in national support for ALMOs and changes in national funding arrangements.



It is important therefore, if we are to guarantee excellent services for our tenants as well as securing the long term prospects for Hounslow Homes, that we position ourselves to take advantage of the Government's new promised 'freedoms and flexibilities' and secure other outlets for the skilled services that we are able to offer.

Significant Achievements

As pioneers in the arms length management field we have helped to establish key documentation and operating arrangements, which have now been used and modified by all of those Authorities following Hounslow's lead.

It would have been easy for us to have been distracted by this responsibility but we should celebrate that during this same period:

We achieved a 2 star (Good) rating with promising prospects for improvement from the Housing Inspectorate for the services we provide.

We secured £90m (recently increased by a further £10m) worth of additional investment funds to bring all 14,000 of the tenanted properties that we manage up to the Government's 'Decent Homes' standard.

We have entered into major new partnering arrangements for investment work and other key areas of service delivery.

We have re-organised and re-configured our operations and achieved a significant step-change in our service activities to tenants and leaseholders.

We have secured additional investment funding for estate regeneration projects.

We have developed an effective Stores operation capable of generating financial surpluses.

We have built upon the considerable strengths within our tenant services and caretaking group.

We have created many varied projects which contribute towards the Council's strategic objectives for sustainable communities.

And, fundamental to our future success, we have forged new and stronger ties with the tenant movement in Hounslow.

Tremendous Opportunities for the Future

We are confident that the arrangements we have put in place will deliver excellent services for our tenants and leaseholders and complete the 'Decent Homes' investment programme on schedule for our 2006 target.

Whilst this must at all times remain our core business, we should take advantage of the considerable experience and expertise that we have within the organisation.

The Government has already recognised the potential that ALMOs have to offer, because of our unique situation, we are extremely well placed to promote and implement new initiatives in community regeneration and development. How far we are able to progress in this direction is dependant upon the 'freedoms and flexibilities' given by Government.

We already have in place many of the partnership and customer based ingredients necessary for success in this area. Our local knowledge, technical expertise and close affiliation with the community also puts us in an excellent position to become providers of additional housing across the varied market-place and to offer a spring-board for tenants and for community regeneration.

Although Hounslow Homes does not hold any physical assets, we do have a huge untapped value within our highly skilled workforce. In West London in particular, these skills are at a premium and having our own repairs workforce and caretaking

service gives us a significant advantage in delivering services to our tenants. It also gives us a clear advantage in offering similar services to other organisations.

We have already demonstrated our success in other areas such as training and landlord services by successfully winning external work and we are confident that over the next 3 to 5 years there will be significant opportunities for income generation, which could be used directly to support our core services.





Mission objectives and values

When Hounslow Homes was established in April 2002, we developed, in consultation with our key stakeholders, the tenants and the Council, a foundation plan for excellence. This established an interim business plan for our early stages of operation.

The delivery of excellent services remains at the core of our business activity. However, it is also important that we recognise our broader responsibility to the community within which we operate.

The tenants and leaseholders to whom we provide services account for almost 20% of the Borough population and whilst there are many who have a reasonable degree of affluence, there are very many more who are amongst the poorest and most disadvantaged in the Borough.

Whilst our 'Decent Homes' investment programme will improve their standard of living within their homes, we must also play our part in addressing the broader needs of our community to make sure they will benefit from our investments and that the benefits are sustained in the long term. This is reflected by our revised mission statement:

Mission

"To deliver excellent housing services and encourage the development of sustainable local communities"

Strategic Objectives

Our original Foundation Plan had six strategic performance objectives. In reviewing these we have sought to retain and consolidate the key elements, while committing ourselves to supporting community development and through partnership, developing longer term opportunities. We now therefore propose the following strategic objectives for the next 5 years and beyond:

- a) To deliver excellent housing services with a commitment to continuous improvement.
- b) To deliver the 'Decent Homes' programme and secure a longer term investment programme for Council housing.
- c) Create opportunities for the development of sustainable local communities.
- d) Develop partnerships to explore long term opportunities which would take advantage of the Government's 'freedoms and flexibilities'.

Values

Hounslow Homes is a people based organisation. We provide services to 17,000 tenants and leaseholders and have a workforce in excess of 650 employees. Our values therefore reflect our commitment to work with, and to invest in our customers and employees.

We will at all times endeavour to put our customers first.

We will put customer consultation and feedback at the heart of our operational practice.

We will ensure that all of our services are fairly and equally provided.

We will invest in the development of our organisation and its workforce.

We will become a learning organisation and encourage a culture of entrepreneurship within a social enterprise.

We will establish leadership through effective governance and accountability.



Building on our strengths

We have already achieved a 2 star (good) rating with promising prospects for improvement, from the Audit Commission's Housing Inspectorate.

Since then we have implemented major improvements in the way we deliver our services, enabling us to deliver a quality product with a performance and monitoring framework to evidence our achievement.

Excellence depends on:

- Customer satisfaction.
- Top level performance.
- Value for money.

These are our key drivers and we have put in a place a series of techniques and initiatives to help us to succeed, these include:

External Accreditation

Our Senior Managers have applied the diagnostic Business Excellence Model to the company and the outcomes have informed this year's Service Plan.

In addition, the company has employed a range of quality marks to parts of the business which support our drive to improve, including Investors in People and ISO.

Benchmarking

We continually seek to compare our practices and achievements with other ALMOs and other social housing providers.

We do this via nationally recognised organisations such as Housemark and informally with our peers and neighbours.

Customer Feedback

We have a comprehensive consultation strategy and an extensive database of knowledge we have accumulated through a series of feedback exercises. The information generated is key to our decision making processes.

A Professional Workforce

Our workforce is our key asset. We are committed to our comprehensive training programme. In 2004 we have an innovative Management Development Programme, which will further enhance the ability of our managers to deliver.

Challenging our Services

Hounslow Homes is committed to the concept of Best Value as a driver for achieving improvement.

We have implemented the Action Plans resulting from the Best Value Reviews of our Responsive

Repairs and Housing Management Services. We have also considered carefully the recommendations of the Audit Commission Inspectorate's reports on our services and built these into our Improvement Plan.

We have carried out a Best Value Review of our Capital Programme and Planned Maintenance function.

The challenge we, together with our stakeholders, applied to these services both prior to and during the review period have resulted in a major re-configuration of our delivery model.

Continuing to Improve - the Repairs Service

Working closely with our customers, particularly via the Repair and Capital Works liaison groups, we have continued to develop and improve the quality and range of services we provide.

We are proud of:

Our Freephone call centre, where we have extended the opening hours to cover evenings and Saturday mornings, following a consultation exercise.

Being able to make appointments for all repairs

where we need access to our customers' homes.

Having achieved a top quartile performance level for carrying out urgent repairs quickly.

Significantly improving performance in terms of non-urgent repair completion times, achieving a 10-day turnaround by the 2004/2005 mid year point.

Our re-designed Responsive Repair Service bonus scheme based on customer satisfaction, supporting our commitment to customer care.

Having designed and committed to an integrated approach to planned, responsive and capital maintenance, which we are confident can deliver both value for money and increased satisfaction.

Repairs satisfaction card returns showing that satisfaction with the repairs service has increased to 87% for work carried out by Hounslow Homes repairs service.

Our performance in terms of void turnaround time, which puts us very close to top quartile as compared to other ALMOs.

Our appointment of a private sector responsive maintenance contractor, which has introduced an element of competition to the function



and allowed us to compare the service provided by our internal repairs team with external contractors. This enables us to be confident of delivering high quality services with excellent value for money.

Our new partnering contracts for CCTV and Door Entry maintenance services.

Our new painting and heating programmes.

The interface between our Caretaking Service and Graffiti Removal Teams, and our Estate Management Officers and the Communal Repairs Team, which has enabled performance to improve significantly in these areas.

Our Apprenticeship scheme which has been adopted by Construction Excellence to become a national demonstration project under the auspices of "Sustainable Training for Sustaining Communities" and which our partners are using as part of their recruitment approach.

The new delivery model and contracts for gas servicing and lift maintenance.

That our tenants can report repairs online.

Continuing to Improve - the Housing Management Service

Together with our partners and other stakeholders we have listened to the priorities of our customers and reconfigured our services to enable us to deliver the product they are telling us is important to them.

We have:

- Re-evaluated our service and re-focused to build on our strengths.

- Created new neighbourhood teams on some of our high density estates to enable local decisions to be taken at a local level.

- In response to what our customers have told us, created a new specialist Anti-Social Behaviour team incorporating the Neighbourhood Warden and Professional Witness services.

- Looked to improve the already high quality of our estates by setting up new Estate Monitoring Teams to co-ordinate estate services and communal repairs.

- Improved satisfaction for the vast majority of our services including, cleaning, caretaking, sheltered housing and abandoned vehicle removal.

- Continued to record high levels

of resident satisfaction with 80% of our tenants saying they are happy with their home and 70% saying they are happy with their immediate local environment or estate.

Performed well in terms of rental collection achieving a performance level of over 98% at the end of May 2004.

Received a commendation during the last Audit Commission housing inspection for our racial harassment policies and practices.

Improved Home Ownership and 'Right to Buy' services and established a customer profile for this tenure group.

Tendered and recruited, with full tenant involvement, two new grounds maintenance partners and two other specialist partners for trees and play equipment.

A new Tenant Participation Compact and a significant increase in tenant involvement.

Secured Supporting People contracts for sheltered housing.

Investment and 'Decent Homes' Programme

It is in this area that we have introduced a series of significant changes and new concepts. The Capital Works Group and Hounslow Federation of Residents and Tenants

Associations (HFTRA) have played a key role as we prioritised spend, appointed delivery agents and created the procedures and framework to underpin our new initiatives.

Together we have:

Appointed six partner organisations to assist us to deliver our "Decent Homes" predicated Investment Programme. Tenant representatives helped shape the specification and were a part of the assessment and appointment process.

Agreed a "Decency" works specification with the full involvement and participation of HFTRA.

Delivered the first two years of the 'Decent Homes' programme in full; 9000 extra homes now meet the decency standard.

Significantly improved value for money through effective procurement, partnering and productivity gains.

With invaluable input from the Audit Commission Housing Inspectorate, carried out a Best Value Review of the Capital Programme.

Implemented the Capital Programme Best Value Review action plan including tendering the contract for services previously provided by the

chapter 3



Council's Technical Services division.

Agreed with tenants, and published, a draft 4 year investment programme.

Established an Investment Projects Team to co-ordinate and manage the planned investment programme.

Refined the processes underpinning the ongoing update of our stock condition information and placed the information into accessible electronic databases.

Responded to the needs of our customers by integrating adaptations works within our Property Services division, thus enabling the Adaptation team to work closely with the Investment team when 'Decency' works are carried out.

Developed an asset management strategy to ensure that our investment and planned maintenance strategies are integrated and deliver value for money.

Reviewed standards and design guides for work on the common parts of our estates.



Understanding our customers

As a people driven service we need to know:

- Who are our customers?
- What do they think of the services we provide?
- What are their expectations?
- How do they think Hounslow Homes can contribute most effectively to their community?

We use a range of data sources to help us to answer these questions including the Census and our own annual residents survey.

We are also careful to ensure that the information we get from individual service based consultation exercises and from the tenancy checks we carry out and record are analysed and reported and contribute to the picture we maintain and build-up, of our customers and their aspirations.

Our research has revealed to us:

- A stable customer base, many of our customers have been tenants for more than 10 years
- Diversity in the ages of our service users. Census data shows us that 27% of household members are under 15 with 18% over sixty.
- When comparing the Tenant Satisfaction Survey results with

the borough-wide census, we have a higher proportion of White British, Black and Muslim tenants but lower numbers of Asian customers.

At least 10% of our customer base do not have English as a first language. To ensure we are receiving their views and the views of non-English speakers, we are working with colleagues in the voluntary sector who help us to identify and engage with them.

An increasing amount of households include a person with a disability or vulnerability and support is an increasingly significant element of our work.

An increasing proportion of our customers (around 16%) occupying leasehold properties. We have a separate database of lessees and have procedures in place to update this as leases are assigned or sub-let in the market place.

Accounting for Diversity and Need

The Audit Commission in their report on the company in January 2003 very encouragingly concluded that "[Hounslow Homes has a strong and assertive approach to both equalities and diversity issues](#)". We have sought to build and develop on that



platform and have a range of equalities strategies which enable us to respond to the needs of our community.

Operationally, we have identified the specific needs of some specialist groups amongst the tenant population (e.g. Somali) and have designed appropriate support mechanisms in recognition of this.

We successfully bid, with the Council, for £8.3m of regeneration funding from the Government for the Ivybridge and Convent Way estates in recognition of the design, community safety and social needs issues these areas face. This success along with the "Decent Homes" funding we were able to attract gives us a real opportunity to positively influence the lives of these communities.

Our Customers' Priorities

Because our customers have been willing to participate in the many consultation exercises and satisfaction surveys we have carried out, we their thoughts on the services we provide.

Key factors considered as we plan for 2004/2005 and beyond include the recognition that:

Satisfaction varies from group to group. Leaseholders,

sheltered housing tenants and younger customers all express very different viewpoints about the same services.

Satisfaction does not vary according to a customers' ethnicity. This is very positive in terms of the effective application of our equalities strategies.

A responsive and professional repairs service, when our staff and contractors visit and work in customers' homes, is vital.

We see from our surveys that customers are becoming increasingly satisfied with both responsive repairs (87% for the last completed report) and major works (84% for the completed decency work in 2003/2004) services.

More people (71%) want to contact us by telephone. As a result we are refining our service to respond to that demand by increasing the capacity of the call (or contact) centre.

Satisfaction levels with the call centre (up 5% to 72%) and with customers contact with staff (up 3% to 69%) have increased. It is encouraging to see that the decisions we have made so far are working for our tenants .

Nuisance and racial harassment are real concerns to customers and so we have set up the Anti-

Social Behaviour team to respond to that. The ASB team allows us to co-ordinate action against the perpetrators including any legal activity or where there is police involvement. This enables us to more effectively support customers experiencing this type of problem.

We are also planning to continue with our "mystery shopping" programme and we have appointed tenant mystery shoppers to add reality to the customer perspective. We have recruited a Residents Panel to act as a sounding board for services we provide now and ideas for the future. Both of these initiatives are valuable as they include tenants not involved in the more established participation structures.

Our annual borough-wide survey remains as a key focus of our consultation strategy enabling us to track - over time - the changes in expectations and satisfaction.

We have reviewed and changed our complaints procedures and we are using the performance management information we generate to establish exactly which areas are sources of discontent.

Over half of our complaints are about repairs, with missed appointments or delays in carrying out work being the

most common causes. We are using this information to improve services and reconsider our policies where this is appropriate.

The changes we have made so far appear to be working. Our last 6-monthly survey for October 2003-March 2004 shows that satisfaction with the way complaints are handled has increased by more than 5%.

Opportunities for Choice

As we, and the Council, are only too well aware, there is a limited supply of affordable housing in London and the Government's control of rents restricts choice. However, we still seek to maximise "choice" at the point of service delivery whenever we are able to do so. We can evidence this commitment providing:

Choices of how to be involved in decision making, which we set out in the Tenant Compact and in the Tenant Participation Strategy.

Last time we ran a survey to check customer views on this, 71% said they were happy with decision making opportunities and 79% said the information they received was good. We will be re-running this survey again in 2004.

chapter 4



Choices about kitchen and bathroom fixtures and fittings as part of the iDecent Homes' major works programme.

Choice based lettings.

Involvement in service standards and specifications.

The move to local housing management service delivery at a neighbourhood level.

Neighbourhood Offices have been established and deliver local services reflecting local needs.

Choices about environmental improvements that are made as decided by area forums.

Service specification and selection panels for service contracts (e.g. grounds maintenance, lifts, CCTV, door entry systems, iDecent Homes' partnering etc).

Involvement in revenue budget and investment priorities and choices.



Financial environment

Hounslow Homes was established by the Council to provide a management and maintenance service and to run the capital programme at "Arms Length" from the Council. As such the Company's objectives are geared to delivering excellent services to tenants and achieving the iDecent Homes[®] standard.

The only funding source available to achieve those objectives is the "management fee" paid to Hounslow Homes by the Council from its Housing Revenue Account. In the longer term, it may be possible to generate income from other sources but at least in the short term, the financial health of Hounslow Homes is inextricably linked to the financial health of the Council's Housing Revenue Account.

This link has been recognised by the Council and arrangements put in place to ensure the linkage to the funding streams is not lost. For example, Hounslow Homes is responsible for the budget preparation of the HRA and for the monitoring and closing of the account. Indeed the HRA Business Plan is prepared by Hounslow Homes on behalf of the Council.

The medium term financial prospects for the HRA are explored in some detail in the HRA Business Plan. There are also

some key issues that need to be addressed within the Business Plan for Hounslow Homes.

The funding for the Housing Revenue Account is mainly through HRA subsidy and rents together accounting for nearly 90% of income to the account. Both these sources of finance are controlled by government.

The impact of Right to Buy sales has been significant in the recent past. There was a peak of activity in the last financial year as a result of changes to the discount rules being announced in advance of their implementation.

Although the sale of each property reduces the income to the HRA, it is not so easy to make the commensurate reduction in expenditure. This is because

Overheads are comparatively fixed costs that do not change with individual property sales.

Housing Management costs can only be reduced by looking at patch sizes. This cannot be done on an ad hoc basis.

Repairs costs may fall, but generally it is the properties in good condition or with tenants able to undertake minor repairs themselves that are sold under the RTB.

Altogether the income reduces more quickly than the expenditure.

Rent Income

The rents are set by the Council on an annual basis. However, there is an expectation from the government that all local authorities will implement rent restructuring. This expectation manifests itself in the manipulation of the HRA subsidy system so that there could be severe HB subsidy penalties if rents are not set in accordance with the government methodology.

The most draconian element of this has not yet been introduced but the impact of property specific rent rebate subsidy limitation is so severe that an authority is effectively obliged to set rents in accordance with rent restructuring methodology.

Housing Subsidy

The HRA subsidy system also affects authorities (including Hounslow) that have set rents higher than guideline rents in the years before rent rebate subsidy limitation was introduced. Coincidental with the achievement of rent restructuring is the convergence of actual rents with guideline rents.

For Hounslow that means the amount of rent income that the government assumes will be charged will increase by £400k per annum more than the rents are allowed to increase by.

The impact of the subsidy changes had been identified and planned for in advance. The government had agreed to increase the amount of management and maintenance subsidy at a national level to reflect the changes in rent setting. In addition the outcome of the spending review was to increase the national management and maintenance allowances by 6% so that an overall increase in real terms of some 8.3% was budgeted for.

A cautious approach to these national figures underpinned the HRA Business Plan in 2003. An increase in real terms of around 4% would have been sufficient to allow the HRA to remain in balance in the medium term.

However, at the same time as these changes were being implemented, the government were reviewing the basis of the allocation of the management and maintenance allowances across the country. This review has identified that regions outside London have a greater relative need to spend on management and maintenance than the previous methodology recognised.

Although London boroughs generally have some reservations about the results of the review, the implementation has started. The significant real terms increases that had been expected have been replaced by a protection mechanism that allows an inflation only increase.

Future prospects for the HRA

This years comprehensive spending review, whilst generally regarded as positive for housing nationally, still leaves Hounslow vulnerable to an adverse subsidy settlement.

Taken altogether the HRA is likely to face a deficit of £2.8m over the next three years unless measures are put in place to reduce costs or increase income.

This is the context that the main funder of Hounslow Homes faces in the foreseeable future. It is therefore incumbent upon Hounslow Homes to deliver the lion's share of the savings required at the same time as striving to deliver excellent services for all its customers.

Other financial constraints

The delivery of the iDecent Homes programme is scheduled to be complete by March 2006. Hounslow Homes has spread the

risk of this by engaging with partner contractors, including its own repairs service. This means that the direct labour currently employed on capital works schemes may need to be redeployed to the ongoing day to day repairs function.

There will be a need to plan the workforce strategy to meet the drop in demand without the need for expensive redundancy costs.

The structure of Hounslow Homes is predicated on the primacy of its relationship with the Council. Any plans to diversify must be transparent in their impact on the services provided to tenants, and the cost of those services.

The latest information from the Housing Inspectorate indicates that Value for Money will again become an important factor in the rating of services. In recent times this has been less important to the Inspectorate than the need to improve standards.

Although Hounslow Homes and the Council have never lost sight of the need to achieve good value for money this change in emphasis brings with it further challenges to Hounslow Homes.

The Audit Commission has recently consulted on its revised inspection methodology. This

relies on "Key Lines of Enquiry" (KLOE) for each service area. Each KLOE includes a specific reference to Value For Money.

For example the KLOE on stock investment and asset management includes a statement about an organisation providing excellent services as follows, "Has low overall costs and unit costs for key services compared to other organisations providing similar levels of services and allowing for the local context (service users may have agreed to pay more for higher quality services)."

Approach to ensure that Hounslow Homes can "live within its means"

Any business faced with declining funding streams has to consider options to ensure its medium term viability. Hounslow Homes is no different. The options are to:

- Make savings by way of a planned reduction in costs.

- Increase income by diversification into other markets or by increasing income from the current customer base.

Clearly these options are not mutually exclusive and the need to obtain efficiency savings is being considered alongside the options to increase income.

Making savings

The Company has undertaken a range of Best Value Reviews in the last two years. The action plans arising from these reviews underpin the savings options currently being considered and implemented.

The success of the repairs call centre in increasing satisfaction levels from customers and implementing an appointments system for repairs, suggests that a more call centre based approach to providing information to our customers will allow savings to be made in the costs of face to face contact while at the same time improving the service offered.

Similarly the development of the web site will allow further reduction in the unit costs of interactions with our customers.

There is a financial risk associated with this approach as the more accessible we become to our customers, the more likely they are to request a service from us.

As our tenants are not generally charged for such services then such requests will add to the pressure upon the HRA.

The potential budget gap grows gradually over the next couple of years. The savings required to balance the account for 2005/06

have already been identified, the Company is working on proposals to find further savings for 2006/07.

The savings identified to date are summarised below.

	2004/05	2005/06	2006/07	Total
	£000	£000	£000	£000
Housing Division	81	360	44	485
Property Services Division	0	470	0	470
Resources Division	0	93	68	155
Housing Strategy & Services	0	150	0	150
Total savings identified	81	1,073	112	1,266
Savings required	0	1,153	1,411	2,564
Additional savings to be identified	0	0	1,298	1,298

Options for generating additional income

There are two sources of additional income that can be explored in the coming months.

- 1 Additional charges to Council tenants by way of service charges
- 2 The sale of goods or services to other organisations or the general public by expanding the services offered by Hounslow Homes

Service Charges

The government have left open the issue of service charges in its rent restructuring proposals. There is no policy directive but an incentive has been offered to authorities that are considering the introduction of service charges. A reducing proportion of service charges raised will be taken into account in the calculation of the rent rebate subsidy limitation.

Although this has the potential to generate significant levels of income over the next 8 years, it

would be raised from existing tenants who currently receive the full range of services from the rent pool.

In effect, the cost of living in Council accommodation would be increased by the service charge but without any change in the level of service. For that reason it is not likely that tenants or the Council will be prepared for service charges to make more than a modest contribution to bridging the budget gap.

Tenants are most concerned about the impact on affordability but have, however, indicated that service charges could be an option where valued but expensive services provided to a small number of tenants are under review. A working group of tenants and Hounslow Homes staff has been set up to consider the issues around service charges.

The sale of goods or services

In the context of selling goods and services, the requirements of the exercise need to be considered. In the immediate term there is the opportunity to sell spare capacity. From 2006 onwards that spare capacity will increase significantly once the decent homes programme has been completed. If that spare capacity is utilised, then as long

as it generates sufficient income to meet the cost, the call on the HRA is commensurately reduced.

If the diversification strategy is successful it may become possible to make contributions to the overheads and in time generate a profit for the company.

It is not necessary to make a profit on the service to assist in the savings strategy for the HRA.

The Board have considered the options available to Hounslow Homes to generate additional funding in the future

Potential customers have been identified and an initial assessment has been made taking account of the following issues:

The likely size of the customer base and the level of demand and whether there is the opportunity for an ongoing relationship or repeat business.

The need for marketing and demonstration of a track record, and whether the work could be undertaken without an expensive tendering process.

Whether a formal contract would be required.

The need for insurance warranties and guarantees.

Whether payment would be received in advance or invoiced.

The predictability and controllability of work and the

ability to plan resource requirements.

The likely level of risk.

The ease of implementation including putting the necessary systems into place.

There are also a number of common issues that will need to be addressed for all types of work. These include:

The need to at least break even each year.

The need to properly identify costs so they can be recovered from the project.

Putting in place a performance management framework to demonstrate that services to tenants are unaffected and to ensure that external work is of a good quality.

A resource to price work properly.

A robust payment method.

Clarification of tax, VAT and insurance arrangements.

There is the potential to increase the stock under management, either by undertaking the management function directly on behalf of other landlords such as RSLs with a small number of units in the borough or by seeking development opportunities.

The development opportunities are largely dependant on the "freedoms and flexibilities" to be

offered to high performing ALMOs. Further work, in partnership with the Council, will be undertaken when the government publishes its proposals in this area.

As a result of this analysis the Board have agreed to focus on the potential to offer:

A procurement service for other ALMOs and neighbouring boroughs.

Services to schools including emergency call out, re-glazing and painting.

Sub contracting for developer partners.

Increasing stock under management.

Taking all the above issues into account, our business strategy will have the following major features:

1. We will be identifying a continuous stream of service and operational improvements, which will generate reductions in costs, or improvements in productivity equal to 2% of our operating costs of each of the next 5 years.
2. We will re-shape our repairs operation to reflect the reduction in housing revenue resources so that they are able to take advantage of the commercial opportunities

- available in West London.
3. We will develop entrepreneurial skills across the service to achieve continuous improvement to service delivery and take advantage of the wider market place.
 4. We will explore, with tenants and the Council, the option of introducing service charges for certain specific areas of service delivery (tenants have already indicated that they would not wish to see any increases in rents above those set by Government through its annual determination of rent limits).
 5. We will evaluate the options for securing alternative accommodation to compensate for that lost through Right to Buy sales.
 6. We will use our local knowledge and partnership arrangements to promote community and estate regeneration.

Risk Management

Hounslow Homes has adopted a risk management strategy to ensure that risks are identified and decisions taken to manage that risk. Having identified the risks, the company is in the process of drilling increased awareness and familiarity with risk throughout the organisation

to ensure the culture is embedded within it.

A series of risk management workshops have been undertaken initially by the senior management team and then for each directorate across the organisation. As a result of these workshops we have:

- Identified key and other significant risks and produced an inherent risk map.

- Mitigated those risks and produced a residual risk map.

- Categorised risks by Strategic, Financial, Operational, Reputation, Regulatory and HR.

- Produced a risk register.

- Action plans to address risks in place.

- Systems in place to monitor and review the risks and action plans.

The risk management framework has identified a range of risks. A large proportion of those are risks that any similar organisation would expect to face, for example a natural or terrorist disaster, inability to attract or retain staff and the consequences of poor media and public relations.

There are, however, some risks that are unusual. It is appropriate as part of this Plan for us to summarise very briefly those risks.

IT - High Risk

The delivery of our ambitious improvement programme is dependent upon the necessary IT expertise and support being available if the service delivery objectives of the programme are to be delivered.

Hounslow Homes is reviewing its IT support arrangements with the Council to ensure that a professional and accountable support service is provided. In this context it is worth noting that the Council has recently embarked on a review of the ICT section to address concerns about the level of performance and the legacy of historical under-investment.

External Financial Environment - Medium Risk

Having achieved the 2 star score necessary to draw down the £90m ALMO resources for delivery of the decent homes programme and having spent the first two years' allocation of £35m, we can be confident that the funding will be available.

However the risks of building cost inflation eroding the value of the £90m require the partnering contracts to be effectively managed to ensure efficiencies are maximised.

Changes to the HIP process including the 30% top slice into a bidding pot and the reduction of the Major Repairs Allowance are such that the capital programme must be carefully prioritised and monitored if the 'iDecent Homes' target is to be delivered.

There is also a risk on the revenue stream as the government's changes to HRA subsidy have the effect of freezing management and maintenance subsidy in real terms at a time when properties are being sold at a high rate via the Right to Buy and the implementation of rent restructuring is also taking money out of the HRA.

A potential gap of nearly £3m has been identified on the HRA for 2005/06, currently the only source of income for Hounslow Homes.

Workforce Re-engineering in Repairs Service - Medium Risk

The Company has a large direct workforce that provides a day to day repairs service and undertakes some capital work under the partnering agreements.

The delivery of the day to day repairs service has been radically

overhauled with the roll out of the new appointments system and the revised bonus scheme. The workforce has been consulted and is on board with these changes.

The efficiency savings will go a long way to ensuring that the organisation will be able to cope with the consequences of a reducing revenue stream.

Council exercising five year Break Clause - Medium Risk

The contract with the Council has a five year break clause. It is important that the Company clearly delivers its iDecent Homes' targets in the first five years. That history of delivery will ensure that the Council is able to facilitate the company to take advantage of the forthcoming freedoms and flexibilities to mutual benefit.

The overall responsibility for risk management rests with the senior management team, who keep the risk register under regular review. For further information about the risk management process within Hounslow Homes please contact Neil Isaac, Director of Resources. (Email neil.isaac@hounslowhomes.org.uk)



Organisational capacity

Hounslow Homes can point to a number of accredited strengths which evidence our organisational capacity and our ability to develop, key amongst them are:

Governance and the appropriate arms length arrangement we have with the Council.

The capacity and skills vested in the senior management team.

Sound financial management.

Regeneration expertise and most recently additional investment has been secured for work at Ivybridge and Convent Way.

Effective procurement of which the major works partnership contracts are a good example, we will now be looking to explore the opportunities suggested in the Gershon Report as they can be applied to Hounslow Homes.

Operationally we will be continuing to apply the best value philosophy to an ongoing review of our activities, including our own corporate services, in a drive to achieve continuous improvement and increased efficiency of at least 2%.

We are putting in place a programme to that effect. There are other elements of the business that we also need to consider if the company is to prosper:

Workforce Development

Hounslow Homes' key asset is the skill and experience of its workforce. We have supplemented our already robust training commitment with a focus on our third tier managers who are effectively the conduit between Board and Senior Management and the delivery of the services commissioned.

Our Managers together with Directors applied, over a series of 8 workshops, the diagnostic Business Excellence Model, the results of which have been fed directly into our service plan. We have followed this up with a development programme to enhance and develop the skills of our managers further.

We expect our investment in training and support to encourage more local decision making which is swifter and more responsive to local operational needs and to develop managers' own professional and entrepreneurial skills.

As well as these newer initiatives we will not be compromising established areas of strength within our manual workforce and we will continue to invest and support apprentice training schemes.



Quality Accreditation

External accreditation is an important ingredient in the business development process and facilitates a constant review of systems and practices. As well as providing an opportunity to challenge established mechanisms, external accreditation also presents an opportunity to learn from a structured audit process.

As well as having applied the Business Excellence Model to our organisation, we have a range of externally awarded quality achievements gained by various parts of the business, including:

Investors in People across the whole company.

ISO, for rental, voids, caretaking, community alarm and sheltered housing functions. We are looking to extend this to our Anti-Social Behaviour function too.

Awards for the standards of our cleaning and repair practices.

Three Star British Safety Council Health and Safety accreditation.

In addition:

We are submitting an application for Sheltered Housing and, in the longer term, the Community Alarm Code of Practice.

We intend making another Charter Mark submission for our Call Centre.

All of these development initiatives serve to create a structure for Hounslow Homes around which excellence can be built and we remain committed to them.

Developing Improvement

As we have set out throughout this Plan we are continuing to explore and investigate new strategies and methods for providing the services our customers demand of us. Central to this is an improved information technology infrastructure, which can accommodate the software we need, core to developing our service provision.

IT capacity is particularly important as we refine our customer access strategy and increase electronic access for our tenants and residents to interact with us. Specific initiatives include:

Increasing the capacity and the efficiency of our call centre to enable it to evolve into a comprehensive Hounslow Homes contact centre.

More accessible and interactive internet based services with a more sophisticated, user friendly web-site.

Ensuring that staff in remote locations have access to the same IT facilities as those based in centralised offices.

Development of the Business objects information retrieval and reporting system.

Develop systems for monitoring and managing anti-social behaviour.

Advanced GIS mapping capabilities.

Increasing the ability of our front line staff to enter information on to our databases and to provide live data to customers whilst in the field with mobile working devices.

The ongoing development of our existing core business systems to ensure we gain the maximum benefit from the data already held, driving in efficiencies through process re-engineering.

To complement this investment we have commissioned innovative customer care training to equip our staff to meet the expectations and aspirations of our service users.

We are also reviewing our diversity policies and the supporting training regime to ensure that this traditional strength of Hounslow Homes continues to be so and we are building on our Supporting People initiatives to ensure that the more vulnerable members of our community are able to receive the services they need in a way that is appropriate to them.



Planning for the future

In the early part of our Plan for Excellence, we set out our Mission Statement which reflects our Strategic Objectives and Values accounting also for the corporate priorities of our key partner, the London Borough of Hounslow and, going beyond the bounds of the Council, those set out in Hounslow's Community Plan.

Our Plan for Excellence is supported and underpinned by a range of linked strategies including our:

- Asset Management strategy, incorporating energy, sustainability and our Decent Homes Strategy.
- Procurement Strategy.
- Housing Management strategies including, income recovery, resident involvement, consultation, racial harassment and anti-social behaviour.
- Communications Strategy.
- Customer Care Strategy.
- Equalities Strategies.
- Information Technology Strategy.
- Training Strategy & Human Resources policies.

We are determined in our search for continuous improvement to challenge and review our operation and our policies. We are seeking to establish a framework with stakeholders for

an ongoing dialogue about our strategic approach and we have set up a self-assessment programme to include peer review and external challenge to ensure we continue to abide with the principles of best value to which we are committed.

Annually Hounslow Homes produces a Service Plan (the 2004/2005 Plan is appended to this document) which sets out the individual operational activities we believe we need to carry out during the year to provide the quality services we are committed to deliver.

The Plan will be used by our staff on a daily basis as a reference tool around which they can plan to deliver the services for which they are responsible.

The Service Plan is informed by a range of consultation and research exercises we have carried out during the course of the year, including:

- Customer consultation reports.
- Support Services Best Value Strategy & Performance review plan.
- Capital programme and planned maintenance Best Value review plan.
- Long term commitments originally set out in the 2003/2004 Service Plan.

Contributions from the individual organisational development plans arising from the Business Excellence Model diagnosis.

Feedback from the Getting 3 Stars staff seminars.

Mystery shopping analysis.

Excellence gap analysis.

Audit Commission inspection reports.

Operational action plans (e.g. community cohesion, health and safety).

Structure

To enhance the clarity and accessibility of the plan, and being mindful of the feedback we have received during the course of the year, we have sought to make it as uncluttered as possible while being aware of the importance of it being SMART. That is why our service plan is made up of just three columns:

Action - the operation or activity to be carried out.

Timescale - when the specified action is to be completed.

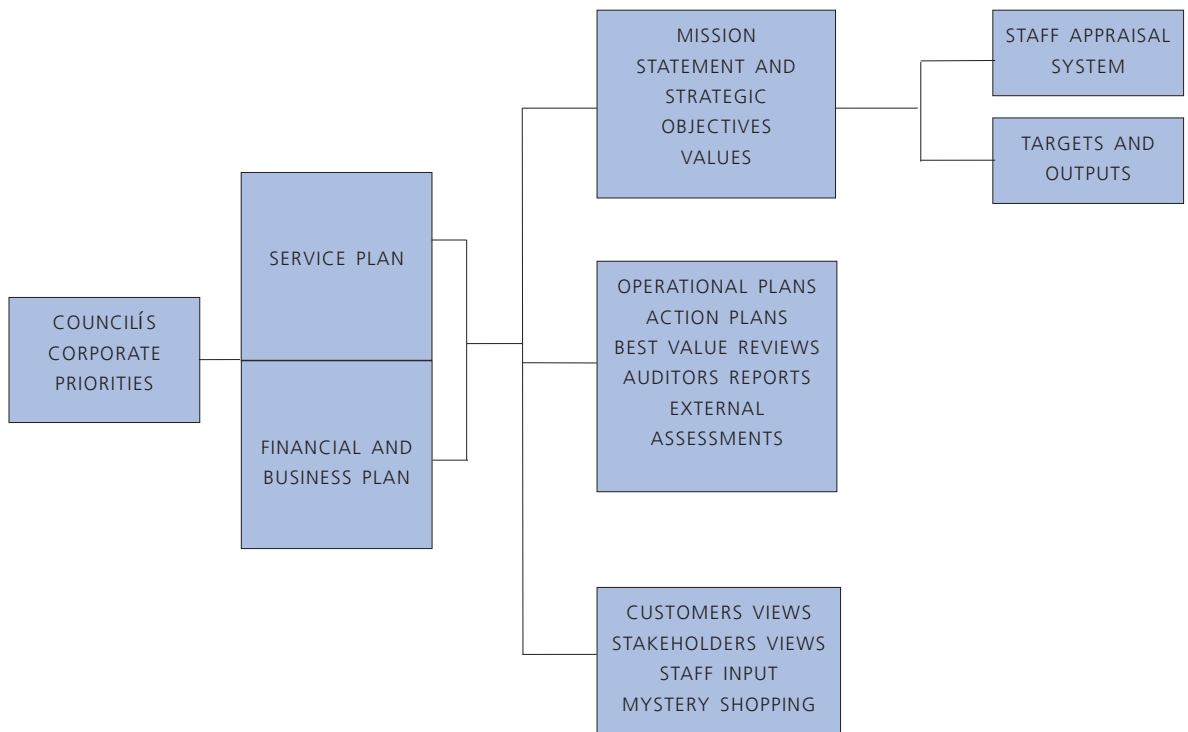
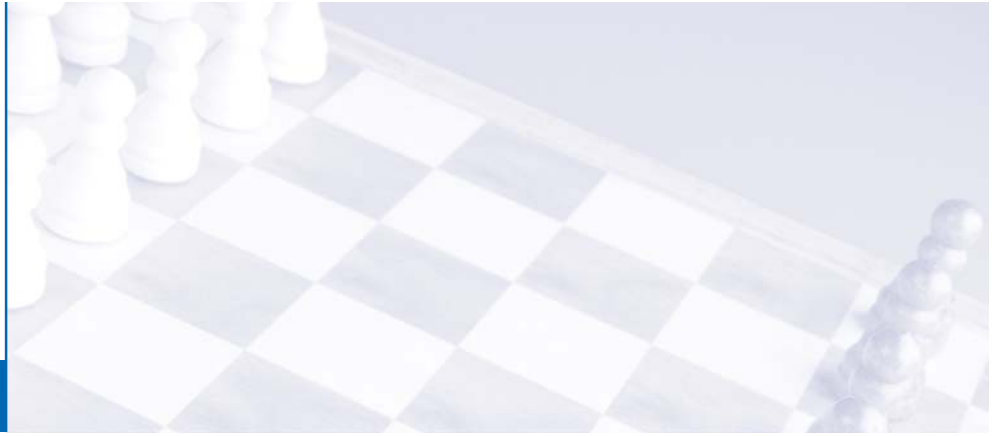
Lead Officer - the name of the person responsible for delivering the action.

In former years we specified the source of each individual action, now all activity sources are set out generally in this chapter.

In former years we specified targets or outcomes for each individual action. Now all measurable targets which respond to the collective actions set out in the Service Plan are attached as a separate subsection to it. The service plan sets out what we will do and the targets will act as a scale for how effectively we have delivered.

In former years we specified financial resources for each individual action. Now our budget setting process has informed and complemented our service plan and the two plans have driven each other negating such a requirement.

These linkages can be set out diagrammatically as shown overleaf:



Monitoring and Reporting

The arrangements for monitoring and reporting performance in respect of the delivery of the service plan are part of the established Hounslow Homes performance management framework. The same mechanisms and framework will be applied in 2004/2005.

In summary, this equates to:

Board

Quarterly reports to the Best Value and Scrutiny Sub-Committee

Quarterly Summary Reports to Board

Customers

Reports to Area Forum and Hounslow Homes Consultative Committee in accordance with their cycle of meetings

Summaries in Hounslow Homes News as established by previous consultation

Council

Quarterly Reports

Senior Management

Composite quarterly evaluation report to the Managing Director.

A regular quarterly senior management team discussion of the Management Information report.

