



Best Value Review

**Improving and Maintaining
Council Homes**

Draft Report

Executive Summary

1. Introduction

This is the draft report of the Best Value Review of Improving and Maintaining Council Homes. The review has examined the ways in which improvements, planned, programmed and cyclical maintenance works are undertaken. This covers planning and commissioning carried out on behalf of Derby City Council by Derby Homes. The scope of the review was influenced by a group of internal and external stakeholders who identified the issues to be examined and the associated risks to the maintenance service.

2. Challenge

The service was challenged to state its aims, who uses it, why it is provided and how it can be provided or improved in the future. The service seeks to provide tenants and leaseholders with safe, secure and warm homes. The issues were challenged to determine why, when, where they are an issue and how these could be resolved. The key issue facing the service is to bring all properties to the Decent Homes Standard by 2006 in a way that meets tenants' aspirations.

3. Consult

Extensive consultation for the review was carried out involving tenants and leaseholders, partners, contractors, and suppliers as well as Board Members and Councillors and officers of Derby Homes and the Council. Key priorities that emerged from this consultation are for the quality of work and the quality of homes to be raised, for tenants to have greater involvement and choice and for the investment made to be sustainable.

4. Compare

We have compared two semi against our benchmark comparator groups of major cities and unitary authorities. We have also compared ourselves against two social housing providers and two private and two private sector organisations. These have shown that we use a mix of procurement methods similar to other comparable organisations but suggest that there is scope to develop a stronger customer forms and offer greater choice.

5. Compete

We have measured that competitiveness of our service against other providers in the same market. Analysis shows that our expenditure on major repairs, planned, programmed and cyclical repairs is higher than amongst our benchmarked comparators. This reflects our success in achieving a high ratio of planned to responsive repairs. The review has also specifically examined the percentage of scheme costs incurred through commissioning activities, both with Derby Homes and in comparative organisations. This shows that in-house commissioning costs are comparatively low. This suggests that external providers should continue to be used to commission work, on behalf of Derby Homes, where they provide additional capacity and

Appendix A – Improvement Action Plan

DRAFT IMPROVEMENT ACTION PLAN – 1

Identified Improvement. To provide high quality housing for all		Link to Sustainability. All homes need to be to an acceptable standard to encourage residents to choose to live in them and continue to do so in the future.			
Objective. To achieve the decent homes standard by 2006 and develop and work towards a higher, local standard - Derby Decency Plus.		The future needs and aspirations of tenants need to be identified and met to maintain this demand			
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	PI	Ref Res.
Develop Derby Homes Board, Housing Boards (North & South), Homes Pride Committee and Council involvement in the Homes Pride Programme	Training Sessions, reports consultation and liaison concerning the Homes Pride Programme Adoptions of Project Management techniques to the whole of the Homes Pride programme	Board time, committee time, staff time, committee administration	Board members fully committed and involved in the Homes Pride programme. 1 st meeting of Homes Pride Committee October 2002 1 st shadow meeting of local Housing Boards Jan 2003		DPM
Identify needs of individual properties	Interrogation of Stock Condition Database and consultation Housing Investment Team	Staff Time, IT consultancy, Software requirements	Data Analysis completed by end December 2002		IPM
Consult tenants and leaseholders on proposals	Housing Investment Conference, exhibitions, TP structure, home visits etc.	Staff Time, venue costs	2 area programmes at Housing Investment Conference March 2003, individual consultation on projects 6 months prior to start subject to discussion with Housing Boards		IPM
Procure the works	Identify achievable programmes to meet the needs and work with partners to specify, plan and achieve these targets	Homes Pride programme, Staff Time	7,622 properties made decent, 6,707 prevented from becoming non-decent by April 2006	BVPI	MM

That the Board

- Nominations of Board members to serve on the selection panels that will select strategic partners in October 2002
- Seeking expressions of interest from suitably qualified and experienced organisations to act as facilitators in the construction partnering process
- Agreement to accept partnering principles, at its September meeting
- Agreement appoint strategic partners by the end of the year

6.4.3 The Derby Homes Procurement Strategy will be a mix of strategic framework agreements, project partnering agreements and traditional tendering methods

The main areas of work where Framework Agreements may be most appropriate, include

- replacement kitchens and bathrooms
- re-roofing
- refurbishment of Wimpey 'No Fines' dwellings
- environmental improvement work
- full modernisation to pre-war dwellings.

Of the £118m Homes Pride programme, it is estimated that £77m might be spent in this way.

Project specific partnering agreements may be appropriate to the following areas of work

- replacement heating systems
- repairs before painting and UPVC double glazing
- electrical work
- asbestos removal
- burglar alarm installation
- door entry replacement
- improvements to Unity dwellings.

These are more discreet activities where partnering principles could be applied. Of the £118m Homes Pride programme, it is estimated that £33m might be spent in this way.

The remaining areas of work are still likely to be procured by other methods such as tendering on an individual contract basis and use of schedule of rates contracts. These will mainly consist of highly specified and regulated works and services such as asbestos removal. It is estimated that of the £8m Homes Pride programme.

DRAFT IMPROVEMENT ACTION PLAN – 1 (Continued)

Identified Improvement. To provide high quality housing for all		Link to Sustainability. All homes need to be to an acceptable standard to encourage residents to choose to live in them and continue to do so in the future.				
Objective. To achieve the decent homes standard by 2006 and develop and work towards a higher, local standard - Derby Decency Plus.		The future needs and aspirations of tenants need to be identified and met to maintain this demand				
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	KPI	Ref	Res
Work undertaken wherever major repair and modernisation work to be required	Close liaison with customers and stakeholders, consideration of individual needs	Staff time, marketing costs	100% take-up			MM
Identify elements of Derby Decency Plus standard through consultation with customers	Consultation with current and future customers, partners, staff, suppliers and merchants	Staff Time, venue costs	HIC November 2002			IPM
Monitor and review targets and set ongoing improvement and maintenance plans	Set KPI's with partners, customers and stakeholders and monitor progress against these at Senior Management Team, Homes Pride Committee and Housing Boards	Staff Time, venue costs	Strategic KPI's agreed end Jan 2003, project KPI's prior to commencement			IPM MM
Monitoring	Number of non-decent homes made decent, number of non-decent homes as a percentage of total stock to be identified through the stock condition database. Customer satisfaction.					
Public Outcome	Improved public sector housing stock, meeting the needs of customers.					

DRAFT IMPROVEMENT ACTION PLAN – 2

Identified Improvement. Make sure Council estates are places people choose to live		Link to Sustainability. Making all homes meet the needs of current and future tenants will be a factor in improving and maintaining demand and the desirability of Council homes.			
Objective. Redesign and redevelop areas where demand for Council homes is low					
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	PI	Ref Res
Identify the future needs for the size, type and density of Council homes, the amenities available in them and the environment around them	Work with the City Council to conduct area based studies to identify these issues and opportunities for redesign and redevelopment prioritising Osmaston, Old Sinfen and Cowsley (working with NDC)	Staff time, consultancy costs	Three housing futures studies currently planned, to be completed by March 2004.		IPM
Conduct consultation with tenants, leaseholders and other stakeholders on the outcomes of these studies	HIC, exhibitions, TP structure, home visits. Work with partner concerned with crime and disorder, energy efficiency and environmental maintenance	Staff time, venue costs	As studies are conducted, within 3 months of the completion of the studies		IPM
Agree on an area basis how to encourage estate sustainability into improvement and maintenance schemes	Work with partners to improve and maintain homes in a manner which meets the agreed standards	Homes Pride programme, staff time	Following consultation		MM
Review the effectiveness of the maintenance strategy in increasing estate sustainability	Work with the City Council to monitor sustainability and predict future changes	Staff time, IT costs, computer run time	Year on Year		IPM
Monitoring	Customer satisfaction, sustainability index, turnover, void costs.				
Public Outcome	More desirable Council estates.				

<p>Identified Improvement. Make sure that all improvement work uses sustainable and efficient building techniques and materials</p> <p>Objective. Set up long term partnership arrangements with contractors to make sure that these techniques and materials are used</p>		<p>Link to Sustainability. Use of sustainable and efficient building techniques and materials will reduce harmful environmental impact, avoid excessive wastage and provide a long-term value for money solution.</p>				
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	PI	Ref	Res
<p>Minimise negative environmental impact of construction methods and materials used.</p> <p>Keep up to date with the latest developments with regard to sustainable and efficient building techniques and materials.</p> <p>Consultation with customers.</p>	<p>Analysis and value engineering techniques and reviewing Egan principles within partnering agreement</p> <p>Consultation and forward planning with selected partners with regards to the latest and most sustainable options available.</p> <p>Continuing to consider best practice from Building Research Establishment other good practise organisations.</p> <p>Involve customers in the choice and impact of materials and techniques for maintaining and improving council homes through the partnering process.</p>	<p>Staff time</p> <p>Commitment and time from the project team</p> <p>Staff time</p> <p>Staff time and venue costs</p>	<p>Seek EMAS accreditation for all work</p> <p>Achieve Zero defects</p> <p>Set target for recycling of materials</p> <p>ensure environmentally efficient disposal</p> <p>Agree environmental standard for Homes Pride programme by December 2002</p>			MM
Monitoring	Comparison with traditional building techniques and materials					
Public Outcome	Improved environmental and estate sustainability					

DRAFT IMPROVEMENT ACTION PLAN – 3

Identified Improvement. To increase customer take up so that 100% of properties requiring improvement have work carried out		Link to Sustainability. Improved 'ownership' of spend priorities by local communities will help generate commitment from those communities to their environment. 100% take up of work will ensure that a consistent standard of accommodation is available on Council estates				
Objective. Improve communication with and involvement of tenants so tenants agree to participate						
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	PI	Ref	Res
Produce a Derby Homes communication strategy on improving and maintaining Council housing	Through consultation with TP network and staff, in particular marketing, liaison and coordination staff	Staff time, print costs, appointment of specific Marketing Officer for Homes Pride programme	End March 2003			MM
Achieve full take up	Effective communication and practices and procedures to secure access as necessary in all properties.	Staff time, consultant costs, language line, printing costs	Following from above adoption, April 2003 onwards			MM
Minimising disturbance of tenants during improvement and maintenance work	Work with partners to examine ways of working which reduce or eliminate disturbance and the need to decant	Homes Pride programme, staff time	Agree local KPI of number of days disturbance for each scheme			MM
Work more effectively with the TP network and the local office network	Attend Customer/Community panel meetings. Have a base for maintenance staff at local offices	Staff time and overtime, accommodation costs	Attendance at meetings from March 2003. Local base by Jan 2003			MM
Monitoring	Take-up of improvement and maintenance works. Customer satisfaction					
Public Outcome	Greater resident involvement in improvement and maintenance of Council homes More improved Council Homes					

DRAFT IMPROVEMENT ACTION PLAN – 5

Identified Improvement. Achieve Best Value by implement the Rethinking Construction report to reduce cost, reduce defects and increase quality		Link to Sustainability. Long term partnering agreement with contractors will forge a greater commitment to the local community from them and thus will help sustainability e.g. employment opportunities			
Objective. Develop and agree long term strategic and project partnering agreements					
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	PI	Ref
Agree Derby Homes procurement strategy to incorporate the Egan principles	<p>Apply the principles of Rethinking Construction and ensure that the benefits of an integrated team approach are utilised.</p> <p>Involve customers in the selection and management of strategic and project specific partners.</p> <p>Set out long term partnering agreements incorporating real training opportunities for local people to get involved.</p> <p>To partner throughout the supply chain, arrange long-term supply and service level agreements. Comply with European procurement directives</p>	Staff time, venue costs, marketing costs, additional staff	Implementation of partnering procurement by March 2003 As an integrated team of staff, customers and partners to achieve: <ul style="list-style-type: none"> • Reduction in cost and time • Improved customer satisfaction • Zero defects • Minimised disruption • Health and Safety standards • Good employment and training policies 		
Monitoring	Number of strategic and project partnering agreements, number of trainees employed				
Public Outcome	More customer involvement in the construction process and better value				

MM

DRAFT IMPROVEMENT ACTION PLAN – 6

Identified Improvement. Make sure that the work carried out and the way in which it is done meets tenants' aspirations		Link to Sustainability. Improved 'ownership' of improvement and maintenance work by local communities will help generate commitment from those communities to their environment.				
Objective. Provide choice to tenants in the design of improvement and maintenance schemes						
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	PI	Ref	Res
Identify the level of choice customers desire	Work with individuals and groups to identify the quality and cost of the design and the choice of components to be used in improvement and maintenance schemes	Staff time, venue costs, marketing officer	Finalised at HIC March 2003			IPM
Identify citywide, area and local levels of choice.	Develop new initiatives to present tenants and their representatives with the range of components and design options available. Under the cost and quality criteria to jointly agree choices using showrooms, show homes and other promotional techniques.	Staff time, venue costs, marketing officer	Scheme specific from March 2003			IPM
Manage Choice	Through take-up offer customers agreed choice of components and design options. Monitor satisfaction with choice.	Staff time, venue costs, marketing officer	Scheme specific from March 2003			MM
Monitoring	Take-up level, customer satisfaction					
Public Outcome	Public involvement in the design of improvement and maintenance of Council homes					

DRAFT IMPROVEMENT ACTION PLAN – 8

Identified Improvement		Link to Sustainability. Adoption of a just in time maintenance strategy means that the properties will be maintained without the build up of an investment backlog.			
Objective. Make better use of stock condition information so that optimum use can be made of a just in time maintenance strategy					
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	PI	Ref Res
Ensure that our asset management strategy recognises the benefit of carrying out work in a planned way.	Package work on an area-by-area basis and carry out large-scale planned improvement schemes to achieve value for money and economies of scale.	Staff time, IT costs, Homes Pride programme, marketing costs	Overall programme by March 2003		IPM
Ensure that all improvement and maintenance activity is carried out in line with the Audit Commission's guideline 40/60 responsive/planned split on revenue spend	Continually explore methods of minimise responsive repairs and putting together more efficient planned maintenance regimes Manage our assets in a way that means components are replaced at the end of their useful life (old and in poor condition). Investigate and work towards life-cycle installation and repair partnering agreement for appropriate elements such as heating systems, door entry systems etc.	Staff time, IT costs	40/60 split on revenue spend by March 2006 5% increase in revenue funded planned works year on year to reach this target from 2002 Work towards 35/65 split by 2010 Draft target for reduction for day to day and void repairs due to obsolescence of 20% less year on year		MM
Monitoring	Monthly budget monitoring				
Public Outcome	Less responsive repairs				

DRAFT IMPROVEMENT ACTION PLAN – 7

Identified Improvement. Improving employment opportunities and training for people in Derby		Link to Sustainability. This will help the sustainability within Derby by providing long-term employment opportunities to individuals and help combat the labour crisis that exists within the Construction industry.			
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	PI	Ref Res
Create training opportunities for the people of Derby as part of the improvement and maintenance of council homes	<p>Training to be a requirement of partnering agreements</p> <p>Consult and actively work with other agencies and training providers</p> <p>Link with training providers to provide support for people coming in to work.</p> <p>Explore the possibility of a community enterprise initiative</p> <p>Bid for other sources of funding to subsidise the cost of training people</p> <p>Implement the targets set out in the 'Accelerating Change' report published by the Strategic Forum</p>	Staff time, venue cost, marketing costs	<p>Number of training places, number of people employed year on year.</p> <p>Draft estimates</p> <p>100 training places per year</p> <p>80% of jobs appointed locally</p>		IPM
Monitoring	Number of training places, number of people employed year on year				
Public Outcome	Higher local employment				

DRAFT IMPROVEMENT ACTION PLAN – 9

Identified Improvement. Meet the needs of local communities		Link to Sustainability. Providing accurate reliable information to customers and local communities will allow them to be aware of and plan for the future. Local contact between the customers and Derby Homes staff and partners will encourage involvement of tenants and the 'ownership' of the Homes Pride programme				
Objective. Plan and carry out improvement and maintenance schemes through locally based schemes						
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	PI	Ref	Res
Provide tenants with information on their property and local area	Further develop the stock condition database to allow local offices to provide information on individual properties	Staff time, IT costs, consultancy	End December 2002			IPM
	Present information to local communities on the proposed work in their areas, with property by property information available, in conjunction with the marketing of improvement schemes	Staff time, IT costs, venue costs	End March 2003			
Involve local tenants in improvement and maintenance work	Actively encourage local tenants to become involved in partnering schemes which are planned in their area	Staff time, IT costs, venue costs	Ensure at least 2 tenants or leaseholders are on Core Partnering Group for each local area			MM
Provide local contact between customers and partners	Provide a base for Derby Homes and partners liaison staff in the local office network. Ensure local base for partners	Staff costs, accommodation Within Homes Pride programme	November 2002 Scheme specific			MM
Monitoring	Customer satisfaction, number of tenants involved in partnering schemes					
Public Outcome	Public involvement at a local level with improvement and maintenance of Council homes					

DRAFT IMPROVEMENT ACTION PLAN – 10

Identified Improvement. Provide choice for all members of the community and deliver equality of opportunity		Link to Sustainability. Provision of accessibility to appropriate accommodation for a higher section of the community will encourage a higher demand for Council homes.				
Objective. Use appropriate design features to make sure that accommodation is suitable for people with special needs		Provision of lifetime homes will allow tenants to live in their homes for longer.				
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	PI	Ref	Res
Identify the different needs of individuals and the community when planning the improvement and maintenance work	Consult with BME and other minority groups to establish any specific needs at the design stage of the improvement and maintenance work. Consult with other agencies to be proactive in the identification of individual customers needs and incorporate these into the Homes Pride programme	Staff time, marketing costs, Homes Pride programme, Housing equalities advisor	To be fully identified by March 2003 Draft target for reduction of responsive adaptations of 20% year on year			IPM
Ensure the improvement work takes into account the changing needs of customers throughout their life.	Consider the future needs of customers during the design of the improvement and maintenance work. Implement the 'lifetimes homes' standards in suitable accommodation.	Staff time, marketing costs, Homes Pride programme	Overall guideline by March 2003, scheme specific			MM
Ensure that all members of the community are communicated with and engaged throughout the consultation process	Effectively communicate with people from minority groups. Use more techniques to reach customers.	Staff time, consultation costs, language line, printing costs	Following adoption of communication strategy from April 2003			IPM
Monitoring	Customer satisfaction, number of adaptations outstanding					
Public Outcome	Accessibility of appropriate housing for the community					

DRAFT IMPROVEMENT ACTION PLAN – 11

Identified Improvement. Ensure that customers are satisfied with the work carried out.		Link to Sustainability. Customers will have ownership and involvement in the agreements entered into by Derby Homes			
Objective. Introduce a Derby Homes Pride Customer Care Charter					
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	PI	Ref Res
Establish Derby Homes Pride Customer Care Code	Consultation with customers, stakeholders, staff and consultants	Staff costs, consultants costs, marketing costs, venue costs	March 2003		MM
Clear service level agreements with other agencies providing services for Derby Homes and robust contractual arrangements with external service providers	Identify the requirements of Derby Homes and its customers for all services provided by other agencies and external providers Identify the most appropriate type of agreement to meet these needs	Staff time, marketing costs, legal costs, venue costs, Homes Pride programme	March 2003		MM
	Consult and involve customers on the requirements and proposed agreements to obtain customer consent				
	Enter into agreements with the most appropriate provider to provide a Best Value service				
Monitoring	Customer satisfaction, appraisal of service providers				
Public Outcome	Clear defined service				

DRAFT IMPROVEMENT ACTION PLAN – 12

Identified Improvement. Ensure all homes meet legislative requirements Objective. Provide a proactive programmed system of inspection, servicing and repair.		Link to Sustainability. By ensuring high efficiency, low cost systems are installed and maintained we will encourage people to live in their homes without excessive financial burden. This will encourage long-term occupancy of the dwellings.				
What Needs Doing	How Will it be Done	Resources Required	Target Including Timescale	PI	Ref	Res
Develop pro-active methods of access arrangements and appointment systems.	Develop system of proactive lettering, appointments, prize draw systems across all programmed works	Derby Homes Staff time and contractor and partners time and costs for implementation if any.	All projects by March 2004	% Access		MM
Develop systems for recording details of equipment and actions taken	Develop a system of recording project details on databases via web access	Contractor and partner time and costs in development of system	Pilot complete by April 2003. All projects April 2004	No web sites complete		MM
Appoint all contractors on a partnering basis procured on standards of quality and best value	Develop a system of procurement that allows contractors to be selected on a 30% cost 70% quality basis that is both open and transparent.	Derby Homes Staff time, customers time and costs	4 partners appointed by 1 April 2003. All partners appointed by 1 April 2004.	No of partners to traditional contracts		MM
Consult tenants on effectiveness of systems and outcomes	Develop a system of post work evaluation by % visits and satisfaction survey	Derby Homes Staff time	All projects by June 2003	No of post evaluation complete		MM
Ensure all partners have the knowledge and ability required	Hold regular project meetings and partner core group meetings and hold joint training sessions.	Derby Homes Staff time and contractor and partners time.	Started and ongoing	No of meetings / sessions		MM
Monitoring	Number of services completed against number required, customer satisfaction					
Public Outcome	Improve standard of service and of mechanical and electrical systems and appliances					

expertise. It also suggests, however, that it may represent Best Value if Derby Homes further develops wherever possible the relevant skills and resources in-house in order to deliver the Homes Pride programme.

6. Options Appraisal

The options appraisal has looked at how the future investment in the maintenance and improvement of Council Homes is planned. The review has looked at the options in relation to

- how further maintenance and improvement strategies are to be planned

We have concluded that rather than purely being led by stock condition survey results our investment strategy should be based on a robust model of sustainability.

- how tenants, leaseholders and other service users are involved in the planning and delivery of the service and how their views are taken into account

We have concluded that tenants and leaseholders should be involved in the entire procurement process from implementation to completion, rather than being limited to traditional techniques of pre contract consultation and post contract evaluation.

- how the service is procured and how the operational delivery of the service is managed.

We have concluded that over 90% of the Public Sector Housing Capital Programme should be delivered through the use of strategic partnering and project based partnering. This should raise quality, generate efficiency savings and share cost savings with our contractors.

7. Improvement Action Plan

Through this review we have produced a twelve point Improvement Action Plan. This shows what we intend to do (our objectives) and how we intend to achieve it (the identified improvements). These are summarised on pages 3-4. A full version including targets appears at Appendix A.

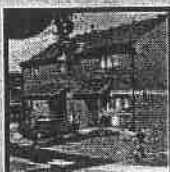
This is a draft version of the Best Value Review report on Improving and Maintaining Council Homes. It is being circulated as the basis of further consultation. Comments from any interested parties are welcomed. In order to comment please contact us by 15 November 2002. You can make comments by:

- speaking to Alex Dixon, Review Project Leader on 01332 711069
- sending an email to alex.Dixon@derby.gov.uk
- writing to Alex Dixon, Derby Homes, Floor 2, South Point, Cardinal Square, 10 Nottingham Road, Derby, DE1 3QT

ACTION 1

We want to provide high quality housing for all

We will bring all homes up to the 'Decent Homes Standard' by 2006 and we will work towards a higher local standard called Derby Decency Plus



ACTION 2

We want to make council estates places people choose to live

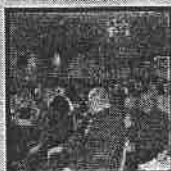
We will improve, redesign and redevelop housing in areas where demand for homes is low



ACTION 3

We want to improve all properties where work needs to be carried out

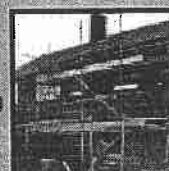
We will improve communication and involvement with tenants in order to achieve the maximum possible take up of work



ACTION 4

We want to make sure that we use sustainable and efficient building techniques when improving council homes

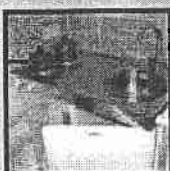
We will set up long term agreements called 'partnering' to ensure these techniques and materials are used



ACTION 5

We want to achieve best value by reducing costs, reducing defects and increasing quality

We will achieve efficiency savings by using long term partnering agreements



ACTION 6

We want to make sure that work is carried out in a way that meets tenants aspirations

We will provide a choice to tenants in the design of improvement and maintenance schemes and hold local meetings on all proposals



ACTION 7

We want to improve employment opportunities and training for people of Derby

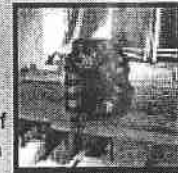
We will increase the number of local people employed in carrying out the Homes Pride programme



ACTION 8

We want to make sure work is planned and carried out in a cost effective way

We will make better use of stock condition information so that things happen at the right time



ACTION 9

We want to meet the needs of local communities

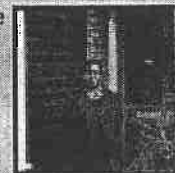
We will plan and carry out improvement and maintenance work through locally based teams



ACTION 10

We want to provide choice for all members of the community and work towards equal opportunities

We will consult and use the right design features to make homes that are suitable for people with special needs



ACTION 11

We want to make sure tenants are satisfied with the work carried out

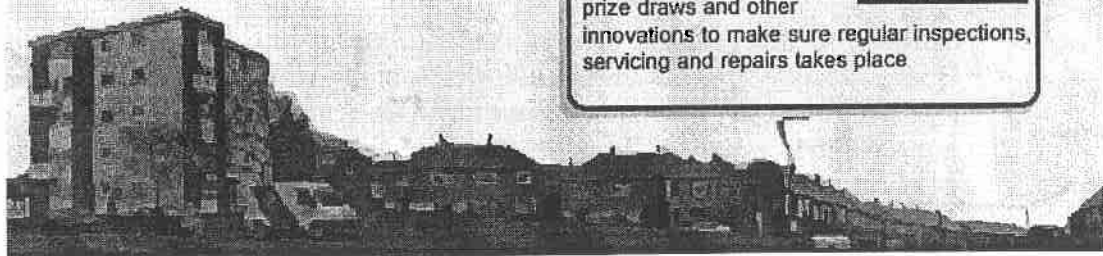
We will introduce a Homes Pride Customer Care Charter and staff training



ACTION 12

We want to make sure all homes meet legislative requirements

We will use more appointment systems, prize draws and other innovations to make sure regular inspections, servicing and repairs takes place



1.0 Introduction

1.1 Background to the review

- 1.1.1 Derby Homes was incorporated in February 2002 and commenced a contract with Derby City Council to manage and maintain its housing stock from April 2002. It is one of the first arms length housing management organisations to be established in the country. It is under the direction of a Board of Directors made up of 5 City Council Members, 5 Tenant and Leaseholder Members and 5 Independent members.
- 1.1.2 As part of the contract between Derby City Council and Derby Homes the new organisation is committed to carrying out a series of Best Value reviews, in furtherance of the Council's legal duty. In accordance with the 2002/2005 programme of Best Value reviews, Derby Homes has carried out a review of Improving and Maintaining Council Homes. The review was carried out between April – October 2002.
- 1.1.3 This review is timely because over the next 4 years Derby Homes expects to be delivering a large scale programme of major repairs and catch up repairs totalling £118m. The programme will bring all properties to the Government's Decent Homes Standard. The review will help to ensure that these resources are spent in a way that is consistent with our long- term asset management strategy and with the expectations of our customers. Completion of this review is also a condition of the release of these resources, since most aspects of the service provided by Derby Homes will thereby have been subject to review and subsequent inspection.

1.2 Scope of the review

- 1.2.1 The review examines the ways in which improvements, planned and programmed and cyclical maintenance works are planned, commissioned and carried out on behalf of Derby City Council by Derby Homes. The review has sought to identify the most effective means of securing Best Value in carrying out the major works programme – known as the *Homes Pride* programme, which will bring all council properties to the decent homes standard by 2006
- 1.2.2 Partners in carrying out the review have included City Councillors, Board Members, tenants representatives, individual tenants and leaseholders, employees, representatives from the Council departments, contractors, manufacturers, suppliers and participants from other relevant organisations.
- 1.2.3 Two large-scale events were attended by over 50 participants to firstly, define the scope of the review and secondly to challenge the service.
- 1.2.4 The session was attended by around 50 stakeholders and consisted of three group exercises. The scoping event
- Identified the key issues to be need addressing by the review

- Assessed both the strategic and operational risks to the service.
- Linked the key issues to be addressed with the risks to the service.

Table 1 shows the key issues that were identified as needing to be addressed through the review.

Table 1 KEY ISSUES FOR THE SERVICE
<ul style="list-style-type: none"> • The quality of work carried out • achieving good communication and involvement of residents in programming work • involving Customer Panels in choice of components, including those from sustainable sources • developing local employment and training opportunities • developing a long-term commitment between partners • supply chain management • accountability of parties in agreements • Sustainability of investment. • Customer care and empowerment.

- 1.2.5 The risks of failure were also identified at the initial stages, both in terms of strategic and operational terms as set out in Table 2.

Table 2 KEY RISKS TO THE SERVICE	
Strategic Risks	Operational Risks
<ul style="list-style-type: none"> • Tenants don't get what they expected in delivering the programme • Partnering will not work due to long-standing views and perspectives held by all parties involved • Not achieving decency target/s • Problem of supply and demand and the effect on price and the labour market • Lack of skills from manufacturers and suppliers • Obtaining and using sustainable sources. 	<ul style="list-style-type: none"> • Inefficiency of management processes • Not meeting statutory duties/deadlines • Lack of capacity in market to deliver demand • Costs of works increasing due to increased demand. • Shortages of staff/goods. • Withdrawal of funding.

- 1.2.6 The most important issue identified was quality of work. This is not only a key issue to the tenants and leaseholders, who have to live with the end products of the service. It is also to the political stakeholders who want to ensure that the funds spent provide a Best Value service and to partners who want to provide a service which offers value whilst enabling them to run successful businesses.

1.3 **The current service**

- 1.3.1 The service area covered by this review consists of the maintenance teams within Derby Homes that plan, commission and arrange works of a planned, programmed and cyclical nature. These teams are

- **Programmed and Cyclical Maintenance Team**
The programmed maintenance team commission servicing and fixed term maintenance contacts such as gas servicing and lift maintenance. This team will consist of 15 posts by the end of 2002 including a liaison team of 3 posts. The cyclical maintenance team commission external painting and works prior to painting. This team will consist of 6 posts by the end of 2002.
- **Planned Maintenance Teams**
These teams commission elemental improvement and maintenance work such as kitchen and bathroom modernisations. One team operates in the north of the City and the other in the south. Each team will consist of 9½ posts by the end of 2002, including a liaison team of 3 ½ posts.
- **Investment Planning Team**
This team plans and coordinates the programme and will consist of 5 posts by the end of 2002.

- 1.3.2 Day to day management responsibility for the teams rests with the Maintenance Manager who currently reports to the Business Development Manager. An Assistant Director (Investment and Regeneration) post has recently being created and is currently being recruited. This postholder will have responsibility for all the services covered by this review together with the responsive repair service.

- 1.3.3 These teams are located centrally in the main Derby Homes office at Cardinal Square. Plans are being developed to create work bases at a number of local offices so that staff from these teams can work flexibly and establish a local presence when undertaking canvassing, resident consultation and contract liaison.

1.4 **Service Objectives**

- 1.4.1 The maintenance teams of Derby Homes have the key objectives of
- bringing all of Derby City Council dwellings up to the decent homes standard by 2006
 - clearing the £92.8m investment backlog through the six well established investment priorities of

- maintaining cyclical work to the external fabric of the dwellings
- refurbishment to unmodernised pre-war properties
- external refurbishment of non-traditional properties
- carrying out elemental replacement programmes
- achieving improved energy efficiency
- carrying out targeted estate improvement schemes
- ensuring that in the future the homes are maintained in a planned way
- ensuring that value for money is obtained when planning and carrying out this work
- liaising with tenants and leaseholders about their requirements, choices and needs when planning and carrying out this work.

1.5 **Service Costs**

1.5.1 The costs of the service are mostly met from the Housing Revenue Account with some costs being capitalised, that is met from the Public Sector Housing Capital Programme. Table 3 shows the costs and resources of the service. The increase in staffing costs in 2002-03 is being caused by development of additional teams in order to prepare for and deliver the Homes Pride programme. The management fee paid to Derby Homes by the City Council, together with some capitalisation, is meeting these additional costs.

1.5.2

Table 3 Maintenance Service Costs and Resources		
Costs	2001-02 (£)	2002-03 (£)
Employee Costs	652,748	825,437
Transport Costs	25,727	32,533*
Supplies and Services	33,973	42,961*
Agency Payments	3,278	4,145*
Support Service Charges	118,660	150,052*
Total Costs	835,396	1,055,128*
Resources		
Capital Programme	96,142	280,456
Housing Revenue Account	739,254	774,672
Total	835,396	1,055,128
*Estimated Cost		

1.6 Programme Priorities and Costs

1.6.1 The Derby Homes business plan, and the maintenance strategy within it, sets out six investment priorities. These are

- Cyclical work to maintain the external fabric of properties
- Refurbishment of unmodernised pre-war properties
- External refurbishment of non-traditional properties
- Elemental maintenance programmes to replace kitchens , bathrooms, reroofing and so on
- An Energy Efficiency Programme
- Targeted estate improvements particularly aimed at improving community safety.

1.6.2 The costs of work carried to be out against each investment priority are set out in Table 4.

	£000's				
Investment Priority	2002/03	2003/0	2004/05	2005/0	Total
Cyclical Maintenance	1,984	2,55	2,553	2,55	9,645
Pre-war refurbishment	2,964	7,42	7,423	7,42	25,235
Non-traditional refurbishment	3,170	3,94	3,943	3,75	14,811
Post-war elemental improvements	1,466	11,74	11,993	11,99	37,197
Energy Efficiency	1,564	4,14	4,643	4,64	14,995
Targeted improvements	4,271	4,45	3,777	4,11	16,622
Total	15,421	34,27	34,332	34,54	118,566

1.6.3 These resources are available to the Council in 2002-03 as a result of securing a conditional allocation of arms length management funding and, by achieving a 3* (excellent) assessment, meeting the conditions for release of that allocation. Ways of making best use of this major increase in spending – in a way that is consistent with good asset management principles and which meets tenants' aspirations, is the subject of this review.

2.0 Challenge

2.1 Overview

2.1.1 The main focus of challenge during the review was the Challenge Event see – paragraph 2.3, however challenge was not just restricted to this event. Throughout the review process, the team comprehensively challenged the service as outlined in the table below.

2.2 Challenge Matrix

2.2.1 This section gives examples of some of the key challenges undertaken as part of the review process.

Table 5 Challenge Matrix	
Review Stage	Challenge Activity
Stage 1 – Scope and resources	Identifying key issues/risks associated with the review. Identifying gaps/links between key issues/risks. Carrying out a risk assessment exercise on the key issues, challenging the remit and prioritising the service issues by the severity of the risk.
Stage 2 – Baseline Assessment	This is a statement in time where the current service is and as such no challenge took place under this stage of the review.
Stage 3 – The 4C's	The Challenge Event see paragraph 2.3. Through comparison work with other providers, looking at performance indicators and processes to identify alternative ways of providing and improving the service. Through consultation work with stakeholders' views being used to look at what and how parts of the service should continue to be provided.
Stage 4 – Options Analysis	Using the information gathered in stage 3, the issue raised in stage 1 were challenged to identify if alternative methods of service delivery or alternative ways of meeting the needs of the service users were available and how effective these would be.
Stage 5 – Improvement action and implementation	The options appraisal identified a number of areas that could be improved or developed. These were developed into twelve challenging improvement actions.

2.3 Challenge Event

- 2.3.1 Prior to the event the Review Team completed the challenge checklist. This provided information on two key themes. These are:
- why do we provide the service?
 - how does it link into achieving the wider objectives of Derby Homes and Derby City Council?
- 2.3.2 The Review Team, all City Councillors local Community Panel and other key stakeholders were invited along to participate in the Challenge Event.
- 2.3.3 The event was split into two workshops. The first workshop challenged the overall service, with stakeholders challenging key points made in a challenge checklist. The second workshop looked at the issues identified as part of the Scoping Event. The stakeholders considered why these are issues, what is causing the issue, when is this an issue and where is it an issue? Participants then came up with solutions to how these issues could be resolved.
- 2.3.4 This information, as well as that gained during the consultation and comparison stages, helped to inform the team when looking at future delivery of the service as part of the Options Appraisal process.

2.4 Challenge Checklist

- 2.4.1 The following is a summary of the responses provided to the questions on the Challenge Checklist.

Why do we provide the services?

- a) What is the main purpose of the service?
- To improve homes and estates, in a way that lasts and is sustainable.
- b) What are the main aims and objectives of the service and what is the service trying to achieve?
- Balancing quality and cost, increasing customer satisfaction and achieving value for money by effective management of assets.
 - Achieving a decency standard for all homes taking into account energy efficiency, sustainability and life cycle and replacement planning.
 - Contributing to estate regeneration by training and employing local people, including local young people..
 - Investing in things people want both now and in the future such as garages.

such as garages.

Offering alternatives that are cheaper for residents such as different heating systems.

- c) Do we need to continue providing the service in the same way, or is there an alternative way that Derby Homes could deliver the service that may be more effective and efficient?
- There are other options to provide the service but Derby Homes had entered into a contractual agreement with the Council until 2007.
 - There are different models of provision that could deliver the same service. Derby Homes will be able to explore these in order to achieve Best Value.
- d) Are there particular trends that will increase or decrease the need for the service in the future?
- Increase in funding and rising customer expectations will increase the need for the service whilst in the long term the Right to Buy and the reduction in funding after 4 years will decrease the need for the service.
 - The availability of resources in the market will impact on the demand for the service.
- e) Is the service provided at times and places convenient to users?
- No, it needs to be a proactively planned service with good liaison and better communication. Tenants need to be seen as customers of the service and be involved throughout the process.
 - There is a risk of doing work without proper consultation.
 - The service needs to be linked to responsive maintenance.

Achieving Corporate Objectives

- f) Does the service contribute to Council and Derby Homes policies and if so how?
- Yes, it links to safer communities theme through the promotion of sustainable communities. It links to the prosperity for all themes as it promotes the regeneration of disadvantaged neighbourhoods. It also links to the promoting independence and providing protection themes in that it improves homes and helps improve choice and access to safe, energy-efficient affordable housing.

- g) Why is it important for the Council to continue providing the service in the future either internally or through an external provider?
- To maintain the high quality standards set as a landlord and maintain the value of the stock over a period of time.
 - To maintain the investment, promote social inclusion and increase customer satisfaction.
- h) What, if any, are the advantages and disadvantages if the service was to be supplied externally?
- Potential disadvantages of external provisions are lack of accountability, lack of market capacity, and limited managerial control.
 - Potential advantages are opportunities to achieve greater efficiency and new ways of working in a long term agreement which could manage the potential disadvantages.
- i) Is there any scope for achieving economies of scale by developing a consortia approach or merging services supplied by nearby councils?
- Yes, with similar organisations in terms of a common approach for buyers with strategic partners on purchasing items.
 - Partnership arrangements may be worthwhile, sharing knowledge and expertise.
- j) How would introducing new technology improve the way the service is delivered and what parts of the service are capable of being delivered electronically either now or in the future?
- Improve communication to end users through increased customer choice and through easier access to the service such as by using the Internet.
 - Enable the service to use new technology for example through handheld PC's for inspections and in the diagnosis of work.
 - Providing economies of scale with trust between partners.
 - Better administration in terms of document storage.
 - Laptop design for improvements such as in kitchens and bathrooms.
 - With the removal of traditional procurement methods, this will allow greater use of IT through web ordering and procurement by CD/email.

2.5 Challenging the Issues

2.5.1 The following are challenges and solutions to each of the key issues discussed at the Challenge Event.

- i. Good communication and involving residents in programming work.
Planning the consultation well, piloting and evaluating consultation arrangements and letting people choose how the budget for their property is prioritised.
- ii. Quality of work.
Longer term planning, use of partnership working and multi-skilled tradespeople in organisations with a commitment to training.
- iii. Developing local employment and training opportunities.
Previous under investment has led to less training expenditure being spent and is a nationwide problem for all trades. There is a need for a longer-term commitment by the construction industry and Government to tackle this.
- iv. A long-term commitment between partners.
There is a need for longer-term agreements between partners in order to actively implement Egan principles. This will enable us to pursue value for money and not just lowest cost and to work with stakeholders to design and specify projects.
- v. Accountability of parties in agreements.
This requires a clear line of command, working with partners to establish open communication and collaborative working. Without accountability there can be no service.
- vi. Supply Chain Management.
There is a skill shortage in the construction industry. There are also restraints that have been caused by traditional cheapest price only procurement methods. There is a need for partnering all of the supply chain as far down as possible.
- vii. Involving Customer Panels in choice of components, including those from sustainable sources.
To achieve this there should be resident involvement throughout the process. Proposals on options should go to Derby Homes Board with the involvement of DACP, Community Panels and Local Housing Boards together with agree design briefs with individual residents.
- viii. Customer care/empowerment.
Residents should be seen as customers and be part of the culture all the way through the process. We should give residents the information from which to make a choice with realistic timescales. In addition we should build in flexibility

when programming the work using proactive methods of take up to minimise wastage.

ix. Sustainability of investment.

Using current data and market trends to target future investment taking into account sustainability, materials, components and estates. Managing the area and dwellings in a way that encourages people to stay and looking at alternative options for the area.

3.0 Consultation

In addition to the consultation that has taken place through the Scoping Event and the Challenge Event, other consultation with stakeholders has been undertaken during this review including

- i. analysis of customer satisfaction surveys (3.1)
- ii. a specific review questionnaire sent to tenants who have received the service during the past year (3.2)
- iii. consultation with the Board of Derby Homes (3.3)
- iv. feedback and comments from the Housing Investment Conference which took place in September 2001 and March 2002 (3.4)
- v. feedback and comments from the Housing Investment Team (3.5)
- vi. consultation with customer/community panels (3.6)
- vii. comments made in response to a 4 page section in Housing News, distributed to every tenant and leaseholder which set out the draft Improvement Action Plan (3.7)

3.1 Customer Satisfaction Surveys

3.1.1 Planned Maintenance

A survey is carried out of all tenants who receive planned capital elemental works such as Bathroom and Kitchen Replacements and Reroofing. The results for these contracts have been aggregated for 2000-01 and show the following results,

Question	YES
Were you told what work would be carried out?	100%
Were you informed when the work will be done?	97%
Was our representative(s) polite and courteous?	100%
Are you satisfied with the way the Housing Department deal with the work?	83%
Did the contractor(s) leave a calling card notifying you in writing before they commenced in your home?	81%
Were the worker(s) polite and courteous?	100%
Did they protect your belongings?	100%
Did they clear the rubbish promptly?	80%
Are you satisfied with the way the contractor did the work?	92%
Are you satisfied with the quality of work?	90%

3.1.2 Programmed Maintenance

A survey is carried out of a random sample of tenants who receive programmed maintenance work. This includes Gas Safety Service and Maintenance, New Heating, Electrical Rewire, Electrical Upgrades, Electrical Service, Safety and Maintenance, Lift Maintenance and Stairlift Installation, Alarm Service and Maintenance and Asbestos Removal. The results from these surveys for 2000-01, which had a 27% response rate, have been aggregated and show the following results

Question	YES
Were you told when the work would be carried out?	97%
Were you informed when the work would be done?	90%
Was our representative(s) polite and courteous?	97%
Are you satisfied with the way the Housing Department dealt with the work?	91%
Was an appointment made?	83%
Were the workers polite and courteous?	98%
Did they protect your belongings?	96%
Did they clear rubbish promptly?	95%
Are you satisfied with the way the contractor did the work?	93%
Are you satisfied with the quality of the work?	93%

3.1.3 Modernisation Works

All tenants who have their homes modernised have a survey carried out after the handover certificate is signed. This work includes Pre-War Modernisations, Unity Refurbishments and Wimpey 'No-Fine' External Refurbishments. The following results are from the Customer Satisfaction Survey for Littleover Unities & Hilltop Wimpey 'No-Fine'.

Question	Yes
Were you informed on how work would effect you	93%
Was Information Useful	95%
Receive a letter when work would start	93%
Did contractor visit	88%
Were you kept informed on progress of work	75%
Workers Polite	95%
Were belongings protected	72%
Was rubbish cleared quickly	63%
Are you satisfied with the contractors work	80%
Are you satisfied with quality of work	88%

3.1.4 Cyclical Maintenance

The cyclical maintenance team carry out works such as repairs prior to painting and painting, window replacements and door replacements, each of the properties which receive this work (approximately 1/5 of the stock each year) receive a face to face pre and post work individual inspection. This aspect of the service monitors customer satisfaction through analysis of relevant Customer Comments Forms and Customer Complaint Forms and is developing a customer satisfaction survey in order to be proactive in determining and reporting customer satisfaction levels.

3.2 Review Questionnaire

To further build upon the results of the satisfaction surveys a questionnaire designed by the Best Value Review Core Group was sent to 148 tenants who received kitchens, bathrooms or reroofing during the last year. This questionnaire was intended to find out how we involved customers, how we communicated with them, how well they were satisfied with this and what their opinion of the quality of materials and workmanship were, in addition customers were asked about how they should be treated if they moved out of their homes and what was important to them. The results of the questionnaire that had a 32% response rate gave the following results

Question	Answer	%
When were you aware of the work?	>= a few weeks prior to the start	96
Were you involved in planning the work?	>= some involvement	62
Were you involved in choosing who did the work?	>= some involvement	4
If we were to try to involve you more in future work, how much would you like to be involved?	planning when work to be carried out	64
How well did we communicate with you?	>= well	66
Which method of communication do you prefer?	personal visit	85
How well were your needs and wishes addressed when planning and carrying out the work?	>= well	72
Were staff and contractors friendly and helpful?	>= yes most of the time	91
What do you consider to be most important when thinking about the quality of materials - materials are things like kitchen units, baths, roof tiles and copper tube.	materials should be good quality	66
What do you consider to be the most important when thinking about who carries out the work.	trades people	57
What do you consider to be the most important when thinking about how the work is arranged with you.	which day	49
Some types of work may require you to move out of your home. Please tell which of the following options you would prefer.	stay in home	55
I would you like to know more information about when works will be carried out to your home?	Yes	91
What is the most important to you	work to improve my home	47

In addition a number of comments were made in answer to the free text questions.

3.3 Consultation with the Board of Derby Homes

As part of the review the board have received a number of reports concerning various aspects of the review. These reports have been discussed at the board and feedback given directly to the senior management team.

The reports taken to the board are,

- i. 25 April 2002 – Improving and Maintaining Council Housing
This report set out the details of the proposed review

- ii. 30 May 2002 – Best Value Review of Improving and Maintaining Council Housing
This report set out the terms of reference and the results of the Review Scoping Session
- iii. 23 July 2002 – Best Value and Construction Procurement
This report although not a direct part of the review runs along side it. The report provided further information on the partnering approach to construction procurement and propose ways in which Board members could give further consideration to, and become involved in, such partnerships.
- iv. 28 August 2002 – Derby Procurement Strategy
This report detailed the extent to which partnering would be adopted by Derby Homes to procure the maintenance and improvement of Council homes.
- v. 26 September 2002 – Best Value Review of Improving and Maintaining Council Homes
This report notes the attached draft introduction and Improvement Action Plan.
- vi. 31 October 2002 Best Value Review of Improving and Maintaining Council Homes.

The final draft of the report was considered by the Board as the basis for further consultation, with a report of the consultation being presented on 28 November 2002.

3.4 Housing Investment Conference

Two Housing Investment Conferences have been held, 11 September 2001 and 19 March 2002

3.4.1 11 September 2002

This conference was attended by 20 Community Panel Members. It concentrated on informing tenants what needed to be carried out to clear the investment backlog and why we needed to make long term investment plans. The conference was facilitated by a guest speaker from the Housing Quality Network and attended by tenants, leaseholders, maintenance team staff and housing management staff. The workshops were in area based groups and these tried to identify the main issues in these areas, these were

North West	North East	South West South East
<ul style="list-style-type: none"> • Unity Homes • Double Glazing • Energy Efficiency • Gas Heating • Roofing & Guttering • Designs of flats, bedsits, and bungalows • Youth Problems • Vacancies • Internal Doors • Car Parking • Extensions/Conversions • One stop shop • Local Services • LHO staff levels • Caretaking 	<ul style="list-style-type: none"> • Non-trads • Kitchens & Bathrooms • Reroofing • Outbuildings • 100% take-up • Community facilities • Garages/open spaces • Energy efficiency 	<ul style="list-style-type: none"> • Kitchens & Bathrooms • Rent add-ons • Choice • Vacancies • Quality of fixtures & fittings • Hedges & fences • Hard Landscaping • Soft Landscaping • Quality vs. cost of contractors • Car Parking • Storage Radiators • Removal of pantries • Security

The conference was well received and the feedback was used to inform some of the initial plans for Derby Homes

3.4.2 19 March 2002

Building on the success of the previous conference the second event tried to give tenants a more detailed view of the investment needs of the stock, how these could be met and how we can all work together to meet them. It was attended by 48 Community Panel members. A considerable part of the day was dedicated towards procuring the work using a partnering approach; the benefits of partnering as outlined in the Egan Report were discussed. The event was attended by a larger group of tenants and leaseholders, maintenance team staff, housing management staff and other stakeholders such as contractors, suppliers, manufacturers and merchants. Display stands from a number of stakeholders were available for tenants, leaseholders and staff to peruse during the breaks. The workshops gathered information on

- i. What are the main housing investment issues in your area?
- ii. How should work to pre-war properties be organised?
- iii. Should DCC make all tenants have the works done?
- iv. What do you think of the partnering approach?
- v. What are the benefits from this partnering approach?
- vi. How much do you think tenants could be involved?

- vii. What are the key issues to be covered by the Best Value Review?

3.4.3 25 November 2002

The third Housing Investment Conference will take place on this day. This conference will

- Consult with tenants on the proposed Derby Homes programme
- Discuss in real terms what partnering means to tenants
- Look at the practical arrangements for involving tenants

3.5 Housing Investment Team

The Housing Investment Team was established at the time of the review of front line housing management and sustainable estates to concentrate on the issues around planned maintenance. The group consists of tenants, leaseholders and staff and meets monthly to discuss issues in detail and give feedback to the rest of the tenant participation network and the Board. Some issues dealt with by this team over the past two years are

- the methods used for prioritising environmental work identified by community/customer panels
- the need for area based decision making, leading to four Housing Forums being set up to represent each quarter of the city to further develop the above and discuss other major capital investment strategies
- the specification for planned maintenance work such as, bathrooms, kitchens and pre-war refurbishment
- future investment strategies on a city wide basis
- the proposals for the bid for additional Arms Length Housing Management funds
- the setting up of Housing Investment Conferences, and then facilitate to and organisation of these events

3.6 Consultation with Community Panels

Consultation with Community Panels is an on-going process with managers from the maintenance teams working together with local managers to consult and inform tenants, leaseholders and other stakeholders of works that are planned or proposed in their areas. Panels are also encouraged to identify environmental improvements to improve the sustainability of their estates.

Panels were consulted from the very early stages of the investment priorities being drafted, the four strategic options for housing and the proposed programme of works being established.

3.7 Housing News Special Edition, October 2002.

A special edition featuring the review was produced in October 2002. This was distributed to all tenants and leaseholders and set out the draft Improvement Action Plan which appears on pages 3-4.

Comments were invited. These will be analysed and reported to the Board and reflected in the final version of this document to be approved on 28 November 2002.

4.0 Comparison

4.1 In comparing the service of improving and maintaining Council homes we have looked at how we compare with a number of organisations from different sectors who share our market or a part of it. These comparator groups are

- i. A number of major cities against whom we have been benchmarked by Housemark
- ii. A local authority and a local housing company who are or have delivered large capital programmes. These are referred to as ABC Council and DCE Limited.
- iii. Two private sector organisations whose customers share some similarity with ours and whose experience will benefit Derby Homes. These are referred to as IJK Limited and FGH Limited

4.2 Benchmarking for 2000/01 has been carried out using Housemark data for the performance indicators applicable for the service. These are

- i. Cyclical and planned repairs expenditure per property
- ii. Major repairs expenditure per property
- iii. Total repairs expenditure (including responsive and planned) per property

These have been collated against our comparator group of Major Cities and against all Unitary Authorities in England and Wales. Tables 6 and 7 show our expenditure per property on planned and cyclical maintenance. These show that we are in the lower quartile (measuring least cost as being upper quartile). This reflects the emphasis placed on planned work and success in limiting responsive repairs.

Table 6 Cost Per Property – Comparison with Major Cities

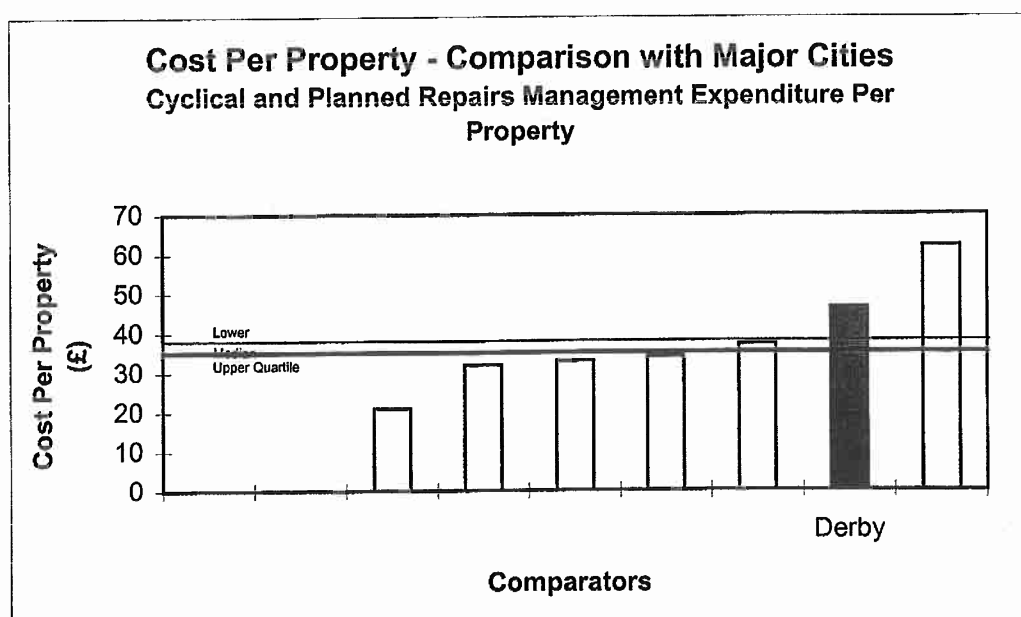
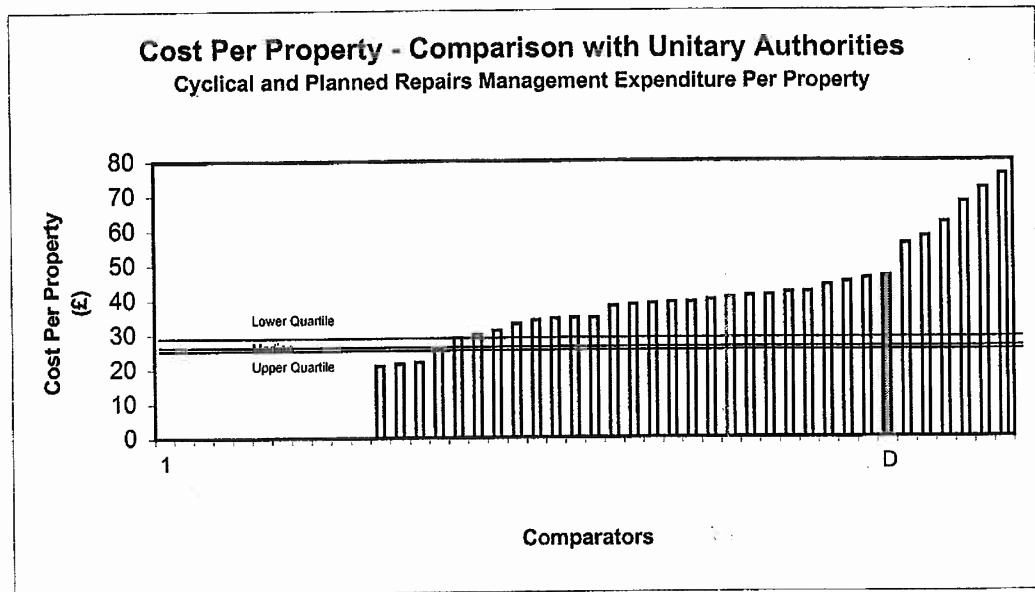


Table 7 Cost Per Property – Comparison with Unitary Authorities



4.3 Comparison against other social housing providers

4.3.1 ABC Council

ABC Council is currently carrying out a review of their planned maintenance service. Officers from Derby Homes have been involved in this process and officers from ABC Council have been involved in this review. Although ABC is considerably larger than Derby the stock bares many similarities and the planned approach to maintenance is similar in both organisations.

In comparing with ABC we have concentrated on a financial comparison of the cost of the planned service provided by the ABC Council. Their service procures work through three main routes, these are

- i. the in house building surveying arm of the service. This is a team of surveyors, project managers and other staff who commission works of a single elemental replacement nature such as window replacements. The cost of this route of procurement is 8-10% but this does not include liaison staff.
- ii. the design service agency that is a separate section of the housing department. This is a team of Chartered surveyors, mechanical engineers, structural engineers, architects and architectural technicians and other staff who commission works of a complex nature such as whole house refurbishments and also act as a consortium for other agencies for combined work such as highways and leisure services work. The cost of this route of procurement is 12.5% on average with cost rising for smaller works and falling for large contracts.
- iii. external private consultants such as architectural practices , quantity surveying practices and project managers. These

consultants procure work of a multi element nature such as kitchen and bathroom refurbishment and other works where the capacity of the in house teams is exceeded. The cost of this route of works is 6-7% in addition to the costs of the management cost of procuring the consultants.

Derby Homes procures work through three similar methods, these are

- i direct procurement with the City Council's Commercial Services Department. Its Building Contract Services section carries out the repair and maintenance contract that is currently tendered every five years on a quality/price basis. This covers works such as kitchens, bathrooms, roofs, PVCu windows and other elemental replacements.
- ii procurement of contractors directly commissioned by Derby Homes maintenance teams. This covers works such as heating, electrical rewiring, painting and other specialist works.

procurement of contractors commissioned, on behalf of Derby Homes, by the City Council's Corporate Services Department Design Services. This covers works such as modernisation and refurbishment programmes, major structural works and other works that may require professional services.

4.3.2 DCE Limited

DCE Limited is a large-scale stock transfer organisation with a stock of approximately 6,000 homes. Although not the size of Derby Homes this organisation's market does share similarities with our market for contractors and materials and has a similar age profile and stock condition needs.

The catch up repairs at DCE together with other works in years 1-5 total approximately £1m per month. The organisation transferred in April 2002 and is currently in year 1 of their programme. Prior to transfer the capital programme at DCE was approximately £3m per year resulting in a four-fold increase

DCE has restructured following transfer, however the number of staff concerned with planned maintenance has remained unchanged. The increased programme is being procured with the assistance of three consultants who have been procured as partners to act as facilities management consultants. These are employed at an additional cost of 3.9% of the work that they manage. The overall costs of the staffing of the service at DCE are confidential to the organisation

The comparison to DCE has shown that the costs of delivering the service at DCE are being born within the costs of the partners where as Derby Homes is keen to deliver much of these functions such as liaison and project management through in house staff. The efficiency of this method of delivery in the long term needs to be balanced with the level of service delivered to the tenants and leaseholders and the accountability of Derby Homes to its customers and stakeholders.

The costs of delivering the service through the maintenance team at Derby Homes compares favourably with those paid by DCE limited.

4.4 Comparing our service against private sector organisations

4.4.1 IJK Limited

IJK Limited a large developer of new build homes and is active in Derby. They have recently provided a number of affordable homes through planning policy.

In comparing with this organisation we have concentrated on how customer care and choice issues are dealt with in the private sector.

IJK Limited operate in a highly competitive environment, assessing customers current and future needs well is a key competitive advantage to the sustainability of the company, as it is to Derby Homes.

The company operates a marketing department that coordinates specification details in line with current and future aspirations and technical issues. This is presented on a site-by-site basis by the provision of an integrated range of show homes and sales office where customers can view and comment on specification details and view options available with a well informed, helpful, professional member of the sales team.

The comparison with IJK has shown that methods of communication with tenants and leaseholders and the activities of take-up and consultation have many similarities with private sector sales and marketing. Derby Homes needs to consider its marketing strategy and communications and liaison methods as part of the Derby Homes Pride programme and this will benefit from learning from such organisations as IJK.

4.4.2 FGH Limited

FGH Limited provides technology systems largely in the retail sector it operates in a highly customer focused environment where individual customer care is a key competitive advantage.

In comparing with this organisation we have concentrated on how the care of customers and the treatment of all customers as valued individuals is endemic throughout the whole organisation.

Customer's individual needs are identified and the service provided reflects these needs, each member of staff is clearly identifiable, approachable and helpful and will deal with any request on an individual basis. The concentration on meeting the customer's needs is as crucial at Derby Homes throughout the delivery of improving and maintaining Council homes.

As with sales and marketing above the level of customer care and service needs to be considered as part of the Derby Homes Pride programme. In developing a customer care code Derby Homes needs to consider the experience of private sector organisations as well as the public sector.

5.0 Competition

The commissioning role of Derby Homes

5.1.1 Derby City Council has statutory obligations to fulfil as a landlord. Derby Homes has a contractual agreement with Derby City Council to manage the Council's housing stock for five years from 1 April 2002. The following functions relating to the delivery of the Housing Capital Programme have been delegated to Derby Homes

- procurement and maintenance of stock condition survey data
- analysis of stock condition data
- preparation of capital finance bids for consideration by the Council and external funding bodies
- compiling long term maintenance strategies
- preparing and consulting with tenants on proposed programmes of work
- preparation of any associated clearance plans for agreement with the Council
- arranging public sector clearance and demolition subject to agreement with the Council
- liaison with tenants for work to be carried out
- carryout all commissioning and client functions by exercising authorities in respect of works and maintenance contracts covering Council housing.

Procurement options

5.2.1 There is no express term in the agreement with the Council that requires Derby Homes to provide these services "in-house". Indeed in some areas, such as architectural services, Derby Homes is arranging for the provision of support services from the Council's Director of Corporate Services. However the responsibility for the procurement of such services remains the responsibility of the Board of Derby Homes who will apply Best Value principles that could result in services being provided in-house (that is, by Derby Homes), by parts of the City Council (on behalf of Derby Homes) or through external providers.

In-house commissioning costs

5.3.1 During the review we have examined the competitiveness of our commissioning costs against other organisations and providers. The costs of providing the maintenance service in 2002-03 are 4.6% on capital and revenue programme of £18.4m. These are expected to reduce to 3.38% per year on the increased capital and revenue programme of £36m in 2003-04, 2004-05 and 2005-06.

5.3.2 The existing structure the maintenance service employs 30 staff at a cost of £834,396 (2000-01 figures) to which an allowance of £20,000 should be added to take into account the time that the Director and the Business Development Manager spend directly managing the

service. This is to manage a capital and revenue programme of £18,480,000 for 2001-02 representing an overall cost of 4.6%

- 5.3.3 The revised structure which will deliver the increased capital and revenue programmes of the Homes Pride Programme will employ 45 staff at an additional cost of £184,314 in salaries plus additional costs of employment on a proposed average capital and revenue programme of £36m for 2003-06, representing an overall average cost of 3.38%.

External providers

- 5.4.1 There are a number of other organisations that could undertake all or part of the commissioning function for Derby Homes. These include
- Professional consultants, project managers, architects, and so forth who could act as an intermediary client to procure works on behalf of Derby Homes working alongside in-house teams
 - Organisations such as these who could replace the in-house teams with the maintenance service becoming outsourced
 - other housing organisations, such as local housing companies, who could take on the delegated maintenance functions on behalf of Derby Homes.
- 4.4.2 The workload of the service is due to increase from a capital programme of £11.5m in 2001-02 to £15.2m in 2002-03, and £36m in the following three years. The maintenance team is being expanded to enable this programme to be delivered. This represents a major programme of catch up repairs and improvements. Unless Derby Homes is able to become an organisation that develops housing the level of capital expenditure is expected to fall to £9.6m in 2006-07 and then to level off at around £10.5m-£12.5m for the following 26 years.
- 4.4.3 This clearly shows that the workload will increase for a relatively short period to three times its normal level and then reduce back to a steady state of similar levels to recent years. From this it could be concluded that external providers would be able to assist Derby Homes by providing additional capacity and expertise in order to enable it to meet deliver the Decent Homes Standard.
- 4.4.4 Derby Homes is drawing upon external expertise and capacity through the recruitment of a Capital Programme Mentor who will provide the organisation with help, give professional advice and offer support in the development of its procurement strategy and delivery of its investment programmes. The mentor is currently being selected from a range of interested parties who have expressed interest. The Mentor will be expected to
- Advise and support senior managers in a positive and supportive way
 - Offer advice and guidance to the Board of Derby Homes
 - Have experience of housing maintenance and procurement preferably in a developing and changing culture

- Have experience of working as a senior manager or Consultant on delivery of a major housing programme of catch up repairs.

Market testing

- 5.1.1 A significant proportion of the maintenance contracts let by Derby Homes are commissioned on behalf of the in-house maintenance team by the City Council Corporate Design Service which employs architects, quantity surveyors, structural engineers and other specialists. When work is commissioned in this way it attracts the charges shown in Table 8.

Table 8 Design Service Costs		
Contract Type	Contract Value	Fee Rate
Housing Refurbishment Projects (traditional procurement)	£100k-£500k	13%
	over £500k	11%
Housing Refurbishment Projects (contractor partnering)	£100k-£500k	9.5%
	over £500k	8.5%

The costs shown in Table 8 are in addition to any in-house costs associated with the role of the maintenance team in instructing and liaising with Design Services staff who act as its agent in these instances.

- 5.1.2 The comparator organisations examined in this review have provided information of the fee rates they incur for similar types of work. ABC Council are paying between 6% - 12.5% for their service depending on the method of procurement and DCE Limited are paying 3.9% on top of their own in-house costs to provide the service. The costs shown in Table 8 are within this range and in most cases are lower.
- 5.1.3 These cost are, however, significantly higher than in-house maintenance team costs which are 3 –5 % of the cost of works commissioned, although it should be acknowledged that there can be a significant design content and degree of specialist knowledge and experience required for some of the services procured externally. This analysis suggests that external providers should continue to be used to commission work on behalf of Derby homes when they provide additional capacity and expertise. It also suggests, however, that it may represent Best Value if Derby Homes further develops wherever possible the relevant skills and resources in-house in order to deliver the Homes Pride programme.
- 5.1.4 There are opportunities to develop this capacity through partnership arrangements with similar organisations, for example local housing associations also seeking to carry out major repair programmes on former council housing stock. Derby Homes should examine these opportunities and recruit, train and develop its workforce to provide the capacity needed. The strategic partnering contractors it is

proposed to engage will play a role in developing employment and training initiatives linked to the deliver of the Homes Pride Programme which will address skill shortages and provide opportunities for local people.

6.0 Options Appraisal

6.1 The options considered for the improvement of the service reflect the issues raised in scoping the review and in Consulting, Comparing, Challenging and looking at the Competitiveness of the service. These lead to three main areas of the service which need to be addressed, namely

- how further maintenance and improvement strategies are to be planned

We have concluded that rather than purely being led by stock condition survey results our investment strategy should be based on a robust model of sustainability.

- how tenants, leaseholders and other service users are involved in the planning and delivery of the service and how their views are taken into account

We have concluded that tenants and leaseholders should be involved in the entire procurement process from implementation to completion, rather than being limited to traditional techniques of pre contract consultation and post contract evaluation.

- how the service is procured and how the operational delivery of the service is managed.
- We have concluded that over 90% of the Public Sector Housing Capital Programme should be delivered through the use of strategic partnering and project based partnering. This should raise quality, generate efficiency savings and share cost savings with our contractors.

6.2 Future Planning

The system of planning improvements and maintenance comes from a historical position of a yearly funding round with a large variance of funds available, nearly £20m in 1993/94 to £6m in 1997/98, which has led to a service which prioritised its spend on the worst areas of the stock together with funding which was specific to certain geographical areas

Recent developments in funding such as the new financial framework, Major Repairs Allowance and Business Planning have led the Council to adopt a 30 year business plan and the application for Arms Length funding has led to the development of a 30 year investment profile.

Derby Homes has had an independent stock condition survey carried out which has fed information into a new stock condition database. This is still under development and will be a powerful tool in the prioritising and planning work.

The planning of future investment need, will not only to consider the condition of the stock but also the sustainability of both the investment and the estates and the socio-economic factors which effect this

which can be addressed by physical investment in either the homes or their locality. The planning of the investment must also consider the other stakeholders in an area such as owner-occupiers, RSL's and private landlords.

The options for strategic planning considered were

- i. Continue with the investment plan as highlighted in the bid prioritising the spend on the homes and their curtilage as defined by the stock condition survey.
- ii. Link the stock condition survey data to the sustainability model created by the Council and to information gathered from housing managers, tenants and leaseholders to target the initial spend on those areas which are the most sustainable and redefine future investment following studies into less sustainable stock.

Both of these options can be completed using in-house staff and/or external consultants and contractors. The mix of these staffing sources must reflect the likely future resources for staffing.

It is apparent from this review that the continued involvement of tenants, leaseholders and other stakeholders is essential, however that this involvement needs to be improved upon to bring in the views and aspirations of more of these groups. This must be considered with the targets set by the Government of achieving 100% decency by 2010 (2006 if full Arms Length funding is achieved) and by our need and requirement to ensure that our homes are places where people choose to live.

Through benchmarking it is apparent that a number of organisations are adopting an approach similar to option one and maintaining stock against a predefined, and sometimes contractually binding, property focussed plan. For the following reasons it is essential that we consider the second more customer and community focussed option

- Long term sustainability of our estates
- Future needs of tenants
- Integrated housing management and regeneration strategies
- Issues around rent convergence
- Being able to compete in the long term with other social housing providers
- Future housing markets
- Asset management of continually ageing stock
- Consideration of future strategic and operational options
- Socio-economic issues and regeneration
- Maintenance of customer and community focus.

6.3 Customer Involvement

Tenants and leaseholders are involved in the whole of the operations of Derby Homes through the routes set out in the Tenant Compact and are involved in the planning and delivery of the service through a number of these bodies.

Further involvement is a key priority of Derby Homes, however a number of different methods of involvement are available and the final decision can be a mix of these. The Options considered include tenant and leaseholder involvement in

- i. The selection of partners and the subsequent management of the partnering agreement
- ii. The planning of future works including:
 - the specification of materials and method of service delivery
 - the prioritising of different properties for works and the timing of such works
 - the method of consultation to be used to inform the wider tenant and leaseholder community of proposed works
- iii. The future development of the service

It is apparent through this review that all of the above options for the involvement of customers and their representatives in the planning and operation of the service need to be at the core of the service strategy. It is important that a broad range of opportunities for involvement are created and maintained through effective communication and marketing techniques and that all of the customers and stakeholders are effectively and continually engaged in the development of the service.

6.4 Service Procurement

The Options considered under service procurement fall into two distinct areas. These are:

- i. the procurement of the service of improving and maintaining Council homes by Derby Homes
- ii. the procurement of works contracts

6.4.1 Options for procurement of the whole service include

- i. Procure the service from the existing in-house team and recruit staff to allow this team to have the capacity to deliver the planned programme
- ii. Procure the service from the in-house team and use consultants or agencies to supply staff to fill any extra capacity needed
- iii. Procure the service from an external source such as a management consultancy.

Market testing by Corporate Services Design Services has shown that there is a market for professional services to procure works, however the market for delivering the whole service through a consultancy is limited and that the cost are above the costs of the in house provision. In general more than one company would be needed to provide a similar level of service, with consultants such as asset managers, professional services, project managers, surveyors etc. being required, this leads to less clear accountability for the end user and restricts the future flexibility of the service.

The staffing structure of the service has been developed during the process of the review and this acknowledges that the majority of work will be carried out by the in house team. The flexibility of our partnering approach with our contractors will mean that a number of functions will be carried out by these organisations under the supervision of our in house staff, such as liaison, day to day supervision, quality control where as our staff will take on a more project management and co-ordination function. The duplication of functions must be avoided and the process of delivery must be customer focused.

The structure and strategy acknowledge that short term peaks in demand or staff shortages may be filled using partner agencies and contractors.

Our strategy for the delivery of the programme will mean that the service will be flexible and able to react to any changing needs and priorities of service users. The partnering approach will mean that service delivery from both a cost and quality angle will be able to adapt or change as required.

As part of our options appraisal service delivery looked at the different methods of procurement available to the in house team, it was clear that the benefits of adopting a longer term partnering approach far outweighed the benefits of competitive tendering on price alone. Tenants and other stakeholders were consulted as part of the appraisal and they were keen to focus the selection of contractors around qualitative issues, in addition the rethinking construction agenda sets out clearer mechanisms for continuous improvement. Key performance indicators, effective risk management and an open book payment system with safeguards all provide the flexibility required for the delivery of the improvement programme.

6.4.2 Options for the procurement of works contracts include

- i. procurement through traditional methods
- ii. procurement through partnering methods
- iii. a mix of the above

A great deal of work has been carried out in considering these options along side the review of the service including

Derby CC: Derby Homes

Arms Length Management Organisation
(ALMO)

October 2002

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Improving public services

The Government has placed a duty of local Councils to deliver services to clear standards – of cost and quality – by the most economic, efficient and effective means available. ¹Best value is a challenging framework designed to improve local services. Councils are required to assess their own performance and put in place measures to ensure continuous improvement in all of their services.

Councils must show that they have applied the 4Cs of best value:

- ◆ **challenging** why and how a service is being provided;
- ◆ **comparing** their performance with others' (including organisations in the private and voluntary sectors);
- ◆ embracing fair **competition** as a means of securing efficient and effective services; and
- ◆ **consulting** local taxpayers, customers and the wider business community.

The Government has decided that each Council should be scrutinised by an independent inspectorate. The Audit Commission's Inspection Service performs this role.

The purpose of the inspection and of this report is to:

- ◆ enable the public to see whether best value is being delivered;
- ◆ enable the Council to see how well it is doing;
- ◆ enable the Government to see how well its policies are working on the ground;
- ◆ identify failing services where remedial action may be necessary; and
- ◆ identify and disseminate best practice.

¹ This report has been prepared by the Audit Commission ('the Commission') following an inspection under Section 10 of the Local Government Act 1999, and issued in accordance with its duty under Section 13 of the 1999 Act.

Arms Length Management Organisations (ALMOs)

The Government introduced the concept of Arms Length Management Organisations (ALMOs) in its Housing Green Paper 2000: 'Quality and Choice: *A decent home for all*'.

ALMOs are companies set up by a local authority to manage, maintain and improve its housing stock. The local authority remains as the landlord and Council tenants remain secure tenants of the authority. An ALMO does not trade for profit and is managed by a board of directors comprising council representatives, elected tenants and independents, usually on a third/third/third basis.

The Government decided that local authorities pursuing this option can secure additional capital funding if the new arm's length body has received a 'good' rating from the Audit Commission's Housing Inspectorate.

To access this additional funding an authority must:

- ◆ have established an arm's length management organisation to manage its housing stock and associated investment;
- ◆ have demonstrated a high level of performance as measured against the best value national housing indicators and a 'good' rating following a Housing Inspection;
- ◆ have demonstrated sound financial planning and management and long-term financial viability through a high quality business plan; and
- ◆ have provided a clear plan showing how it proposes to move to a structure of rents and a lettings scheme that is in line with the reforms agreed following the Housing Green Paper.

In July 2000 the Government announced the resources it would make available to such authorities. To secure improvements to around 90,000 homes, £160 million is available in 2002/03 and a further £300 million in 2003/04. A further announcement about the availability of funds in future years is expected to be made in late 2002/early 2003. With this funding local authorities and their ALMOs will be expected to achieve the Decent Homes Standard for their housing stock by 2010.

The Housing Inspectorate has published two advice notes on how it would carry out the inspection of ALMOs.

- ◆ 'The Housing Inspectorate framework for assessing excellence in housing management' (Audit Commission - August 2001).
- ◆ 'ALMO inspections: advice for local authorities and their ALMOs' (Audit Commission - June 2002).

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Summary and recommendations

Summary

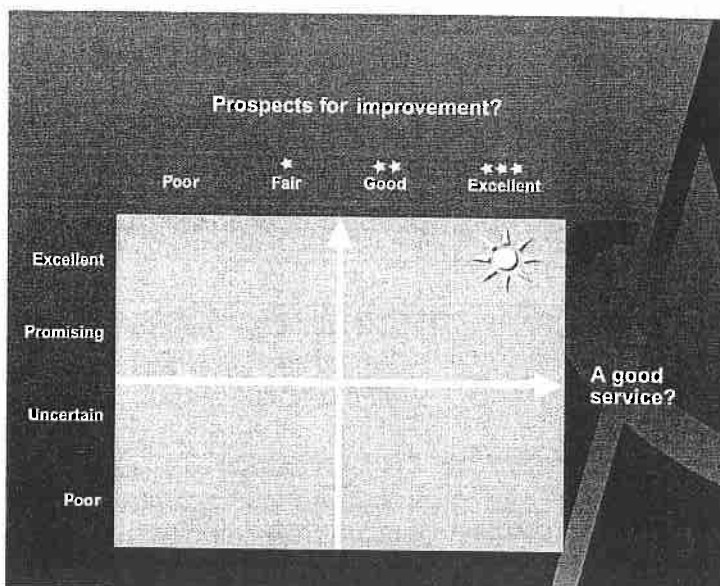
- 1 The city of Derby is situated in the East Midlands in the south of the county of Derbyshire. It lies on the river Derwent and close to the Derbyshire Dales and the Peak District National Park. The population of the area covered by Derby City Council is 238,000, living within 99,059 households. 9.4 per cent of the population are from black and ethnic minority (BME) communities.
- 2 Derby City Council was established as a unitary authority, responsible for all local government services, in 1997. The Council has 51 elected Councillors and control is held by the majority Labour Group. The Council adopted the modern cabinet style structure for decision making by Councillors during 2001, with ten Executive Members who have responsibility for specific areas of the Council's work.
- 3 The Council's net overall budget for the year 2001/02 was £223 million for day to day running costs (revenue budget) and £62.8 million for major works (capital budget). The Council employs approximately 11,000 members of staff.
- 4 The Council carried out a best value review (BVR) of its housing management services during 2001-02 and an inspection by the Housing Inspectorate followed. The Housing Inspectorate report on Front Line Housing Services and Sustainable Estates was published in May 2002 and the service was judged excellent (3 star) with excellent prospects for improvement. The service has been awarded the Charter Mark on three consecutive occasions in 1993, 1996 and 1999 and achieved Investors in People (IIP) accreditation in 1997 and 2000.
- 5 The Council established an Arms Length Management Organisation (ALMO) called Derby Homes and transferred responsibility for providing housing management and maintenance services from April 2002. The Council has a housing stock of 15,279 homes. Derby Homes will receive a management fee of £10.6 million for 2002-03. It will manage the Council's £8.5 million budget for repairs and £15 million capital improvements budget. It employs approximately 305 staff with a range of contractors engaged in carrying out repairs, maintenance and improvement programmes to homes. Derby Homes Board consists of 4 tenants, 1 leaseholder, 4 Councillors and 5 independent members.
- 6 The inspection looked at the services provided by Derby Homes, its governance arrangements and the relationship between Derby Homes and Derby City Council.

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Scoring the service

- 7 We have assessed the Council as providing an **'excellent'**, three star service that has **'excellent'** prospects for improvement. Our judgements are based on the evidence obtained during the inspection and are outlined below.

Scoring chart²: Derby CC: Derby Homes – Arms Length Management Organisation (ALMO)



'an excellent service that has excellent prospects for improvement'

- 8 We consider the housing management services provided by Derby Homes to be excellent. Derby Homes have clear and relevant aims which are linked to the Council's strategic objectives. Resources are focused on achieving identified priorities. Services are of a high quality and users are actively involved in their planning, monitoring and delivery. Housing management services are seen as an intrinsic part of a comprehensive and inclusive approach to achieving sustainability on estates.
- 9 We have highlighted the following excellent aspects of the service and its prospects for improvement:
- ◆ access to services is provided through a network of decentralised, well maintained, local housing offices providing payment facilities for rent and other charges;
 - ◆ the planned maintenance and improvement programme meets the needs and aspirations of tenants and leaseholders whilst ensuring the improvement and sustainability of stock. Derby Homes is embracing a 'partnering' approach to work with contractors and residents to improve efficiency and customer care;

² The scoring chart displays performance in two dimensions. The horizontal axis shows how good the service or function is now, on a scale ranging from no stars for a service that is poor (at the left-hand end) to three stars for an excellent service (right-hand end). The vertical axis shows the improvement prospects of the service, also on a four-point scale.

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- ◆ there is a clear focus on improving the physical environment on estates. Resources for environmental improvements have been increased and additional funding is being accessed from a number of sources. Tenants and leaseholders prioritise work and view the outcomes as positive;
- ◆ responsive repairs are carried out quickly and are of a high quality. The service is well managed with a range of customer satisfaction measures in place;
- ◆ gas servicing is planned and monitored and innovative approaches are taken to work with all households to achieve 100 per cent of homes serviced;
- ◆ adaptations for disabled people are dealt with efficiently and sensitively in partnership with Social Services;
- ◆ there is a strong commitment to domestic energy efficiency and affordable warmth is delivered in partnership with the Council through investment in homes, advice and promotional activities;
- ◆ estates are well managed with closely monitored arrangements in place to maintain and improve the appearance and security of areas in partnership with other agencies;
- ◆ sheltered housing schemes provide well maintained and secure, supported housing for older people;
- ◆ resources have been concentrated on reducing rent arrears and robust procedures are in place;
- ◆ the Money Advice Team delivers a pro-active service which is well integrated with the arrears recovery process;
- ◆ tenants and leaseholders are actively involved in the planning, delivery and monitoring of services;
- ◆ there is an effective process to 'fast track' empty properties in high demand areas. The Council's Housing Options Centre works closely with local offices to allocate properties;
- ◆ research carried out to assess and predict the sustainability of estates is innovative, thorough and informs all other service areas;
- ◆ services are delivered by committed, highly motivated and well trained staff working to standards agreed with tenants; and
- ◆ effective performance monitoring arrangements are in place.

10 However there are a number of areas which require further attention by Derby Homes and the Council:

- ◆ some tenants who were moved out of their homes for modernisation works raised concerns that the works took longer than originally advised which delayed their return;

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- ◆ some tenants had difficulty contacting the Direct Services Organisation (DSO) about repair work following a card being left at their home;
- ◆ levels of pre-inspections of repairs are too high and the current diagnostic tools available for repairs reporting are inadequate;
- ◆ the availability of translation services are not adequately advertised in the local offices and there are insufficient notices in commonly used BME languages;
- ◆ service standards for the new Mediation Service have not been agreed;
- ◆ the benefits of partnering have not been given sufficient consideration in the preparations for the re-tendering of the Responsive Repairs Service;
- ◆ surpluses made on housing work by the Council's DSO are not all returned to the relevant housing service account; and
- ◆ there are significant delays in processing housing benefit claims.

11 We have judged that Derby Homes has excellent prospects for delivering improvements in its services because:

- ◆ there is a shared understanding of the issues to be addressed and a shared commitment to achieving continuous improvement;
- ◆ best value reviews have been rigorous and produced high quality improvement plans;
- ◆ Derby Homes is progressing improvements effectively building on the Council's established track record of delivering improvements;
- ◆ the relationship between the Council and Derby Homes is positive and the organisations are sufficiently distinct to enable effective monitoring;
- ◆ the Council is taking its monitoring role seriously and its capacity for this role is continuing to develop;
- ◆ Derby Homes has effective governance arrangements and adequate internal monitoring arrangements are in place; and
- ◆ Derby Homes Board displays the capacity and capability to lead the organisation.

12 However the following areas require further attention:

- ◆ IT systems are not sufficiently developed in some service areas. Systems for monitoring efficiency savings also need further development;
- ◆ the Council does not currently require Derby Homes to report on customer satisfaction levels specifically related to planned and major works; and
- ◆ a small number of performance indicators showed inaccuracies and insufficiently ambitious targets.

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Recommendations

- 13 To rise to the challenge of continuous improvement councils need inspection reports that offer practical pointers for improvement. In this context, the inspection team feels that the Council and Derby Homes should now take action to resolve a number of general, political, managerial and partnership issues.
- 14 We recommend that Derby Homes:
- ◆ use partnering arrangements to ensure that the projected completion times for major works on homes are accurate so that tenants are given accurate information on decanting timescales;
 - ◆ develop plans to reduce the level of pre-inspections and progress plans to introduce the proposed repairs diagnosis tool;
 - ◆ ensure that arrangements for tenants contacting the DSO offer a high standard of customer care;
 - ◆ ensure that translation services in local offices are clearly advertised and that the number of notices in commonly used BME languages are increased;
 - ◆ agree service standards for the new Mediation Service;
 - ◆ improve IT systems in areas of weakness and develop a more sophisticated system for tracking efficiency savings;
 - ◆ ensure that the benefits of partnering in the delivery of responsive repairs are fully explored prior to a decision on future procurement;
 - ◆ ensure all performance indicators are correctly calculated and have ambitious targets;
 - ◆ take action to address all other weaknesses identified in this report and produce a detailed action plan of proposals; and
 - ◆ submit this report to the ALMO Board.

We recommend that the Council:

- ◆ introduce customer satisfaction on major works as a performance indicator to be reported to the Council;
- ◆ ensure that the surpluses made by the DSO are returned to the relevant housing service account;
- ◆ reduce delays in the administration of housing benefits;
- ◆ take action to address all other weaknesses identified in this report and produce a detailed action plan of proposals; and
- ◆ present the report to the appropriate executive.

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- 15 We would like to thank the staff of Derby City Council and Derby Homes who made us welcome and who met our requests efficiently and courteously.

Gary Roffey	Housing Inspector
Andy Crowe	Housing Inspector
Peter Higginbotham	Tenant Inspection Advisor
Roy Read	Tenant Inspection Advisor
Martin Palmer	Lead Housing Inspector

Dates of inspection: 23rd September – 1st October 2002

Email:

g-roffey@audit-commission.gov.uk

a-crowe@audit-commission.gov.uk

mj-palmer@audit-commission.gov.uk

For more information please contact
Audit Commission Inspection Service
Central Region
690 Melton Road
Thurmaston
Leicester LE4 8BA
www.audit-commission.gov.uk
0116 250 4100

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Report

Context

The locality

- 16 The city of Derby is situated in the East Midlands in the south of the county of Derbyshire. It lies on the river Derwent and close to the Derbyshire Dales and the Peak District National Park. The population of the area covered by Derby City Council is 238,000, living within 99,059 households. 9.4 per cent of the population are from black and ethnic minority (BME) communities.
- 17 Derby City has a rich industrial heritage and is still the home for Royal Crown Derby Porcelain. More recently the industrial profile has been changing and whilst manufacturing remains the main industry the percentage of the workforce that it employs has reduced to 26 per cent. There is a strong emphasis on engineering with large employers such as Rolls Royce and the rail sector. The public sector services employ just under 25 per cent of the workforce and there is an expanding service sector with companies such as Prudential coming into the area and creating up to 3,000 new jobs.
- 18 Unemployment currently stands at 4.8 per cent having fallen from 6.6 per cent in 1998. In terms of employment deprivation Derby is the 52nd most deprived out of 354 councils and in terms of income deprivation it is 48th most deprived out of 354 councils. There are known areas of high unemployment in some deprived inner city areas and unemployment amongst black and ethnic minority communities is twice the city average.
- 19 The city has a rapidly growing university with 13,200 students. Although a lower proportion of the population holds degrees or diplomas from higher education than the national average, Derby has a higher percentage of graduates in the workforce than any other UK city.

The Council

- 20 Derby City Council was established as a unitary authority, responsible for all local government services, in 1997. The Council has 51 elected City Councillors and control is held by the majority Labour Group. The Council adopted the modern cabinet style structure for decision making by Councillors during 2001, with ten Executive Members who have responsibility for specific areas of the Council's work.
- 21 The Council's net overall budget for the year 2001/02 was £223 million for day to day running costs (revenue budget) and £62.8 million for major works (capital budget). The Council employs approximately 11,000 members of staff. The Council's budget for management and supervision of retained housing services for 2002/03 is £3 million.
- 22 The Council's Housing Revenue Account (HRA) expenditure budget for 2002/2003 is £67 million including £21 million for rent rebates. This also includes a management fee of £10.6 million paid by the Council to Derby Homes. The

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housing capital expenditure budget for the same year is £19.7 million (assumes additional allocation of ALMO resources).

The Council's vision for the City of Derby is:

'To make Derby a city where people are proud to live and the Council a place where people are proud to work.'

This vision is supported by a statement of eight core values.

23 The Council has identified six cross cutting priorities for Derby:

- ◆ more achievement, more achievers;
- ◆ promoting independence, providing protection;
- ◆ prosperity for all;
- ◆ a great place to live;
- ◆ safer communities; and
- ◆ a best value council.

The Arms Length Management Organisation (ALMO)

24 Derby City Council commissioned a stock option appraisal in early 2001 to assess the most effective way of ensuring the necessary levels of investment to improve and maintain the Council's housing stock in future years. This led to the decision to set up an ALMO.

25 Derby Homes ALMO was set up by the Council to undertake the landlord functions of its Housing Service to its stock of 15,279 homes. The initial agreement with the ALMO commenced on 10th April 2002 and is for five years. The agreement is renewable by the Council for a further five years. The functions delegated to Derby Homes are set out in their Section 27 application and can be summarised as:

- ◆ stock investment and repairs ordering;
- ◆ environmental protection and improvement;
- ◆ rent collection, dealing with arrears and debt counselling;
- ◆ estate management, caretaking and support services under Supporting People;
- ◆ managing lettings, voids and under-occupation;
- ◆ enforcement of tenancy conditions;
- ◆ similar functions for leaseholders; and

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- ◆ tenant participation, information and consultation.
- 26 The functions retained by the Council are delivered by the newly formed Policy Directorate within the Chief Executives Department. The functions retained by the Council include:
- ◆ housing strategy and enabling;
 - ◆ private sector housing functions;
 - ◆ homelessness and housing advice;
 - ◆ administration of the Housing Register and Derby Homefinder; and
 - ◆ the Care Link Community Alarm Service.
- 27 There is no legal requirement to ballot tenants before establishing an ALMO. The Council did, however, ballot tenants and leaseholders on the proposal in January 2002. There was a 48 per cent return of which 88 per cent voted in favour. The response indicates strong support from tenants and leaseholders.
- 28 The company is managed by a board, which is made up of four tenant representatives, one leaseholder representative, five council nominees and five independent representatives. The day to day running of the company is delegated to a senior management team, headed by the Director of Derby Homes. Approximately 305 staff transferred from the City Council to Derby Homes. New office accommodation has been occupied by Derby Homes at a short distance from the Council Offices. Derby Homes describes its organisation as:
- ◆ 15 'front line' local housing offices and an accessible mobile housing office;
 - ◆ 50 sheltered housing schemes for elderly people around the city;
 - ◆ caretaking and concierge teams that clean up and secure buildings;
 - ◆ specialist teams for tenancy management, arrears recovery, and money advice support work through local housing offices;
 - ◆ centrally based teams covering regeneration, maintenance, strategy and development, policy and housing projects;
 - ◆ Community Watch Teams, which patrol council housing areas out of office hours and concierge teams provide extra services for the high rise block of flats at Riverside; and
 - ◆ generic 'back-office' teams providing business and support services, such as administration, accounting and computing.
- 29 If the standard of the Housing Service meets Government criteria the Council will access an additional capital allocation of £31.1 million to 31st March 2004 and have bid for a further £50 million for the period 1st April 2004 to 31st March 2006. With the additional funding the capital programme for council homes will be £15 million in 2002/03 and £34 million in 2003/04. Derby Homes has responsibility for

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delivering the programme of improvements and also manages the Council's £8.5 million budget for day to day repairs.

- 30 The Housing Service has previously been awarded the Charter Mark on three consecutive occasions in 1993, 1996 and 1999 and achieved Investors in People (IIP) accreditation in 1997 and 2000. Derby City Council's Housing Strategy and Housing Investment Programme (HIP) have consistently been rated as well above average by the Government Office for the East Midlands (GOEM).

The best value review

- 31 The Council carried out a best value review of Front Line Housing Services and Sustainable Estates in 2001/02 producing a final report in February 2002. The Housing Services subject to this review consisted of the following:
- ◆ sustainability on council housing estates;
 - ◆ rent arrears;
 - ◆ money advice;
 - ◆ tenancy management and anti social behaviour;
 - ◆ the Responsive Repairs Service;
 - ◆ customer care issues;
 - ◆ empty properties and allocations;
 - ◆ tenant and leaseholder participation;
 - ◆ central and support services, IT and e-government issues;
 - ◆ planned and programmed repairs and procurement issues; and
 - ◆ warden services.
- 32 The review looked at two key issues facing the Housing Services; the quality and efficiency of its key services and the sustainability of its estates and how its key services contribute to that sustainability.
- 33 A project plan was put in place to manage the review. The Council used their existing network of Process Improvement Teams (PITs) established to monitor and propose improvements to each element of the scoped services and set up new PITs where gaps were identified. Each PIT was led by a senior member of staff with tenant and leaseholder representatives, front line staff responsible for delivering the service under review and where appropriate, partners from a range of organisations.
- 34 The Service User Review Group (SURG) was set up and run by tenants to provide a user perspective for specific areas of the services under review. This group was supported by a manager from a local housing association. The group

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concentrated on the following service areas carrying out reality checks and surveys independently of council officers:

- ◆ Estate Caretaking Services.
- ◆ Housing Visitor Services.
- ◆ Customer Care and Training.
- ◆ Office Reception Areas.

- 35 The review examined service areas in detail, identified key issues and made a number of recommendations that are referenced through to 29 improvement plans. The review findings and recommendations were regularly discussed at a corporate level and the findings were agreed by the Council's senior officers. Elected Members approved the findings of the review in February 2002. Derby Homes is now responsible for delivering the improvements and the improvement plans form part of its delivery plan.
- 36 Derby Homes carried out a more detailed review of planned maintenance and improvement works between April and September 2002. The review, called 'Improving and Maintaining Council Housing' followed a similar methodology to the earlier review. It produced 12 further improvement plans which were approved by Derby Homes Board in September 2002.
- 37 Both reviews were carried out in accordance with the Council's best value toolkit and in the context of the previous best value review inspections.
- 38 The Housing Inspectorate report on Front Line Housing Services and Sustainable Estates was published in May 2002 and the service was judged excellent (3 star) with excellent prospects for improvement.
- 39 The Housing Inspectorate framework for assessing excellence in housing management, which provides guidance to Council's setting up ALMOs states:

'If a local authority's Housing Management Service is judged 'excellent' and a transfer to an ALMO follows, our inspection of the ALMO is likely to concentrate on the new organisation's governance arrangements and the quality of its strategic leadership. If the service was excellent before transfer, we would undertake a less intensive inspection of the housing management service to ensure that standards have been maintained'.

It is within this context that the current inspection has taken place and therefore the overall assessment of housing management services in this report also draws on evidence from the previous inspection.

How good is the service?

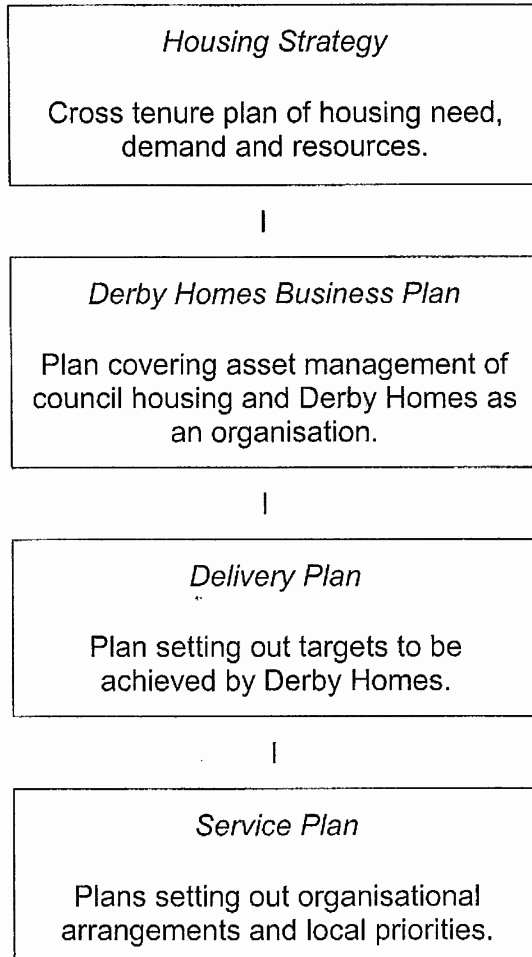
Are the aims clear and challenging?

- 40 Inspectors look to see how a council has agreed the key aims for the service being inspected, how clear these aims are to the people that receive the service and whether these reflect the corporate aims of the organisation as a whole.

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- 41 Challenge is the key to achieving significant improvements in performance and targets set by the Council and government. Without challenge best value will be ineffective. It requires the Council to consider and demonstrate how a service contributes to its wider corporate aims and community plans.
- 42 We found a clear hierarchy of plans directing the operations of Derby Homes which are summarised in Derby Homes Business Plan using the chart below:

Hierarchy of plans directing the operations of Derby Homes



- 43 Derby Homes stated mission is:

'To provide the people of Derby with the best housing service in the country by continuous improvement and by working with all our partners'.

The mission statement has been designed to compliment the Council's corporate vision for Derby detailed above.

- 44 The table below from the Council's HRA Business Plan and Derby Homes Business Plan shows how the objectives of the two organisations have been clearly linked:

Objectives for Derby City Council and Derby Homes taken from the HRA Business Plans

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Housing Strategy Objectives	Derby Homes Objectives
Base housing strategy on sound and comprehensive information.	Provide best value housing management and maintenance services. Maintain and improve council housing in order to ensure it is safe, physically sound and meets current standards.
Improve choice of, and access to, safe, energy efficient and affordable housing, including reducing empty properties across all tenures.	Ensure choice of, and access to, council housing. Maintain and improve council housing in order to ensure it is safe, physically sound and meets current standards. Provide energy efficient and environmentally sustainable housing. Provide affordable housing and tackle financial exclusion amongst tenants and leaseholders.
Address the specific housing needs of Derby's community care and other vulnerable groups.	Provide and adapt the Council's housing to meet tenants' special needs. Reviewing and developing wider use of sheltered housing services.
Protect and enhance homes across all tenures and ensure all social housing meets the Government's Decent Homes Standard by 2010 at the latest. <i>Neighbourhood Renewal Strategy Target: By April 2006, no neighbourhood to have any council dwellings falling below the Decent Homes Standard.</i>	Maintain and improve council housing in order to ensure it is safe, physically sound and meets current standards. Increase the popularity of council estates and reduce the rate of turnover in the tenancies of council properties.
Tackle antisocial behaviour and direct investment to reduce crime and the fear of crime.	Protect and enhance tenants' homes, reducing crime and the fear of crime.
Deliver best value services.	Provide best value housing management and maintenance services.
Facilitate active customer participation.	Consult, inform and involve tenants and leaseholders in the management of housing service and wider community development.

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<p>Use the housing investment and influence to promote training and employment for Derby residents. Contribute to the delivery of the Neighbourhood Renewal Strategy.</p> <p><i>Neighbourhood Renewal Strategy target: By April 2008, no neighbourhood to have a council house relet rate of more than 1.25 times the city-wide average in that year – by April 2005, the target is no more than 1.5 times the city-wide average.</i></p>	<p>Provide training and employment opportunities for tenants and leaseholders.</p> <p>Increase the popularity of council estates and reduce the rate of turnover in the tenancies of council properties.</p> <p>Consult, inform and include tenants and leaseholders in the management of housing services and wider community development.</p>
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- 45 The ways in which the Council's corporate aims are met through its Housing Service strategic objectives and Housing Management Services are also clearly identified. Each corporate aim is linked to Housing Service strategic objectives and Housing Service outcomes. For example:

Corporate Aim - Making Derby a great place to live:

◆ Housing Service strategic objectives:

- ◆ base housing strategy on sound and comprehensive information; and
- ◆ improve choice of, and access to, safe, energy efficient and affordable housing.

◆ Housing Management Service outcomes:

- ◆ repair and improvement to council houses;
- ◆ improvements to estates; and
- ◆ working with residents and community panels to improve the quality of life on estates.

- 46 The aims for the Housing Services are developed in partnership with tenants and leaseholders. The views of all customers of the services are regularly sought and the outcomes for customers are evaluated through a programme of satisfaction surveys and monthly Community Panel meetings. Written material reporting priorities and progress is sent to customers in a partnership between the Derby Association of Community Partners (DACP) which represents tenants and residents groups across the city and the Council. The views and priorities of partners across a wide range of statutory and voluntary agencies are also sought and we found evidence of these being incorporated into the service aims.

- 47 During both inspections we held meetings with staff, tenants, leaseholders and spoke to a wide range of external partners and found a shared commitment to, and understanding of, the aims for the service. All the groups that we spoke to were aware of the mechanisms available to them to influence the development of the aims for the service and the contribution that these aims could make to the delivery of positive outcomes for customers.

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- 48 In conclusion, the aims of the Council and Derby Homes are designed to improve the quality of life for people living and working in the city of Derby and to create sustainable communities. The aims are ambitious and have been developed in partnership with local people and link with the overall vision. The aims reveal a strong commitment to partnership working and have been developed in the context of local and national agendas. Progress against the aims is monitored and is reflected in Derby Homes Delivery Plan and Service Plan.

Does the service meet these aims?

- 49 Having considered the aims the Council and Derby Homes has set for the service inspectors make an assessment of how well they are performing in meeting these aims. This includes an assessment of performance against specific service standards and targets and the approach to measuring whether it is actually delivering what it sets out to do.
- 50 The assessment is based on the 'Framework for Assessing Excellence in Housing Management' issued by the Audit Commission's Housing Inspectorate in August 2001. This focuses service inspection into four main headings:
- ◆ stock investment and repair;
 - ◆ rent collection, arrears recovery and debt counselling;
 - ◆ estate management and allocations; and
 - ◆ tenant participation and user involvement.
- 51 Also considered are the overarching issues of:
- ◆ access to services;
 - ◆ diversity;
 - ◆ value for money; and
 - ◆ performance management.

Access to Services

- 52 During our previous inspection we found an accessible service and high standards of customer care with positive aspects including:
- ◆ 15 well maintained local offices;
 - ◆ high standards of customer care from front-line staff;
 - ◆ a range of high quality and useful information leaflets and notices, including service standards; and
 - ◆ user involvement in monitoring service levels.

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- 53 Derby Homes delivers its housing services through 15 local offices. For management purposes the city is split into two areas, North and South with an Area Manager for each area.
- 54 Customer care is given a high priority by Derby Homes. All staff receive induction training in a range of skills for dealing with customers including training on equalities issues. The induction training is complemented by a rolling programme of in service training, both on a group basis away from the workplace and in an individual workplace setting. Derby Homes has a Customer Care Process Improvement Team consisting of staff and tenants. The group which meets monthly aims to maintain continuous improvement in the customer care provided by Derby Homes.
- 55 Signs are displayed in all customer service areas that clearly outline the service standards for customer care and the conduct that is expected from customers. There is a formal complaint system in operation which is subject to monitoring and the outcomes are used to inform service improvements.
- 56 Service users are actively encouraged to monitor satisfaction with customer care and this is demonstrated through the involvement of tenants and leaseholders in undertaking their own reality checks. An example of this is the work carried out by tenants who formed the Service User Review Group (SURG) which included surveys with tenants on caretaking services and checks on the facilities and services offered at area housing offices.
- 57 The Council regularly carries out satisfaction surveys with customers and this corporate approach is complemented by surveys by Derby Homes that are designed specifically to measure satisfaction with customer care for Housing Services users. All the survey results demonstrate high levels of satisfaction although the outcome varies with lower results being recorded in the less popular housing areas of the city. The average recorded level of customer care satisfaction for 2000-2001 was 76 per cent.
- 58 Our visits to the local housing offices during both inspections revealed the following:
- ◆ Well publicised opening times and out of hours and emergency contact details on high visibility external notices displaying clear corporate identification. Three offices open on Saturday mornings.
 - ◆ The majority of offices had good reception areas with high quality notices displayed and information leaflets available. In some offices space limitations affected the range of information on display and in some older offices the reception areas were less attractive.
 - ◆ During the previous inspection we identified that chairs in the waiting areas were not generally suitable for frail older people as they were low and had no arms to use for support when standing up. Since the inspection the seating at all offices has been reviewed and delivery of new seating is due in October 2002.

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Photographs showing reception areas in Local Housing Offices



- ◆ All offices have private interview rooms available although not all the offices advertised this facility.
- ◆ Most offices had some toys available and this has proved very effective in occupying children. Most of the offices did not keep toys on display due to persistent problems of theft in some areas.

- 59 Derby Homes has a target of answering general telephone calls in six rings, although at the area housing offices the standard allows telephone calls to be diverted where officers are out of the office. The timescale for replies to letters is seven working days with a commitment to use plain English. The performance of Housing Services against their stated service standards in these areas is unclear. Derby Homes have recognised the need to carry out more detailed auditing in order to be able to monitor outcomes for customers. Derby Homes has a target of answering 90 per cent of housing hotlines calls in three rings. This is monitored and they are currently achieving 89.5 per cent.
- 60 During the March 2002 inspection some tenants raised concerns about difficulty in contacting the DSO to arrange a time for a further repair visit where a card had been left because they were not at home. During the current inspection we found that the card left still directs tenants to phone the DSO direct. Calls are then recorded on an answer phone and tenants are called back later. Tenants said the line was sometimes engaged and that they did not like using the answer phone. Derby Homes accepts that this is still not good customer care and it is intended that this will not continue when the new contract for day to day repairs is awarded in August 2003. Derby Homes plans to create a repairs call centre in 2004 and this will then deal with all repair related calls.
- 61 The written information for customers is of a high quality. The text and content is clear and attractively presented. Examples of this are the Tenants' Handbook and the annual tenants' calendar. Both are informative, have a colourful and engaging style and use plain English. Service standards are identified across the range of services provided by Derby Homes.
- 62 In conclusion, Housing Services are accessible and customer care is of a high standard. The few weaknesses that do exist are being addressed by Derby Homes.

Draft**Stock investment and repairs**

- 63 The Council has certain legal responsibilities as a landlord including keeping in good repair the structure and exterior of dwellings and any installations provided for heating, sanitation and supply of services (Section 11, Landlord and Tenant Act 1985) and contributing to the Home Energy Conservation Act Strategy (HECA). The Governments' 'Decent Homes' target also requires local authority landlords to bring their stock up to a defined standard by 2010, with a third of its homes reaching this standard by April 2004. Derby Homes is responsible for ensuring the day to day delivery of services to meet these requirements and for procuring all refurbishment work, acting as an agent on behalf of Derby City Council.

Stock investment decisions and repairs ordering

- 64 During our previous inspection we found high levels of satisfaction with major works and day to day repairs services with positive aspects including:
- ◆ day to day repairs are carried out quickly;
 - ◆ high levels of user involvement;
 - ◆ well organised disabled adaptations service; and
 - ◆ high levels of performance and innovative procedure for gas servicing.

Planned maintenance and improvement programme - stock information and programming

- 65 Stock investment decisions need to be based on sound information on the current conditions of properties and clear priorities on what is to be achieved with the resources available.
- 66 The Council commissioned a stock condition survey which was completed in 2001. This identified a £92.8 million backlog in repairs. The maintenance strategy seeks to clear the backlog of repairs and ensure that building components are replaced in a planned way thereafter. The Council's/Derby Homes Business Plan identifies the works required to clear the backlog and the timescale in which this can be achieved. Derby Homes is seeking to do this alongside responding to tenants' priorities and addressing sustainability issues.
- 67 The stock condition information is being updated by further inspections of 10 per cent of properties per year. This will be a cross section of properties to ensure that any faster than expected deterioration of components is picked up. Derby Homes is also working with suppliers to identify when particular parts for example boiler pumps, may come to the end of their life so that these can be replaced before they fail, reducing disruption to residents.
- 68 The Council and Derby Homes are clearly focused on the need to achieve the Governments' Decent Homes Standard and they have a target of achieving this by 2006/07. Currently 49 per cent of properties achieve the Decent Homes Standard. However, Derby Homes is currently working with residents to identify

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'decency plus standards' to deliver improvements which meet long term needs and aspirations even where these are higher than those in the decency standards.

- 69 During our previous inspection we attended the 2002 Housing Investment Conference. Its purpose was to discuss the planned maintenance and improvement programmes for the next financial year with tenants, leaseholders, predominately those representing Customer/Community Panels and DCAP, Elected Members and partners. Participants were invited to give their views and information was also available on a number of new housing and regeneration initiatives. A further Housing Investment Conference is planned for November 2002 which will focus on identifying how tenants and leaseholders want partnering to be used to improve the service.
- 70 Tenants and leaseholders can also influence investment priorities through the City Housing Investment Plans process known locally as CHIPS. This enables Community Panels to identify priorities for investment in their areas. We also attended a meeting of the Housing Investment Team. This group, which meets monthly, is one of Derby Homes Process Improvement Teams. It is made up of tenants, officers and a Board Member and examines in more detail how investment works should be delivered with a particular focus on outcomes for residents.
- 71 Derby Homes is also running two partner workshops where a very wide range of partners have been invited to discuss how Derby Homes, through its improvement programme, can help them achieve their objectives.
- 72 The previous inspection report praised the significant work the Council had done to understand and take action on sustainability issues. Derby Homes is using this work to inform its improvement programme and has also identified three areas of the city where further 'futures' studies are needed to understand long term sustainability issues.
- 73 Derby Homes have a detailed investment programme identifying what it wants to deliver this year. Following confirmation of funding available for coming years it will be producing a detailed programme of elemental improvements through to 2006/07 which will be shared with residents. The target is to complete this by the end of December 2002. Within this programme there will be some flexibility to identify new items for inclusion and the environmental works budget will continue to be prioritised on an annual basis through the CHIPS process.

Planned maintenance and improvement programme - procurement and delivery issues

- 74 Planned maintenance and investment in the long term is the most effective way that a landlord can maintain and improve properties. This planned approach will also result in a reduction in the cost of responsive repairs. An indicator of the level of planned work is the percentage split between planned and responsive expenditure, including work to empty homes, funded from the revenue budget. The Audit Commission has issued guidance stating that councils should aim to spend approximately 60 per cent of revenue funded maintenance expenditure on planned works. Derby Homes is currently spending 40 per cent of its revenue funded expenditure on planned works and 60 per cent on responsive work.

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- 75 However, an effective planned approach to maintaining properties is not solely reflected in the level of revenue funded expenditure on planned maintenance. Capital funded investment can also be a significant part of a Council's planned maintenance strategy. In this respect the Council has regularly invested capital expenditure in its' housing stock with £11.53 million in 2000-2001, £13.18 million in 2001-2002 and £15.4 million budgeted for 2002/03. The Council was awarded £7.72 million in additional capital through the Major Repairs Allowance (MRA) for 2001-2002. The MRA is included in the total capital expenditure of £13.18 million.
- 76 There is a range of performance monitoring mechanisms in operation for budgetary control and to ensure contract compliance. However, during the previous inspection we found some IT software constraints. One of the BVR improvement plans being progressed by Derby Homes is specifically devoted to addressing weaknesses in IT. The Council has consistently spent close to budget on its housing capital programme and the expectation is that this will be maintained by Derby Homes.
- 77 Derby Homes is in the process of transforming its approach to the procurement of major works. From 2002/03 all capital works will be delivered using partnering contracts. 'Strategic' partners are being selected for separate contracts for works to pre-war homes, post-war homes and 'Wimpey no fines' homes. Partners are being selected by panels comprising of tenants representatives, officers and Board Members. There will also be some 'specialist' partner contracts for some projects such as central heating and lifts. Derby Homes has been running a pilot partnering contract for modernisation work this year. We spoke with the contractor concerned and found that the contract was developing well. Derby Homes already has a partnering arrangement in place for door entry systems and is about to enter into a further one for window replacement.
- 78 Derby Homes is developing the concept of a 'virtual company' to deliver the partnering arrangements. The 'virtual company' for a project or work area will consist of Derby Homes, the strategic partner and project partner, tenants and leaseholders, Elected Members, Board Members and professional advisors. The 'virtual company' will own the project and agree on the costs and outputs for the project from inception to completion. An additional floor has been leased at the office where Derby Homes is based to enable partners to have staff working there alongside Derby Homes' staff. In this way Derby Homes believes it will achieve 'Egan' targets such as reduction in capital costs, a reduction in construction time, increased work completed on time and within budget and a reduction in defects at handover.
- 79 Whilst Derby Homes is rapidly developing its experience in partnering, there is a healthy recognition that there are some risks associated with such a significant shift towards partnering arrangements. These risks have been considered and have been weighed against the risks of not using partnering arrangements. A particular concern in this respect is how the quantity of labour required to deliver the improvement programme will be recruited. Derby Homes believes that only through partnering arrangements and the long term commitments that come with this approach, can it work with contractors to sufficiently develop the local labour market.
- 80 An initial target of creating 100 apprenticeships and employing 80 per cent local labour in the delivery of the improvement programme has been set by Derby

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Homes. We were impressed with preparations being made to achieve this. There have been discussions with the Job Centre on how the local labour market can be developed. A bid for £300,000 has been made to the European Social Fund to allow training programmes to be developed. Discussions have taken place with Derby College with a view to establishing a City and Guilds course focusing on building skills. We also found evidence of discussions with suppliers to establish how increased work could be linked to establishing traineeships. Where supplies can not be sourced locally Derby Homes is exploring the possibility of having parts delivered in flat-packs for local assembly. To ensure these initiatives are effectively progressed an Employment Initiatives Officer is being recruited.

- 81 Derby Homes is also in the process of recruiting additional staff to enable them to deliver the improvement programme. This includes eight Tenant Liaison Officers who will be based in local offices to work closely with residents to ensure their concerns are addressed in an effective and timely manner. Derby Homes has recently experienced a significant turnover of Surveyors and is looking at introducing a broader career salary scale to aid recruitment and retention.
- 82 Discussions have taken place with existing contractors to prepare them for possible additional work in this financial year. Derby Homes is geared up to spend approximately £8 million of the additional resources that could be made available by extending the works programme for this financial year.
- 83 During the previous inspection we found that a new shower room installed as part of improvements to a sheltered housing flat did not have a flat access and that there were no low level kitchen fittings in order to accommodate the needs of wheelchair users and/or people with restricted mobility. We viewed the omission as a lost opportunity by the Council to ensure that the flat can accommodate tenants who currently have or may develop restricted mobility.
- 84 However, during the current inspection we witnessed how Derby Homes is now linking a commitment to develop 'lifetime' homes to its improvement programme. We attended a meeting of the Housing Investment Team where discussions took place on identifying what adaptations could be made during the improvement process which will make the property fit for the long term needs of residents.

Planned maintenance and major improvements - tenant satisfaction

- 85 During both inspections we visited homes where major improvements had been carried out. Tenants expressed a high level of satisfaction with the works and the level of choice they were given. During the current inspection we observed that improvements often exceeded Decent Homes Standards, for example installing showers above baths as standard when replacing bathrooms. We also found innovative use of new building techniques such as 'brick rendering' to non-traditional properties to give them a traditional appearance.

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Example of a home where major improvements have been carried out



- 86 All residents who have had planned or programmed maintenance completed are asked to complete a satisfaction survey. The average level of customer satisfaction achieved in 2001/02 was 93.5 per cent. We carried out a telephone survey of 32 residents who had recently had major works completed and 28 said that the service was excellent or good, 2 said it was average, 2 poor and none very poor.
- 87 While tenants we spoke to were generally very happy with the service they received some who had been moved out of their homes did raise concerns that the length of time they had to wait before they could return was significantly longer than they were originally advised. This occurred for a number of reasons including additional works being identified during the modernisation process and the performance of the contractors. Derby Homes has now set target times for a range of improvement works including major modernisations where decanting is required. Monitoring arrangements to identify trends in performance need to be improved.
- 88 Major improvements to tenants' homes currently result in an increase in their rent. This is explained prior to the works starting and they are given the option of not having the works done. Rent restructuring and the availability of additional capital resources will enable Derby Homes to deliver the improvements without individual increases to the rent. It is expected that this will result in the vast majority of tenants wanting the improvements. However, Derby Homes needs to develop a clear policy of how it will deal with tenants who still refuse the works in these circumstances.

Summary of planned maintenance and improvement programme

- 89 The current programme of works and the developing future programme is well informed by stock condition information, residents and stakeholders' priorities and sustainability issues. There is a clear focus on achieving standards which will meet the long term needs of residents and at the same time achieve the Government's Decent Homes Standard. Service delivery is generally of a high standard and the developing partnering approach should enable standards to

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improve further and increase efficiency. The partnering approach should be used to give tenants more accurate information on decanting times.

Gas servicing

- 90 The Council's performance on gas servicing was notably high. Approximately 99 per cent of all homes had gas servicing carried out in the last year and Derby Homes is taking action, through the courts if necessary, after a year has elapsed, to ensure that the contractor can gain access to any outstanding homes. Derby Homes have adopted the Council's procedures for this work and are maintaining high levels of performance. During the previous inspection we found there was close working with the contractor to provide incentives and to identify publicly where access cannot be achieved. Entry into a prize draw is offered each year for households who allow access and letters are sent to identify the most suitable time for a service to be carried out. The contractor works closely with the local housing office to make contact with reluctant households and a hazard strip is placed across the front door, with a danger warning sign, where access cannot be negotiated. This latter action has proved to be very effective.

Responsive repairs

- 91 Derby Homes recognises that the Responsive Repairs Service is particularly important for tenants and leaseholders and as the service which they have the most direct contact with represents a powerful demonstration of the service standards available from their landlord and leaser. Approximately 96,000 orders are placed each year.
- 92 Repair enquiries are currently dealt with by Customer Services Officers and Area Clerks at the 15 local housing offices. Each of the offices has responsibility for between 500 to 1500 properties. Care Link, the Council's emergency alarm service for vulnerable households, provides the out of hours repairs reporting service. The service was examined in detail during the previous inspection and we found there were high levels of satisfaction amongst the tenants with 98 per cent of those surveyed stating the service was good or very good. There was general satisfaction with the quality of work carried out, customer care offered by operatives in peoples' homes and the response times. Tenant representatives we spoke to confirmed that the quality of service had been maintained and improved by Derby Homes.
- 93 This view is supported by two key performance indicators which show improved performance in areas where the Council was already performing well. The percentage of urgent repairs carried out within Government timescales since the transfer to Derby Homes is 98.9 per cent and non-urgent repairs have been completed in an average of nine days. This represents a very good performance.
- 94 When the service was inspected previously we found that the appointment system for day to day repairs was not being applied consistently. In July this year Derby Homes altered the way in which the repairs computer system works so that it defaults to an appointment which has to be declined if not required. This prompt along with individual monitoring of the number of appointments made by staff has resulted in a significant increase in the number of appointments made. Both staff and tenant representatives believe the appointments system is much improved. Appointments are also offered for pre-inspection of repairs.

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- 95 The lack of a detailed, accurate and easily accessible diagnostic tool was highlighted during the previous inspection and this is still a weakness. This can assist staff and residents in specifying repairs helping to reduce pre-inspection levels which delay the repairs process and are costly in terms of officer time. Currently approximately 26 per cent of repairs enquiries are being pre-inspected. The fact that this is relatively high is recognised by Derby Homes and they aim to reduce this although no specific target has been set. It was originally envisaged that the introduction of the diagnostic tool would be linked to the setting up of a repairs call centre due to be in place by the end of March 2004. However, Derby Homes has decided to introduce a diagnostic tool to the local offices prior to the setting up of the call centre and the target date to achieve this is the end March 2003.
- 96 The level of variations to repairs orders can also be an indicator of the quality of repair diagnosis. The ability of an operative to make minor variations on site is important to ensure the works can be completed as quickly as possible but the level of variations should be monitored. Procedures should be in place to ensure that operatives are clear about the level of additional works they can complete without additional authorisation. Derby Homes does monitor the level of minor variations which is currently running at approximately 30 per cent and appropriate procedures are in place.
- 97 Derby Homes have three categories of response times for responsive repairs – emergency two hours, urgent within five days and routine within 20 days. It is currently carrying out 13 per cent of repairs as emergencies, 24 per cent as urgent repairs and 63 per cent as routine repairs. The Audit Commission recommends in its publication 'Learning from Audit, Inspection and Research – Housing Repairs and Maintenance' that the figure should be around 10 per cent for emergency repairs, 20 per cent for urgent repairs and 70 per cent for routine repairs. The performance of the Derby Homes is judged to be working towards our guidelines and Derby Homes believes that the introduction of a new diagnostic tool, for tenants to use when reporting repairs, will help to achieve this.
- 98 During the previous inspection tenants and leaseholders expressed concerns over the level of post-inspections. The Audit Commission advised in 'Learning from Audit, Inspection and Research – Housing Repairs and Maintenance' that the minimum level for post-inspections should be 10 per cent which was not achieved in 2001/02. However, since the transfer to Derby Homes 12 per cent of repairs have been post-inspected.
- 99 Our previous inspection found that work to homes is carried out by a range of specialist and general building contractors including the DSO which is managed by the Commercial Services Department at the Council. The Council estimated that 56 per cent of the DSO workforce is multi-skilled. Contract compliance, performance and customer satisfaction was being regularly monitored and the outcomes regularly reported to senior managers.
- 100 The primary contract for responsive repairs currently with the DSO is due for renewal in August 2003. Derby Homes is looking at how this contract should be re-tendered. The preparations so far have focused on procuring on a traditional schedule of rates basis with incentives to deliver quality and customer care. The procurement method will have to be confirmed by the Board and it is envisaged that the appointment of the new Assistant Director who will have overall

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responsibility for the service will have an influence over how this proceeds. However, we feel there needs to be further analysis of the benefits of a partnering approach for responsive repairs.

- 101 During our previous inspection we attended the Performance Improvement Team (PIT) meeting for the repair services with representation from tenants, senior officers and representatives from front line staff. The PIT meets regularly to review progress, raise the concerns of tenants, discuss future programmes and make recommendations for further improvements.
- 102 Derby Homes believes that further improvements in the Responsive Repairs Service will be delivered through the establishment of a repairs call centre. This is due to be up and running by the end of March 2004 and we found that a project plan is in place.

Empty (void) properties

- 103 During the previous inspection we found that the level of satisfaction with the condition of recently let homes amongst new tenants was high. Our visits to void properties revealed a thorough approach to void inspection and that ready to let properties were in a good state of repair. There was previously no publicised void standard, sometimes known as the lettable standard, which all properties were required to meet. This has now been introduced and is issued to tenants as part of the letting process. The average turnaround time for voids in 2001/2002 was 37 days.

Disabled adaptations

- 104 Derby Homes responds to the recommendations of the Occupational Therapists following a request for adaptation work to Social Services from tenants. Our previous inspection identified that the waiting time for an Occupational Therapist's visit was three weeks which is shorter than that experienced in most other councils. Social Services have a Service Level Agreement (SLA) with Wallbrook Housing Association to provide Occupational Therapist Services. There is no means test of tenants' ability to contribute to the cost of works although this policy has been discussed in the past. The annual budget for disabled adaptations is £850,000 and this is funded from the Housing Revenue Account. The level of service provided to the tenants is high but there are concerns about the ability of the HRA to support the rising demand for disabled adaptations.
- 105 We previously identified that the Council anticipates that demand for disabled adaptations will continue to rise given the demography of its tenants. This indicates an ageing tenant population, the increased life expectancy of people generally and the desire supported by national policies and trends, which results in people wanting to remain in their existing home rather than move into housing designated for older people. The Council has undertaken some work to map future demand but recognised the need to develop this further. This is a further reason why Derby Homes is committed to linking its improvement programme to delivering lifetime homes.
- 106 We also previously identified the operation of an adapted housing database in partnership with other social housing providers in the city through which efforts

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are made to match tenants with existing adapted properties. Social Services employ a member of staff to progress chase adaptations work and to liaise with the customer about any concerns they may have.

- 107 There are generally robust arrangements in place for budget monitoring for responsive repairs although there are some IT limitations in getting real time expenditure information. Local offices have responsibility for monitoring the budget for the areas they cover and overall expenditure is monitored centrally by senior managers.

Summary of responsive repairs

- 108 Overall Derby Home's Responsive Repairs Service provides high levels of customer care and a high quality of work. Customer satisfaction is high. Leaseholders and tenants are able to contribute to the planning, delivery and monitoring of the Repairs Service through the Process Improvement Team which meets regularly. The delivery of gas servicing is particularly noteworthy. Where there are inefficiencies these are being addressed. The introduction of the Repairs Reporting Centre will help to address areas of weakness. Derby Homes needs to ensure it takes full advantage of the opportunity to further enhance efficiency and customer service through the ongoing procurement process for responsive repairs.

Environmental protection and improvement

- 109 The Council and Derby Homes have done considerable work on understanding sustainable communities and recognise that creating good quality homes does not in itself ensure the properties will be in demand. The quality of the environment around homes is also a critical factor. Tenants in Derby have for a number of years prioritised how money allocated for environmental improvements should be spent. The level of resources available for such improvements is being increased from £500,000 per year to £1 million a year and Community Panels have been asked to develop a three year programme of improvements. We previously identified improvements such as:

- ◆ lighting on four estates;
- ◆ footpaths on two estates;
- ◆ porches to sheltered housing bungalows;
- ◆ security gates in one area; and
- ◆ security fencing in one area.

- 110 Environmental improvements have also been delivered through New Deal funding. Derby has recently been allocated an additional £1 million through New Deal from other areas which have under-spent. This is a recognition of the Council's and Derby Home's ability to ensure that resources made available are spent. We attended Community Panel meetings where residents were involved in prioritising how this money should be spent.

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- 111 Environmental improvements are also an important element of Derby's Neighbourhood Renewal Strategy. These are primarily delivered through the 'Derby Renaissance Fund' which is being led by Derby Homes.
- 112 The Council has a corporate commitment to improving the energy efficiency of all homes in the city. There is a parallel commitment to reducing fuel poverty and enabling all households to have access to affordable warmth. Derby Homes is working to achieve this for tenants and leaseholders by carrying out planned maintenance to renew existing heating systems with high energy efficient ones and effectively managing the regular servicing of gas appliances. This work is complimented by improved levels of insulation and energy management systems in homes. The Council has in the past used leasing arrangements with Transco to enable them to accelerate their central heating programme.
- 113 We previously saw evidence of the domestic energy efficiency road show trailer that tours the city giving advice to households about the most efficient use of energy. The trailer parks outside local area housing offices on a rolling programme and had a good range of literature available to compliment the advice from Energy Officers. The Council has made effective use of a number of national energy efficiency schemes that target low income households and Derby Homes is continuing to promote these initiatives. These include the 'Fridgesavers Scheme' that made low cost, high energy efficient fridges and freezers available in exchange for low energy efficient ones.

Rent collection, dealing with arrears recovery and debt counselling

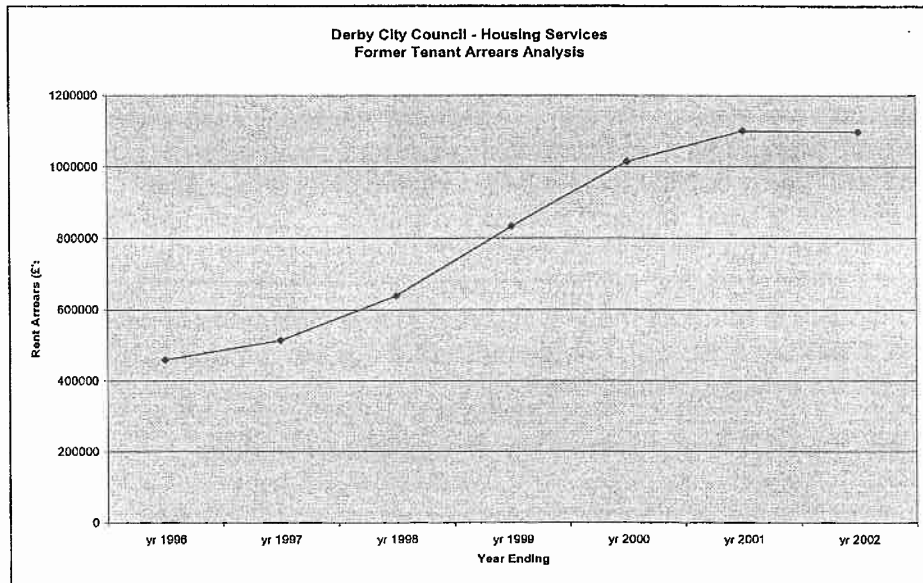
- 114 During our previous inspection we found that arrears recovery and debt counselling were given a high priority by the Council with positive aspects of the service including:
- ◆ analysis of the causes of arrears;
 - ◆ a pro-active Money Advice Team with procedures integrated with the arrears recovery process;
 - ◆ a prize draw for tenants who maintain a clear rent account; and
 - ◆ close monitoring of arrears levels with targets for local offices and individual staff.
- 115 There are a wide variety of rent payment methods available to tenants. The majority of rent payments are made at the local offices. When we inspected previously, payment at the post office was being piloted and this has now been rolled out to all tenants. All local offices are now equipped to accept payment by switch or debit card. A 24 hour telephone payment line is due start in October 2002. Standing order facilities are already in place and a Direct Debit pilot is due to commence by the end of October 2002. A decision has been made not to develop credit card payment facilities due to concerns about increasing debt levels. Rent collection for vulnerable households, particularly older and disabled tenants, is provided via the mobile housing office that visits different parts of the city, mostly to sheltered housing schemes, on a rolling programme. Housing Visitors, whose role includes support for older and vulnerable tenants, are authorised to verify housing benefit claims whilst carrying out home visits.

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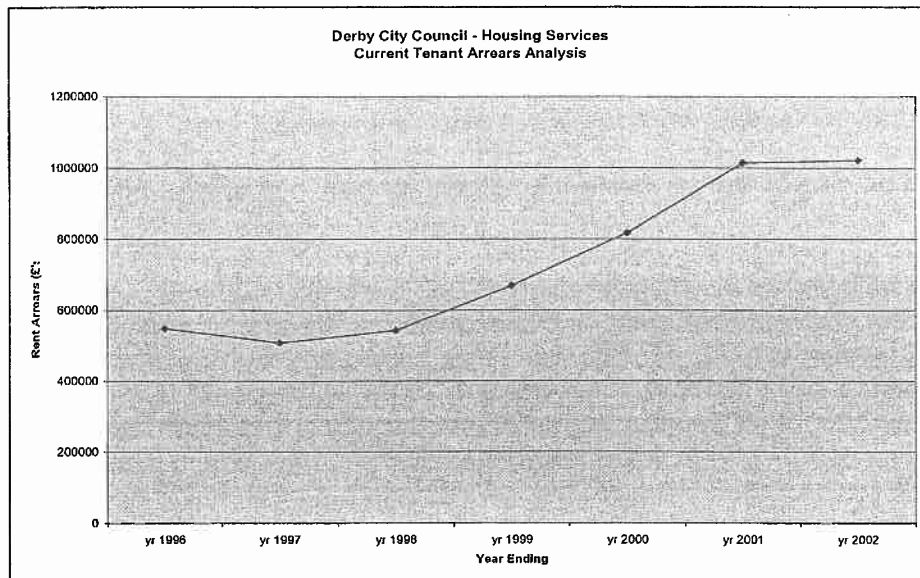
- 116 During our previous inspection we identified that the level of rent arrears had presented a problem for the Council over recent years. Rent arrears historically had been relatively low until 1998 when the figures began to rise from £580,000 to over £1 million in 2001. 37 per cent of council housing tenants were in arrears with their rent.

- 117 The following charts show the levels of current and former tenants rent arrears from 1996 to end of March 2002:

Former tenants rent arrears from 1996 to end of March 2002



Current tenants rent arrears from 1996 to end of March 2002



- 118 Performance on rent arrears at the end of March 2002 was still above the median compared with other similar local authorities and showed an improvement on the

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end of year figure for 2000/01. Since the handing over of responsibility to Derby Homes arrears have increased but the figures show a similar pattern and levels as the same time last year. Derby has two 'rent free weeks' at the end of March which results in a significant drop in arrears at that time. Rent collection as a percentage of that receivable was 96.6 per cent in 2000/01 and 96.2 per cent in 2001/02. Median performance for similar councils in 2000/01 was 96.3 per cent.

- 119 We reported previously how the Council carried out work to determine the reasons for the increase over recent years and in 2001 commissioned research by the Centre for Housing Policy at York University to look at the arrears of households with fluctuating incomes.
- 120 We identified the conclusions the Council had reached about the rise in rent arrears as:
- ◆ changes in local employment patterns – although unemployment levels have fallen in the city over recent years there has been an increasing tendency for people to find work on fixed term contracts which result in irregular and uncertain income levels;
 - ◆ an increase in the number of younger tenants who have a different attitude to maintaining rent payments as a financial priority when compared to older tenants and who experience multiple debts with the rent to the Council being fairly low on the list for payment; and
 - ◆ reluctance by the Council to evict tenants in serious arrears except as a last resort. It is felt that this not only contributes to current arrears but may also influence the previous point where the debt to the Council is perceived as being less pressing.
- 121 Another factor which is seen as influencing arrears levels in Derby is the quality of housing benefit administration. Sixty-four per cent of the Council's housing tenants are in receipt of housing benefit. Housing benefit is administered by the Finance Department. When we inspected previously there were significant delays in processing of claims and problems with the quality of customer care for applicants. Progress on turning this around has been slow and we still found problems during the current inspection. However, a new manager has recently been appointed to take responsibility and plans are in place to improve the service. A Senior Housing Benefit Manager informed us that the problems with processing claims would:

'Undoubtedly have had an impact on rent collection and arrears'.

We spoke to Tenancy Services Officers (TSOs) who carry out arrears recovery work. They informed us that the majority of high arrears cases were due to housing benefit. Average turnaround time for new claims is 70 days and only 55 per cent of renewals are processed on time. Derby Homes estimates that 29 per cent of its total arrears relate to housing benefit payments.

- 122 Derby Homes has a Housing Benefit Liaison Officer to work on problematic cases. An e-mail housing benefit enquiry system for TSOs has recently been introduced to improve communications. A strategic and operational Housing Benefit Liaison Group is in place and Derby Homes is receiving weekly updates

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on progress in reducing backlogs. Derby Homes has recently created a Process Improvement Team for housing benefit which will include tenants, Derby Homes Officers and Housing Benefit Officers. A new service level agreement with all social landlords is currently being developed to replace the existing one which was not seen as effective. The aim is to produce a realistic agreement which will promote service improvements over time. Overall it was felt that communications between Derby Homes and the Housing Benefit Section was improving but that performance still had some way to go.

- 123 We identified during the previous inspection that the Council recognised the need to concentrate resources to deal with the increases in rent arrears and had established a specialist Arrears Team and a Money Advice Team. The specialist Arrears Team has been maintained and developed by Derby Homes. Two Assistant Arrears Officers have been in post since May 2002. They support and monitor the work of the local offices. This team complements the work carried out by local office housing staff whose top priority is currently arrears work. The management team has established a league table system for the 15 area offices and individual staff. Results are published weekly to record and disseminate progress.
- 124 During the previous inspection we found that the Money Advice Team was viewed as a valuable asset by staff, tenants and other partners. The advice that the Housing Money Advice Team offers includes working with tenants with rent arrears but also advice is made available to tenants not in arrears but with financial worries. It also does income maximisation work to ensure that vulnerable tenants are getting all the benefits they are entitled to. We observed that this approach is sensible in preventing people in difficulty reaching a crisis that may in the future impact on rent arrears. The work of the team is closely integrated with the arrears recovery process. For example where a tenant is at the stage where a Notice of Seeking Possession is to be served they are either written to with an offer of an appointment with an advisor or where the case history indicates money advice may be particularly helpful they are given an appointment when the advisor will visit them. We were particularly impressed by the pro-active nature of the Money Advice Service. The team has recently been merged with the Council's Welfare Rights Team although their service is still only for Council tenants and is funded from rental income.
- 125 The previous inspection identified that former tenant arrears had risen in line with current rent arrears. The Council had revised its allocation policy to ensure that former tenants with arrears were not rehoused without a payment plan in place. Derby Homes is aware of the concerns from some of its tenants and leaseholders that the Council were previously seen as a 'soft touch' by debtors. Derby Homes will be looking at the use of debt collection agencies for former tenants' arrears as part of its improvement plan.
- 126 Derby Homes has also revised the way it approves evictions. Eviction recommendations are now considered by a panel of officers. Consideration is also being given to adding representatives of other agencies to the panel such as Housing Benefits, Homelessness and Social Services. Previously approval for evictions had to be sought from the Executive Member for housing. There were 37 evictions for rent arrears in 2000, 40 in 2001 and 30 in 2002 up to the end of September.

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- 127 During the previous inspection we found that IT systems did not adequately support staff carrying out arrears work. In particular we criticised the inability of the system to automatically produce letters and notices. Notices and two standard letters are now being produced automatically and further letters are to be added to the automated process.
- 128 We also previously identified some inconsistency in the way staff viewed the serving of notices where arrears were due to outstanding housing benefit even though the Council confirmed that it was not their policy to do this. We discussed this issue again with staff and found that they were now clear on the procedure.
- 129 Derby Homes, in addition to having a clear, documented and monitored approach to rent arrears and money advice, offers a bi-annual prize draw entry to all tenants who maintain a clear rent account, including tenants in receipt of housing benefit.
- 130 In conclusion, Derby Homes has expanded rent payment methods in line with the improvement plan. It recognises that rent arrears are still an ongoing problem and is ensuring that this work is prioritised. Additional resources are being devoted to rent arrears recovery. Derby Homes are working with the Council to address problems with housing benefit administration. The Money Advice Team is a highly valued and pro-active service which is well integrated in the arrears recovery process.

Estate management and allocations

- 131 During our previous inspection we found that the Council had a good understanding of sustainability issues and had used this to inform the provision of estate management services and allocations. Positive aspects of the service included:
- ◆ effective caretaking services and clean estates;
 - ◆ highly valued Community Watch Patrols;
 - ◆ highly motivated Wardens and well maintained sheltered schemes;
 - ◆ Derby Homefinder choice based lettings pilot;
 - ◆ fast track void procedure for high demand voids; and
 - ◆ effective partnership working to regenerate estates.

Estate management and sustainability

- 132 Derby Homes' estate management policies are strongly linked to its commitment to encourage the development of sustainable communities. Prior to the transfer of Derby Homes the Council carried out a comprehensive analysis of the characteristics of low demand housing estates and their relationship with other indices of deprivation and urban degradation. The Council also carried out extensive consultation and market research to inform its approach to the sustainability of housing estates.

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133 The key findings of the consultation and market research were as follows:

- ◆ tackling misconceptions amongst the public at large about availability and eligibility could increase the uptake and demand for council homes. There is a need for the Council to invest in marketing council housing and certain areas of the city to address misconceptions;
- ◆ in Derby overall satisfaction with housing is lower amongst council tenants than it is amongst owner-occupiers but it is higher than that found amongst housing association and private sector tenants;
- ◆ the Council needs to prioritise improvements in its performance in the areas of play provision, facilities for young people, reducing crime and combating antisocial behaviour. These were the key concerns expressed about unpopular estates; and
- ◆ although owner occupation is the housing tenure of choice there is a close match between the number of people who expect to move into council accommodation and those who would make this their chosen housing option. This suggests that the demand for council housing is likely to remain buoyant over the next few years but requires the Council to ensure that the house types it provides reflects the likely demand.

134 The Council and Derby Homes also collate information from a range of sources about why certain estates work well and remain popular. The work to promote the sustainability of estates is further informed by consultation with local staff who are invited to submit their experiences, expertise and ideas for service improvement through participation in the Process Improvement Teams and through regular forums held to discuss specific service areas.

135 In addition to the work carried out within Housing Services to assess housing needs and analyse the local housing market a successful joint bid was made to the Housing Corporation for an Innovation and Good Practice Grant in February 2000. The bid was made in partnership with 15 housing association partners and as a result a Research Associate was recruited to carry out a research project into estate sustainability. This project is currently in progress and covers a total of 30,000 homes in 73 study areas of concentrations of social housing across the city.

136 During the previous inspection we examined work on sustainability in detail and the report which followed provided case studies of the work being carried out, including details of the positives outcomes that were achieved. The Council and now Derby Homes are able to demonstrate that where work has been carried out to directly address the areas of concern raised by tenants and leaseholders, this has resulted in improved satisfaction from residents and greater stability for the local population. This is particularly the case where partnership working between the Police, local schools, Social Services, voluntary sector groups and regeneration projects, including those carried out under Sure Start and Single Regeneration Budget programmes, have worked together to address antisocial behaviour and crime on an estate. Our discussions with residents, staff and partners during the current inspection have confirmed that this work is being continued by Derby Homes.

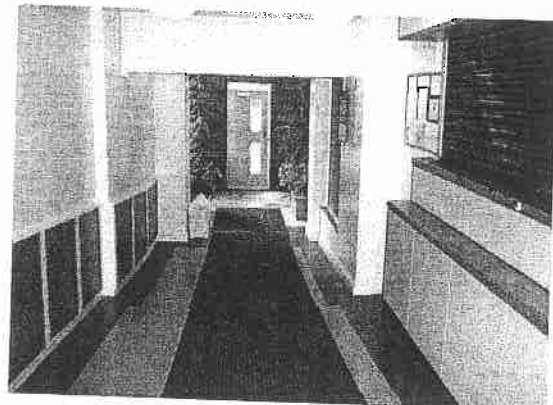
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Caretaking services

- 137 There are 12 mobile Caretakers employed by the Housing Service with a further two mobile Caretakers from Commercial Services. The Caretakers carry out a wide range of cleaning, rubbish removal and monitoring duties and are able to respond quickly to problems preventing an escalation in rubbish accumulation. The standards of cleanliness and the general appearance of estates was of a high standard when we inspected previously and there was effective communication between Caretakers and area office staff. During the current inspection we carried out an estate inspection in Old Sinfen which is an area of higher than average deprivation and where there have been problems in the past. The general appearance of the estate was of a high standard and there was good use of caretaking services to keep properties clear of unsightly rubbish. Partnership working with 'Community Service' has also resulted in them undertaking specific clean up projects. One resident we spoke to stated:

'I have lived here for 37 years and would not live anywhere else. The estate is definitely improving'.

- 138 We also carried out a random visit to Derby Homes only high rise block. The communal areas were very clean and efforts had clearly been made to create a welcoming environment in the entrance area.

Derby Homes high rise block of flats at Riverside

- 139 Rubbish dumping on estates is an ongoing problem for Derby Homes and one which they are working with the Council to tackle. Currently the Council charges for bulk refuse collection and some officers feel this increases the level of dumping. Abandoned vehicles are also a problem but Derby Homes has robust procedures to ensure they are dealt with promptly.

Support services under Supporting People

- 140 Derby Homes currently employs 42 resident Wardens across the 54 sheltered housing schemes. The support role carried out by Wardens will from April 2003 need to be funded through the Government's 'Supporting People' arrangements. A decision was made in October 2001 to twin eight schemes for the purposes of warden cover which has allowed the service to be provided in a more efficient way. Further warden support is provided through a mobile service that works out

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of Care Link, the Council's emergency alarm service. Derby Homes is currently reviewing the range of support services offered by Wardens and is looking to introduce a range of services that will be designed to meet specific support needs and that will be subject to different charges. This work is part of the BVR improvement plan due to be completed by the end December 2002.

- 141 We identified during the previous inspection that the Council had recognised the need to review working arrangements for Wardens to ensure compliance with the European Working Time Directive, introduced in 1999, which requires employers to make sure that their employees are not working excessive hours. The traditional 'on call' nature of resident Wardens in sheltered housing makes compliance problematic without radical re-structuring of working hours and responsibilities. A 37 hour working week was introduced December 2001.
- 142 The Sheltered Housing Wardens that we spoke to during our previous inspection all expressed considerable job satisfaction. They were highly motivated and well informed about the proposed changes to the service. They reported good working relationships with front line social and health care providers to tenants and felt able to intervene if care services were inadequate or not delivered. Wardens felt that communication with the Council had improved since the introduction of the new post of Senior Warden in late 2001.
- 143 During the last inspection we visited a number of schemes including clusters of bungalows with on site communal facilities and flatted/bed-sit schemes with communal facilities. All the schemes that we visited included the services of a resident Warden. The schemes were all maintained to a high standard with pleasant and welcoming receptions and communal lounges. There was evidence of a good range of social and personal development opportunities available, including computer skills, facilitated by the Warden Service. The communal laundries were well equipped and maintained. The level of decoration to communal areas was good although the external environment, in terms of ground maintenance, was poor in some schemes with little or no landscaping and planting.
- 144 We found during our previous inspection that the Council had addressed the problem of unpopular bed-sits in some schemes, particularly those on the first floor, by carrying out 2 into 1 conversions. We visited one of the completed flats and found the work carried out to a good standard in terms of the additional space created and the decoration.
- 145 We noted that the Council's research showed that there is an over supply of sheltered housing in the areas of lowest demand for council housing. The nine wards covering areas where housing designated for older people is likely to be in demand and have a sustainable future, contain only 37 per cent of the city's sheltered housing stock. Conversely, 63 per cent of housing for older people is concentrated in 11 wards where demand is judged to be at best fair.
- 146 The Council and Derby Homes has set out an action plan to deal with the supply and demand mismatch identified and is using the requirements of the new Supporting People regime to reconfigure services in partnership with Social Services, health service providers and the voluntary sector. All sheltered housing schemes are being reviewed starting with those where demand is lowest. One scheme has already been identified for closure. Options being considered include

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alternative uses of some low demand sheltered housing for other vulnerable groups. This work will be further developed through the planned best value review of the Council's Services to Vulnerable People that is timetabled for 2003-2004.

- 147 In conclusion, the Council and Derby Homes have carried out a robust analysis of the future demand for the sheltered housing and warden services in a local and national context. An analysis of the needs of sheltered housing tenants is in progress and services will be re-designed to meet future needs in the context of Supporting People. The sheltered housing schemes we visited were of a good standard and the Wardens were highly motivated. Partnership working at a service delivery level appears to be working well.

Managing lettings, voids and under-occupation

- 148 We previously reported that the Council had carried out a detailed analysis of low demand homes across the city in the context of national research. The conclusions reached were that the city faces problems of low demand properties, including first floor bed-sits in sheltered housing schemes; unpopular housing in specific areas of the city due to poor perceptions of their social and environmental conditions and high tenancy turnover rates. Derby Homes is continuing to closely monitor turnover of properties and analysing the reasons. The table below shows that over recent years there has progress in addressing the level of turnover and the number of tenancies ending within the first year.

Numbers of voids and tenancies ending within their first year from 1998 to the end of October 2002

Year	1998	1999	2000	2001	2002 (up to 31/10)
Number of voids in the year	2493	2653	2426	2051	1458
Number of tenancies ending within one year	698	615	525	442	303

- 149 We also noted the Council was very aware that this turnover of properties not only destabilises communities but is also costly in terms of rent loss, repairs and vandalism. In response to the findings the Council had introduced two initiatives which it is now working with Derby Homes to deliver:

- ◆ Participation in the London Boroughs in North and West London Scheme (LAWNS) was being piloted during the previous inspection of the Council. Derby Homes has confirmed that the pilot has been successful in terms of sustainability tenancies and it is being extended.
- ◆ Derby Homefinder, a partnership bid for the Government's Choice Based Lettings Pilots was successful and the scheme, which started in February

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2002, is now running. The pilot local housing offices and the Housing Options Centre in the city centre have attractive, simple to use computer consoles which enable prospective tenants to match their needs with available homes. The pilot was in its' infancy when we previously inspected but has now progressed significantly. The Council and Derby Homes believe the pilot has been a great success. Derby Homes has found that some properties which had previously been long term voids are now being let. The high demand for properties and resulting processing work, combined with an recent increase in the number of households presenting as homeless has meant that the Housing Options Centre has had to close for periods to enable it to process applications. Some concerns were raised about customer care at the Housing Options Centre at a tenants' meeting we attended and these were being investigated by the Council. The Council will be formally evaluating the pilot in consultation with partners, including Derby Homes and will then determine whether or not to extend it city wide.

- 150 The Empty Properties and Allocations Service is delivered through decentralised services from the 15 local housing offices and from the Council's city centre Housing Options Centre. The key duties of the service are defined as:
- ◆ performance monitoring;
 - ◆ authorisation of offers of tenancy;
 - ◆ proposing discretionary offers;
 - ◆ liaison with repairs contractors and senior technical staff; and
 - ◆ identification of development/alternative use initiatives.
- 151 During the previous inspection we noted that there were clear procedures for dealing with empty (void) properties and for the allocation of homes to new tenants. A programme of continuous training takes place with staff to ensure that procedures are followed consistently. Formal training sessions are complimented by workplace training to identify any areas that require further support. Despite the processes in place to secure consistency during the previous inspection we evidenced a case where, in practice, the prospective tenants were not receiving the service to the prescribed standards and incorrect information was given about the customers rights to a joint tenancy at the signing up stage. We also witnessed a new tenant being given potentially misleading advice about their eligibility for full housing benefit. The Council responded positively to our concerns and undertook to take the necessary steps to correct the information given to the tenants in both instances. We discussed sign-up procedures with other front-line staff during the current inspection and were satisfied that they understood the procedures.
- 152 Derby Homes operates a fast track void turnaround service for high demand properties. This enables it to achieve shorter turnaround times for these properties. This was being piloted when we last inspected and Derby Homes has now extended this to all areas. The average relet time for 2001/02 was 37 days. For 2002/03 up to the end of August the average relet time was 40 days. However the main reason for the increase is that Derby Homefinder has been successful in letting some long term voids.

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- 153 During our previous inspection we observed that opaque boarding was used to secure empty homes in preference to the solid metal boarding often used elsewhere. This does result in a less severe visual impact and makes a vacant property less obvious to the casual observer. The greatest visual impact that we saw, in terms of the poor appearance of empty homes, was to be found where previous 'right to buy' homes had been abandoned by the owners or where these homes have been bought from the owner by private sector landlords. In some parts of the city these present a significant problem. They are frequently subject to vandalism, are often in very poor external repair and Derby Homes, through complaints at the local housing office, is frequently unfairly blamed for their state of repair and long term empty status.
- 154 The Council is concerned about empty private sector homes on estates and is considering block repurchase or compulsory purchase orders if owners will not co-operate, in order to reduce the blight in areas where there is a demand for homes. This is being considered in the context of the Housing Strategy for the city. We also visited an area where a housing association new build development has proved difficult to let although, in the adjacent area of council housing, demand is buoyant. Derby Homes is currently negotiating with the housing association to take over the management of these homes. Derby Homes currently provides maintenance and management services to a housing association development in another part of the city.
- 155 During our previous inspection we noted that the existing IT systems were limited and there was an over reliance on manual performance monitoring. Derby Homes will be addressing this through the BVR improvement plan for IT.
- 156 Derby Homes has highlighted issues related to the de-regulation of the gas and electricity providers which can cause delays in releasing empty homes for re-letting whilst they wait for the relevant companies to be identified and for the re-setting of meters to take place.
- 157 Previously we identified that the Council believes that the decentralised nature of the Empty Properties and Allocation Services results in their ability to take local needs and circumstances into consideration when allocating homes. We cited an example of this, demonstrated to us during our visit to an estate, where there had been tensions between younger households and older family households. Complaints about noise nuisance and antisocial behaviour had resulted due to conflicting lifestyles. Allocations are now made that seek to minimise these conflicts and the outcome of this change of policy has resulted in a more harmonious and stable community.
- 158 Derby Homes is continuing the practice of using Housing Mutual Exchange Boards in the front gardens of properties, mirroring the For Sale signs for private sector homes, to advertise requests for mutual exchanges. We found previously that this had proved to be an effective marketing tool in assisting tenants who wish to move. Lists are also kept in the local housing offices.
- 159 During our previous inspection we received feedback from new tenants which indicated that they valued accompanied viewing of their allocated home. In one case the new tenant expressed the view that they might have been inclined to refuse the offer if an officer had not been with them to fully explain when outstanding repairs would be carried out and the decorating voucher scheme.

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The Council agreed that this is a valuable service but was not uniformly offered to all prospective tenants. Derby Homes has continued to provide accompanied viewings although competing pressures on staff time means they are still not provided on every occasion.

- 160 We noted previously that a new homes questionnaire is issued to all new tenants that seeks to identify levels of satisfaction with the way their housing application was handled, the allocation of their new home, the setting up of the tenancy and the support they received as new tenants. The findings are used to inform Derby Homes of any problems being experienced and to enable them to make any necessary improvements. Figures for 2002 up to the end of September show that 91 per cent of new tenants who expressed an opinion were either fairly satisfied or very satisfied with the overall service.
- 161 Similarly we noted that surveys are also carried out where offers are refused. This survey is designed to establish why offers are refused and to make any required adjustments to the allocations policy that might avoid abortive work in the future and to inform policy and practice surrounding the perceptions of prospective tenants about certain estates.
- 162 We also recognised that there was an attempt through an exit survey to establish why residents terminate their tenancies. The findings are then used to influence improvements to services where weaknesses are identified. Although personal reasons are cited in 58 per cent of responses, concerns about the area are given in 48 per cent of the returns and the key reasons behind these are the fear or experience of crime, neighbour nuisance and antisocial behaviour. A further 35 per cent of responses cite dissatisfaction with the property.
- 163 In conclusion, the Empty Properties and Allocations Service provides a decentralised service which works closely with the city centre Housing Options Centre run by the Council. The Council and Derby Homes have well developed data on empty homes and are developing a range of policies and initiatives to reduce the blight caused by empty properties. The Allocations Service is delivered within prescribed policies and guidelines and inconsistencies we identified previously have been addressed. Service standards for the processes involved in delivery are clear. Derby Homes recognises that improvements to their IT systems would strengthen performance monitoring.

Enforcement of tenancy conditions

- 164 We looked at this area in detail previously and found that:
- ◆ The Council places great emphasis on this area of housing management responsibilities and have carried out wide ranging research and consultation with tenants and leaseholders to establish that issues surrounding crime and antisocial behaviour have overtaken repairs as the top priority for improvement. The Council is a member of the Social Landlords Crime and Nuisance Group (SLCNG) formed in 1995 to exchange good and best practice and to lobby for tools to tackle antisocial behaviour.
 - ◆ The Council at a corporate level takes its responsibilities under the 1998 Crime and Disorder Act very seriously. There are a number of comprehensive partnerships working at a city wide and neighbourhood basis to improve the safety and well being of local people and to tackle particular manifestations of

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antisocial behaviour, racial harassment and neighbour nuisance, both their causes and their effects, at a neighbourhood level.

- ◆ Within the Housing Services the Council made effective use of its powers under the 1996 Housing Act. These included the use of injunctions to prohibit nuisance and landlord powers to evict perpetrators of antisocial behaviour and to seek possession where tenants and/or their visitors are found to be guilty of serious and persistent nuisance in an area.
- ◆ The reporting of antisocial behaviour to housing area offices has increased in recent years. As at March 2001 there were 210 live cases being managed by the Housing Service. The figure for March 2002 was 246 cases. The reasons given for this increase include a general rise in petty crime but the Police and Council agree that most of the increase could be attributed to a greater willingness of people to report incidences, the explanations given for this were:
 - ◆ Effective partnership working with the Police – we found evidence of very effective partnership working with the Police in the areas of the city that we visited. This included shared office accommodation, regular joint walkabouts between a uniformed officer and an Estate Manager, close co-operation on burglary reduction including at a police operational level and joint approaches to working with disruptive young people.
 - ◆ Community Watch Patrols (CWP) – these were created in the spring of 1996 in response to concerns expressed by tenants in certain areas of the city about antisocial behaviour, vandalism, nuisance and crime. An additional patrol was introduced in July 2002 paid for through Single Regeneration Budget funding. The five CWP two person teams operate from dedicated, equipped and liveried transit vans during the afternoon, throughout the evening and into the late hours. The vans are equipped with mobile CCTV equipment and the patrols are organised to cover known trouble spots and monitor void properties. Initial training takes place with the Police and close working relationships have been established. The service is valued by tenants, housing staff and the Police and is considered to be cost effective in terms of reducing damage on estates, including vandalism to void properties and in increasing a sense of well being and confidence amongst local people.
 - ◆ Area Offices – the 15 offices across the city provide a local contact point for tenants and leaseholders where problems and concerns can be discussed. Policies and procedures are clearly laid out and staff appeared clear about where to refer to for specialist help when it is required.
- ◆ In addition to the area office staff, the Council set up a Tenancy Team in 1996, based in one of the area offices and this has been maintained by Derby Homes. The team's role is to offer support to area based staff on matters relating to antisocial behaviour, to monitor the handling of all cases, to train generic housing staff and to manage the Community Watch Patrols. In addition, the Tenancy Officer, three Assistant Tenancy Officers and the part time Admin Officer are responsible for:

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- ◆ liaison with Environmental Services Nuisance Response Team;
 - ◆ preparation of documentation, including witness statements, Notices of Seeking Possession (NSP's), affidavits etc in preparation for court cases;
 - ◆ providing witness support;
 - ◆ liaison with other agencies;
 - ◆ management of the Housing Visitor Service; and
 - ◆ liaison with Legal Services.
- ◆ Procedures for dealing with cases of racial harassment were revised in light of the McPherson Report and DTLR guidance for social landlords in tackling racial harassment. The review of procedures was carried out in partnership with the Council's Equalities Unit, the Derby and South Derbyshire Partnership Against Racial Harassment (DSDPARH) and the Equalities Forum within the Derby Association of Community Partners (DCAP).
- ◆ The Tenancy Team deals with cases covering a range of issues including verbal and physical abuse, damage to property, theft and other criminal activity that the victim felt was racially motivated. Our review of files revealed a consistent and well documented management of cases although a summary sheet of actions taken against a prescribed monitoring methodology would help in terms of case review and audit.
- ◆ The Council's concerns over inconsistencies across the city in dealing with cases of racial harassment resulted in the appointment of an additional post created in early 2002 of the Racial Harassment Officer with specific responsibility for these cases. In addition, a new post of Housing Equalities Advisor was created this year to monitor equalities issues across the department and these officers work closely together. The Council took a very firm stand in these cases working with victims of racial harassment to ensure that all measures are taken to allow them to remain safely in their home. They are sensitive to the fact that where the victims feel, or are physically threatened, steps to secure their personal safety are paramount.
- ◆ Tenancy management is seen as a team responsibility with the specialist Tenancy Team providing support, advice, training and intervention in more serious breaches of tenancy conditions. The Council has acknowledged concerns about the pressures that staff experience in delivering against different priorities. Tenants and leaseholders have expressed the view that crime and antisocial behaviour is their top priority.
- ◆ The dual priorities to reduce rent arrears and to tackle antisocial behaviour have implications for the effectiveness of tenancy management and staff are concerned that the pressure to deliver results on both impacts on their time management. The Council was responding to these concerns through additional training for staff, ensuring that additional staff consultation mechanisms are in place and by rigorous monitoring of outcomes so that the most effective service delivery methods can be identified and disseminated.

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- ◆ The Council was also considering a number of new initiatives aimed at raising levels of awareness of tenancy conditions amongst all tenants, giving additional information through a range of media to new tenants, including CD Rom, on the consequences of antisocial behaviour and rent arrears. The Council were considering the use of Introductory Tenancies. Acceptable Behaviour Contracts were already in use.
- 165 There is close monitoring of the levels of antisocial behaviour and the actions taken by the local offices and central tenancy team. This includes monitoring the number of notices served, court actions, evictions and referrals to mediation. There is also monitoring of how quickly Derby Homes responds to complaints of antisocial behaviour. There is a target of responding to 90 per cent of cases in seven days. Recently it has only achieved 71 per cent which is primarily blamed on staffing issues in some local offices. Derby Homes recognises the need to improve on this performance. Derby Homes has evicted five households for antisocial behaviour or nuisance in the six months since transfer. There were seven evictions on these grounds in 2000/01 and three in 2001/02.
- 166 Previously we expressed concern about the fall in the number of referrals to mediation. The Mediation Service previously being used has now been dissolved and Derby Homes agreed in July 2002 to provide £10,000 for an alternative organisation to provide this service. This service is now being provided although an agreement to specify the responsibilities, targets and outcomes expected from the project is not yet in place. Derby Homes plans to promote the new service with its front line staff. Referrals to mediation have increased since transfer of responsibilities to Derby Homes. In 2000/01 there were 42 referrals and in the six months since transfer there have been 36 referrals.
- 167 Derby Homes continues to recognise the importance of combating crime, the fear of crime, antisocial behaviour and racial harassment through robust tenancy management and effective partnership working. They have inherited an effective structure from the Council who had already addressed concerns about identified weaknesses by introducing new procedures and creating new posts where gaps have been identified. Partnership working is well developed and a shared responsibility for identifying, addressing and challenging all antisocial behaviours has been established. Derby Homes is continuing to develop initiatives started by the Council and is addressing recognised weaknesses.
- Similar functions for leaseholders**
- 168 Derby Homes has approximately 400 leaseholders. Leaseholders are also recipients of many of the estate management services identified above. A Leaseholder Process Improvement Team comprising of officers and leaseholders meets bi-monthly to discuss leaseholder issues. In addition to this a Leaseholders Forum is held every six months which is attended by the Chair of Derby Homes Board and the Director of Derby Homes.
- 169 One of the key issues for leaseholders has been the billing process for service charges. Following discussions with leaseholders, from the end of October 2002, an invoice based on an estimate for the year will be sent with an actual account at the end of the financial year. As well as providing improved notice of charges this will allow Derby Homes to offer monthly payment options.

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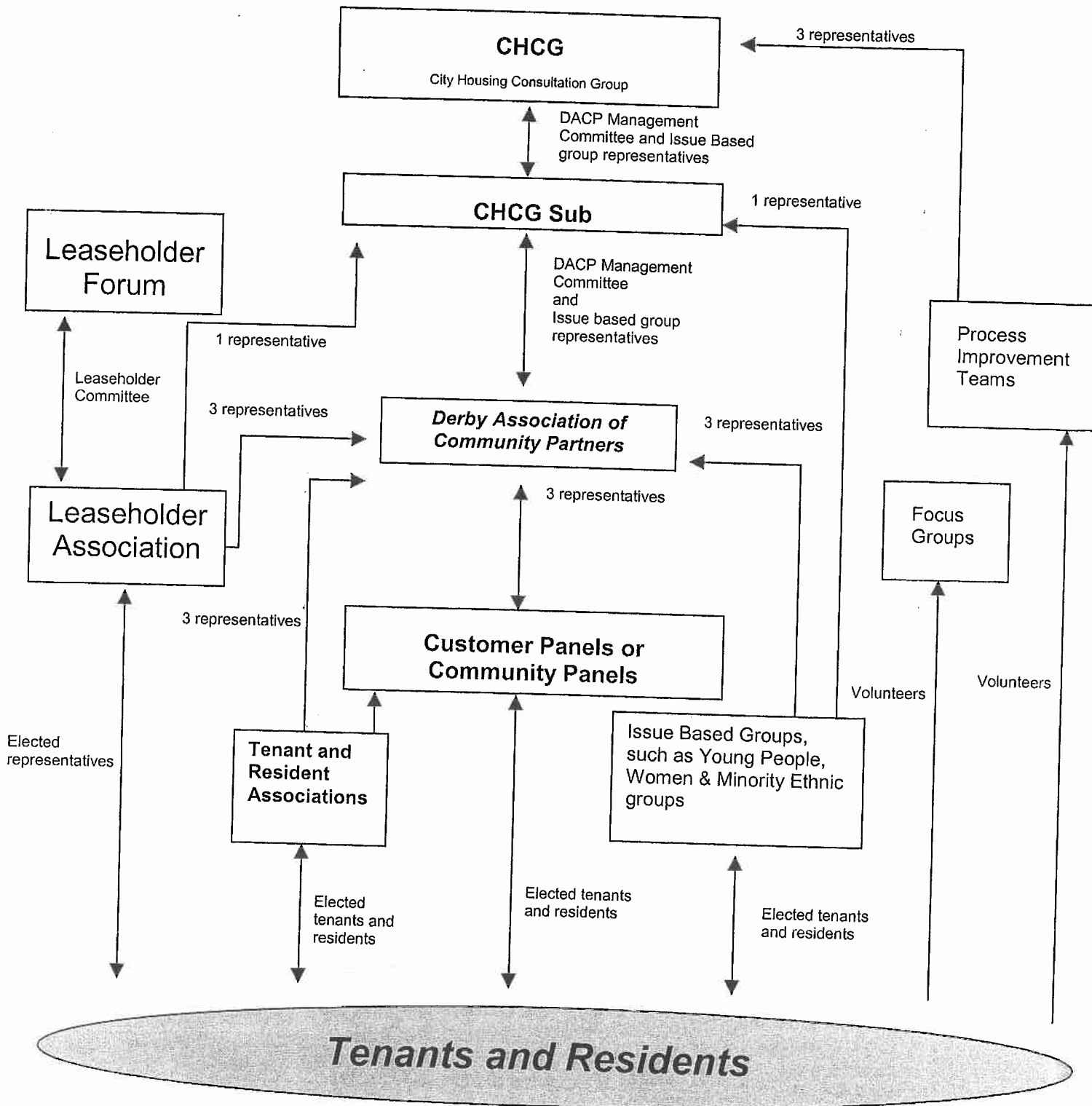
- 170 Leaseholders are included in any consultation regarding future improvement works and home improvement at competitive rates are also to be offered to leaseholders as part of the proposed improvement programme. This is already happening in respect of gas and electric safety checks, new heating systems and burglar alarms.
- 171 As a result of the Council's BVR, Derby Home's training programme has been amended with an increased emphasis on understanding leaseholder issues and a course planned for October 2002 will be covering leaseholder issues. Longer term improvements include the production of a comprehensive leaseholder's handbook and a dedicated service hot-line for leaseholders.

Tenant participation and user involvement

- 172 During our previous inspection we were impressed by the high quality of user consultation and involvement. Some of the positive aspects were:
- ◆ tenants and leaseholders were engaged in decision making in a meaningful and comprehensive manner;
 - ◆ the tenant involvement structure was well supported; and
 - ◆ the quality of written and promotional material was of a high standard.
- 173 The previous sections of this report have made reference to the participation of tenants and leaseholders in the planning, monitoring and delivery of services and in customer care. The Council has embraced its statutory responsibility to consult with its tenants as laid out in the 1985 Housing Act and this is being continued by Derby Homes.
- 174 Derby Homes has inherited a network of consultative and participatory tenant and leaseholder representative bodies which are demonstrated below.

Draft**Tenant and Leaseholder Participation Structure Chart**

This flowchart shows how tenants can get involved at a level that suits them.



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- 175 In addition to the above there is now additional tenant and leaseholder representation through the Derby Homes Board which is discussed further below.
- 176 Over the two inspections we had extensive contact with tenants' representatives and discussions on user involvement. The conclusions that we reached are as follows:
- ◆ tenants and leaseholds expressed high levels of satisfaction with the opportunities available to them to participate in the planning and delivery of Housing Services;
 - ◆ tenants and leaseholders are engaged in decision making in a meaningful and comprehensive manner and are able to raise issues of concern and influence the agendas and conduct of meetings;
 - ◆ our interviews with Elected Members, the Chief Executive, Chief Officers, Senior Managers and front line staff revealed a shared commitment and willingness to work with tenants and leaseholders who are viewed as a valued, expert resource in designing and delivering services to meet the needs of customers;
 - ◆ there is a high level of awareness of the need to attract participation from under represented groups of tenants and leaseholders. The majority of those actively involved are older white people. The Council and DACP have carried out research into the reasons for under representation and their reluctance to get involved and are using the results of this research to influence future work;
 - ◆ positive steps have been taken to encourage participation through specialist groups involving children, young people and members of black and minority ethnic (BME) communities. These have resulted in some increased involvement;
 - ◆ some representatives of the BME communities that we spoke to previously expressed concerns about their experiences of service delivery and confirmed that they are in discussion with the Council and Derby Homes to seek resolutions to these concerns; and
 - ◆ the majority of tenants' representatives who attended our focus group during the current inspection felt that tenant participation had improved since the transfer to Derby Homes. The reasons cited for this were, having tenants on the Board and the increasing impact of the Service User Review Group.
- 177 The high quality of written and promotional material identified during the previous inspection is being maintained by Derby Homes. The training courses available at the DACP Resource Centre including access to computer skills, managing meetings and running tenants groups are also being maintained. Tenants and leaseholders have access to a resource library and the internet at the Resource Centre which is staffed by volunteers and supported by the Council and Derby Homes. The Resource Centre Manager is employed by DACP.
- 178 Derby Homes support to recognised tenant and leaseholder groups including the Customer and Community Panels is provided by two Tenant Participation

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Officers supported by three Customer Panel Assistants. Local Housing Managers, Estate Managers and District Managers have responsibility for this area of work and the whole service forms a major part of the duties of the Housing Management Policy Officer.

- 179 In conclusion, we found that the comprehensive and well supported organisational structures for tenant and leaseholder participation established by the Council are being maintained and in some areas developed by Derby Homes. Levels of satisfaction amongst participating service users remains high. The Council, Derby Homes and the tenant and leaseholder umbrella groups have recognised the issue of under representation amongst some sections of their communities and are taking steps to address this.

Diversity

- 180 Derby Homes aims to achieve level three of the CRE standard for race equality by March 2003. It is doing this in parallel with the City Council and has worked with the Council to develop a Race Equality Action Plan for all Housing Services. This plan lays out clear targets, timescales and performance monitoring arrangements. We spoke to the agency involved in promoting race equality locally and they were positive about the work being undertaken by Derby Homes.
- 181 In our earlier inspection we found that whilst interpretation services were available for customers in a range of languages these could only be accessed through appointments. This service is still available but Derby Homes has now introduced a telephone interpretation service so that translation services can be accessed instantly if required. Staff have been trained in how to operate the system. This is positive but there were inadequate notices of the translation services available in the reception area. Having clear notices in languages commonly used in the local area is likely to increase usage and provide immediate reassurance that customer enquiries will be understood. Similarly, while we felt notices in the local offices were of a high quality we did not feel there was sufficient in commonly used BME languages. The most commonly used leaflets and documents do include sign-posting to translation services in the main ethnic minority languages.
- 182 The offices were all wheelchair accessible and where toilets were available the majority were suitable for disabled people. However, only three of the fifteen reception areas had lowered counters to enable wheelchair users or shorter people to access the service at a height convenient to them. The tenants' own reality checks had identified this and the issue is being addressed. Derby Homes is now carrying out an access review of all offices and works required have been identified at a number of offices (including lowering of counters) and have commenced at one office. Derby Homes expects to have reviewed access to all offices and carried out necessary works by the end March 2003.
- 183 When we previously inspected, induction loops for people with a hearing loss were advertised in a small number of offices. However, on questioning, none of the staff expressed any confidence about using them and in one office the system had been broken for some time. We spoke to reception staff again during the current inspection and found staff were clear about how to operate the system and found notices in the reception area. However we were informed by staff that there was a need for more comprehensive disabilities training.

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- 184 We found that all staff have had general equalities training and that more advanced training had been provided for managers. We also attended a jobs fair organised by the Council at which Derby Homes had a stall. This took place in an area with high BME representation and a number of job applications were made for current vacancies with Derby Homes. Derby Homes employs a full time Equalities Advisor who works on both service delivery and employment issues. She worked on publicising the event and was available at the Derby Homes stall. Derby Homes is also looking at staff retention in relation to BME groups and is in the process of creating a BME staff group which will be able to meet in work time. Derby Homes has a target of recruiting 11 per cent of its workforce from BME groups. Of its current workforce 41 of 316 staff come from BME groups which represents 12 per cent.
- 185 Derby Homes recognises that BME communities are under-represented within their housing stock, particularly on some estates. These issues are part of ongoing discussions with BME groups and are linked to the homes improvement programme and sustainability work. Examples of proposals under discussion include group lettings to BME households, increasing the number of larger properties to accommodate BME households and working with partners to improve community facilities for BME groups in some areas.
- 186 Derby Homes Board is made up of ten men and five women. Two Board Members are from BME groups.

Value for money

- 187 Costs for the management element of housing management services have historically been quite low in Derby compared to others with other similar local authorities. Management costs are predicted to increase under Derby Homes which is to be expected as it gears up to provide a large scale improvement programme. However Derby Homes and the Council needs to ensure that the service remains value for money and therefore the increase in costs needs to be clearly linked to improvements or expanded services.
- 188 Part of the management fee approved by the Council in July 2002 includes £262,000 development funding for 2002/03 although the purpose of this expenditure still needs to be specified in detail. For 2003/04 the HRA Business Plan states that the provision for increase in management fee will be 6 per cent and thereafter 3 per cent each year. The plan states:

'The additional net 3 per cent in 2003/04 is intended to provide a provision for further service improvements, in addition to any that might be delivered through recycling savings. This is an indicative allocation and will be subject to further discussions between the City Council and Derby Homes'.

Similarly it is expected that the uses of the additional funding will in due course be specified in detail. The BVR of front line housing services and sustainable estates identifies that:

'The aim of the BVR is to achieve a 3 per cent efficiency of £365,000 saving each year for five years. To achieve this, it is proposed to agree a budget plan that takes into account the Improvement Action Plan proposals'.

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During the previous inspection the Council gave us details of how it expected to achieve these savings. During this inspection we discussed how Derby Homes would track efficiency savings at the same time as increasing expenditure for service improvements and expanded services. It was agreed that this was an area which Derby Homes needs to develop further.

- 189 Provision for capitalised salaries in 2002/03 represents the underlying base provision, plus an additional 2.5 per cent for the capital allocation that could be released by Government through the high performance of Derby Homes.
- 190 The salary levels of staff have not been changed significantly since the transfer to Derby Homes. There have been some changes to senior manager salaries as a result of changed responsibilities and these have been approved by the Derby Homes Board. Derby Homes is currently looking at the salaries of Customer Service Officers and Technical Services Officers where staff retention has been problem.
- 191 Derby Homes is currently paying the Council for support services in a number of areas. Service Level Agreements for these areas are currently being developed and should be in place by the end December 2002. The cost effectiveness of these services is to be reviewed on an ongoing basis but in particular through the best value review of support services due to take place in 2003/04.
- 192 The significant value for money issues around the delivery of day to day repairs and major improvement are covered above. Derby Homes expects to improve value for money in these areas through a 'partnering' approach to procurement and delivery.
- 193 The average rent in Derby was £46.92 in 2001/02 which is lower than most other similar local authorities.
- 194 The Council has not transferred buildings maintenance staff from its DSO to Derby Homes. However, the DSO is a main contractor for housing works for both day to day and major works. Of the surpluses made by the DSO on housing works (capital and revenue) in 2001/02, £300,000 went to corporate reserves. This contravenes guidance on the use of such surpluses which should be returned to the relevant housing budget and used for the benefit of tenants and leaseholders.

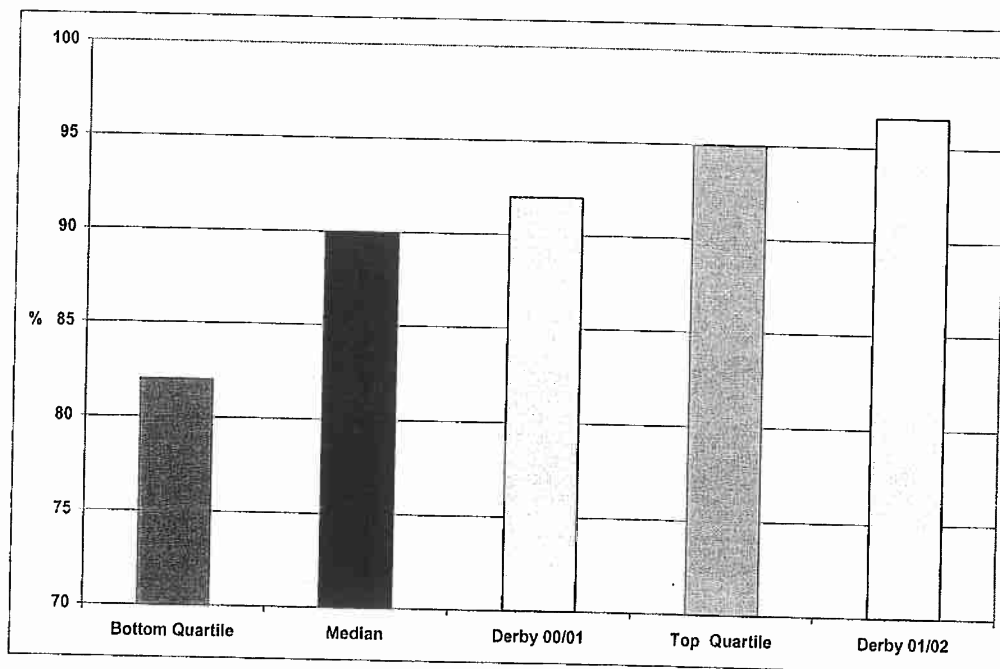
Performance Monitoring

- 195 Performance monitoring issues have been discussed in relation to specific service areas above and are also covered more generally later in the report.
- 196 Overall Derby Homes has effective internal reporting and monitoring arrangements. Financial and service performance indicators are considered at various levels within the organisation including Board meetings. Performance is monitored against progress on the service plan, delivery plan, BVR improvement plans and the business plan. There is also considerable monitoring of the performance of local offices to ensure that a consistent quality of service is being delivered to all customers. Individual staff performance is reviewed at six monthly appraisals, with individual targets being set and monitored. However, in some areas IT needs developing to enhance performance monitoring.

Draft**How does the performance compare?**

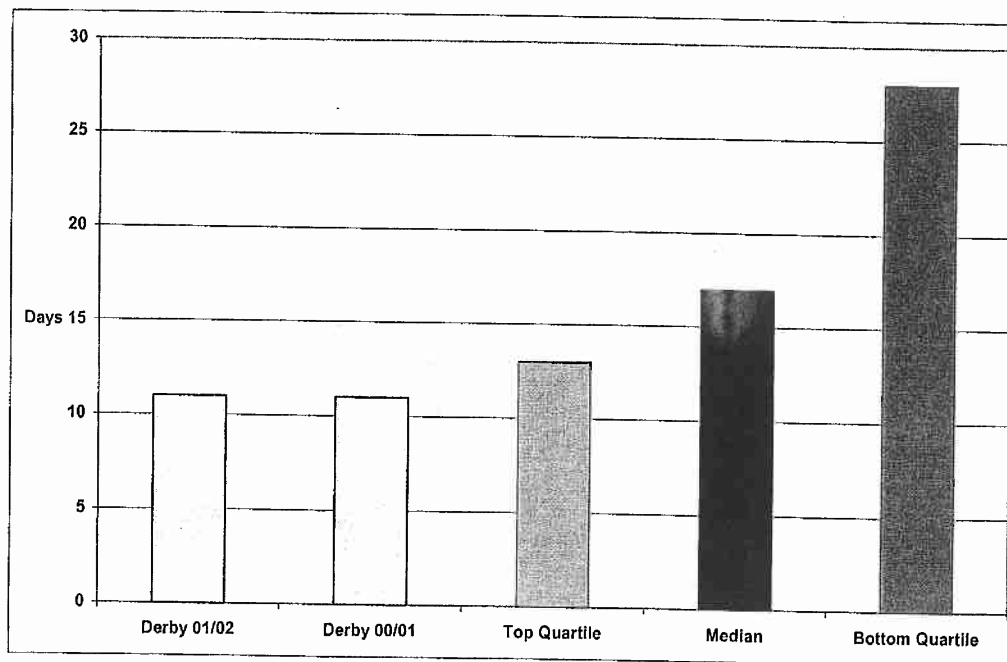
- 197 In order to judge the quality of a service, it is important to compare the performance of that service against other suppliers across a range of sectors. The aim is not exact comparison, but an exploration of how similar services (or elements of services) perform in order to identify significant differences, the reasons for them, and the extent to which improvements are required.
- 198 The following graphs compare the performance of the Housing Management Service with other similar local authorities. The performance of other local authorities is shown in quartiles and the figures are for the year 2000/01. Audited figures for all local authorities are not yet available for 2001/02 although where relevant Derby's figures for 2001/02 have been included in the graphs.
- 199 Derby is performing well on completing urgent repairs within Government timescales and on the average time taken to complete non-urgent repairs (compared with 2000/01 figures for similar Councils). The Derby figure for non-urgent repairs for 2000/01 was calculated using an incorrect definition (pre-inspection periods were not included). It is estimated that if the correct definition was used the time taken would be 12 days rather than the 11 days which were formally reported. The figure for 2001/02 has been recalculated using the correct definition.

% of urgent repairs completed within Government timescales for 2000/01 compared to all unitary authorities



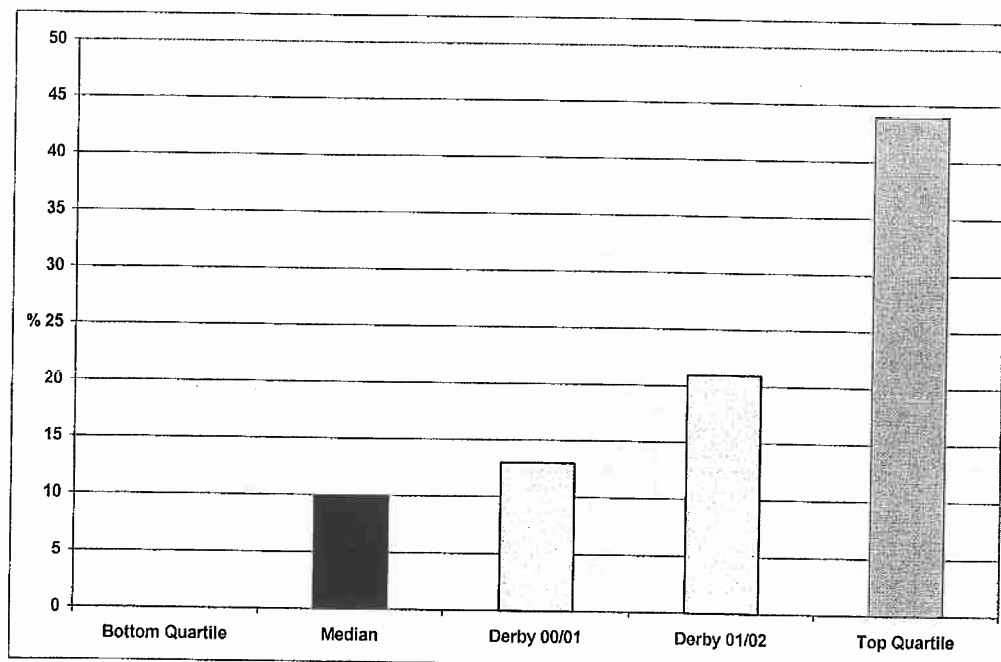
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Average time taken to carry out non-urgent repairs in calendar days for 2000/01 compared to all unitary authorities.



200 Derby shows above median and improving performance for repairs appointments made and kept (compared with 2000/01 figures for similar Councils).

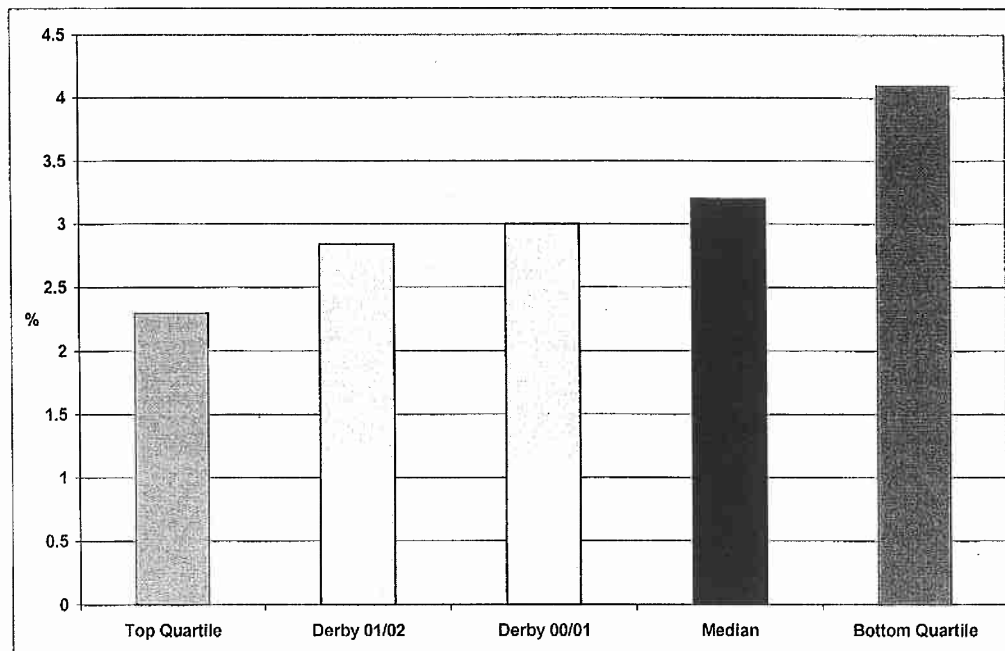
% of repair appointments made and kept for 2000/01 compared to all unitary authorities



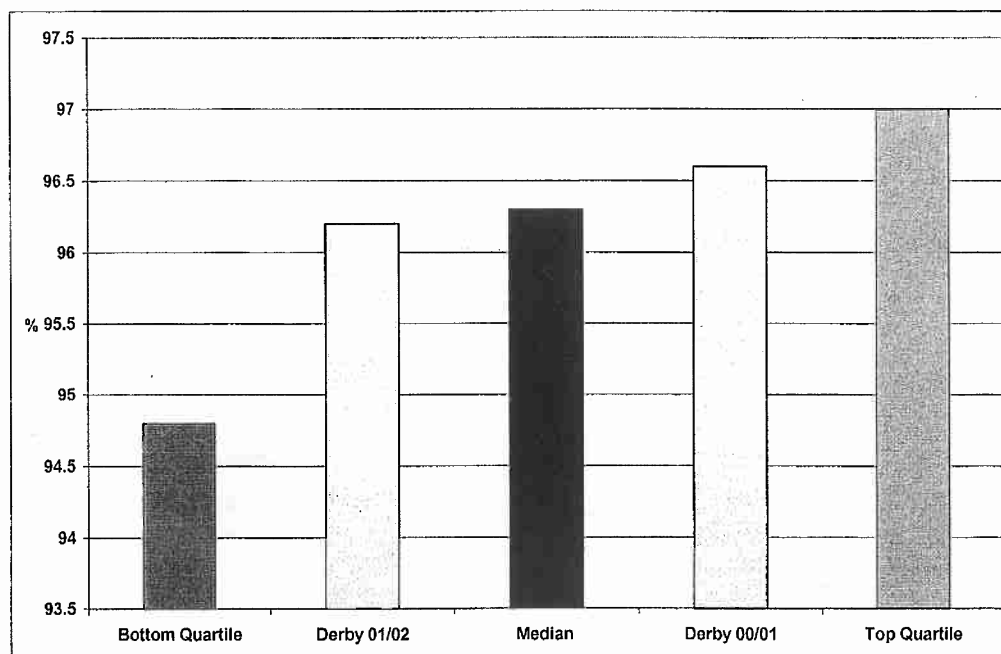
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- 201 Performance on arrears as a percentage of annual debit is above median as was rent collection performance in 2000/01 although this slipped back slightly in 2001/02 (compared with 2000/01 figures for similar Councils).

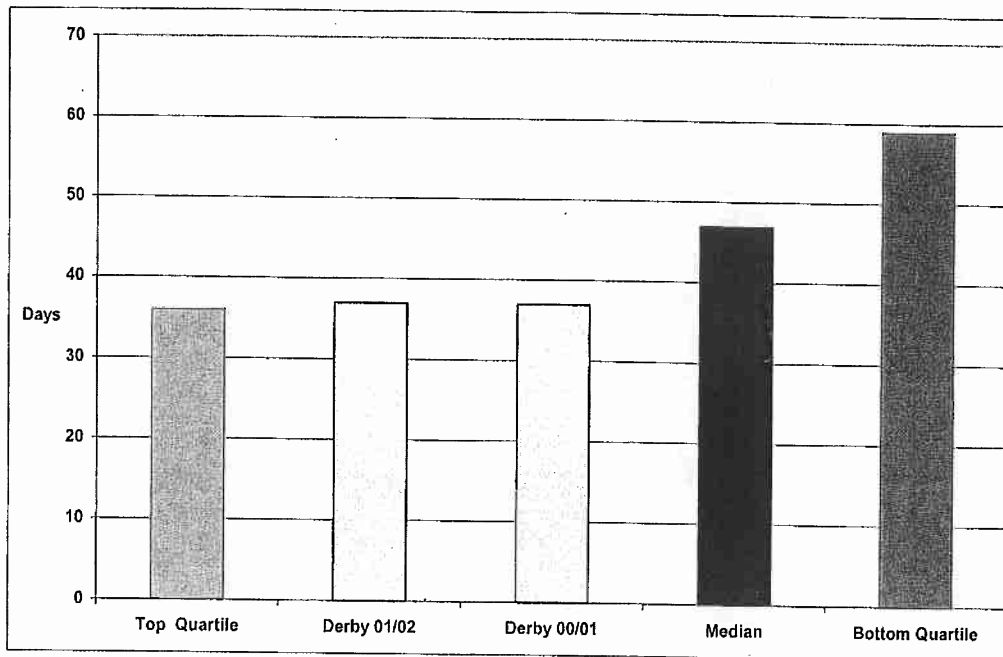
% of rent arrears for 2000/01 compared to all unitary authorities



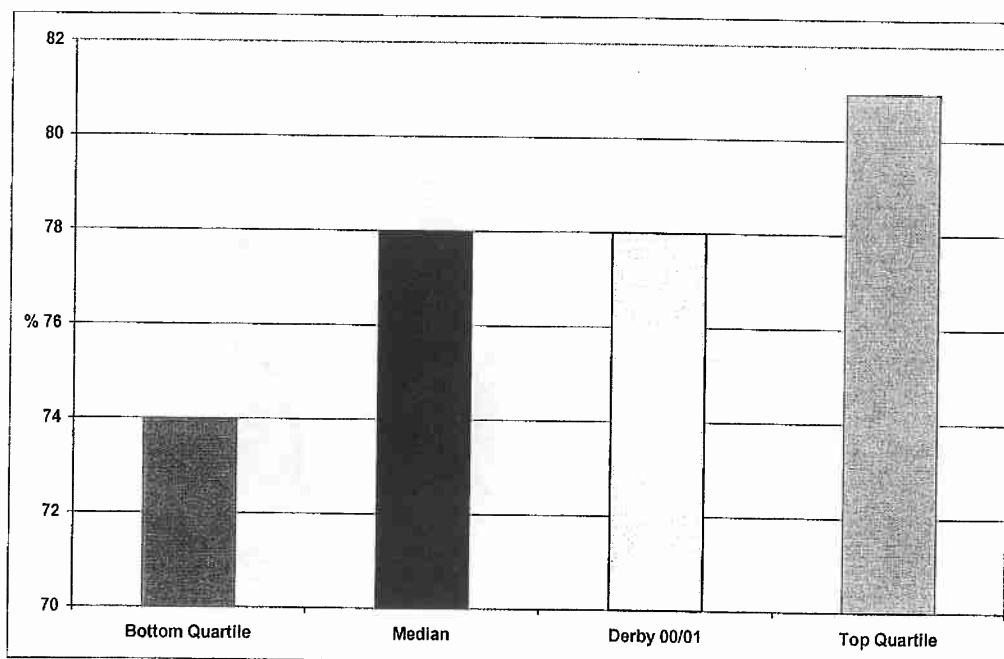
% of rent collected for 2000/01 compared to all unitary authorities



- 202 The average relet time for empty properties shows above median performance (compared with 2000/01 figures for similar Councils).

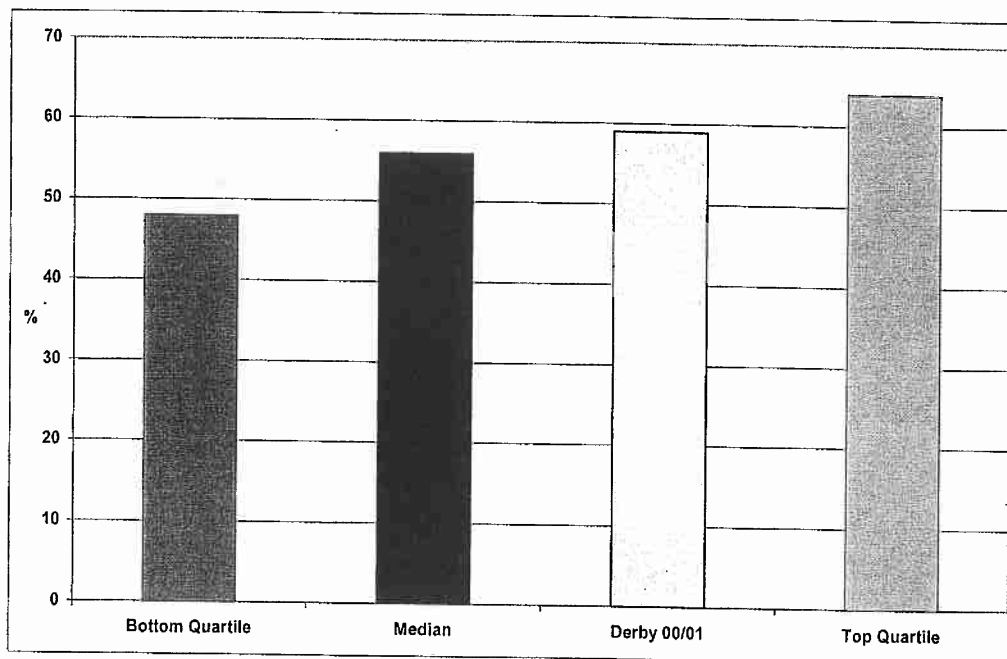
Draft**Average relet time in calendar days for 2000/01 compared to all unitary authorities**

203 A tenants' survey was carried out in 2000/01 and the results shows median performance on overall satisfaction with the landlord service and above median performance satisfaction with opportunities for participation (compared with 2000/01 figures for similar Councils).

% of tenants satisfied with landlord services for 2000/01 compared to all unitary authorities

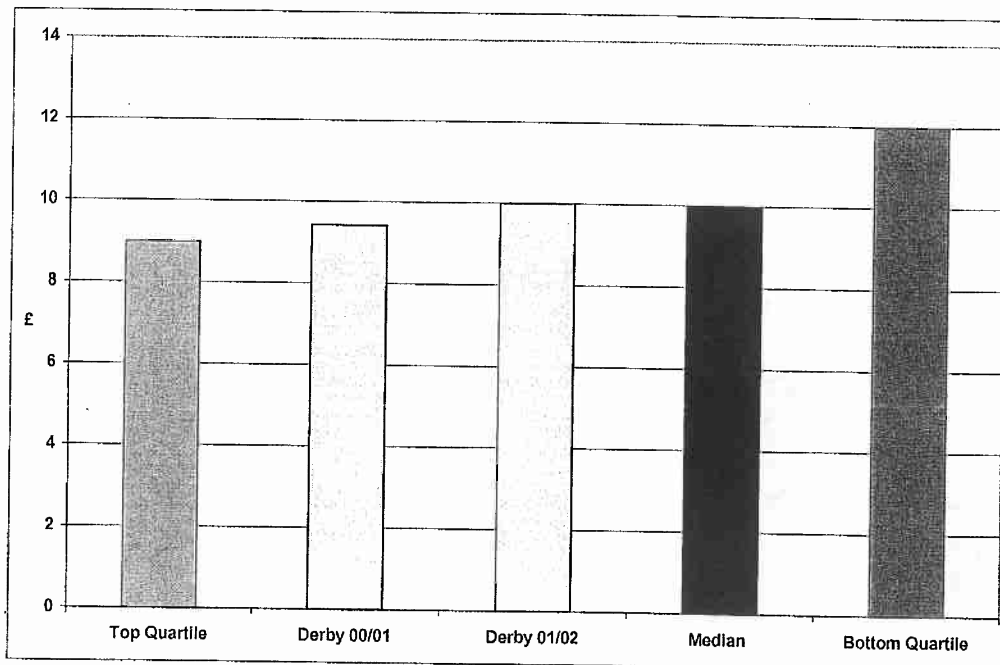
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% of tenants satisfied with opportunities for participation for 2000/01 compared to all unitary authorities



- 204 The average weekly management costs per property of Derby's Housing Service were below the median for 2000/01 although increased in 2001/02 (compared with 2000/01 figures for similar Councils).

Average weekly management costs for 2000/01 compared to all unitary authorities



- 205 In conclusion, we find that the comparisons demonstrate that Derby's Housing Management Services compares favourably with their nearest neighbours.

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Summary of how good is the service

- 206 We consider the Housing Management Services provided by Derby Homes to be excellent. Derby Homes have clear and relevant aims which are linked to the Council's strategic objectives. Resources are focused on achieving identified priorities. Services are of a high quality and users are actively involved in their planning, monitoring and delivery. Housing Management Services are seen as an intrinsic part of a comprehensive and inclusive approach to achieving sustainability on estates.

What are the prospects for improvement to the service?

Does the best value review drive improvements?

- 207 The best value review is the mechanism for ensuring councils deliver continuous improvement to the services they provide.
- 208 Previously we concluded that the outcome from the BVR methodology adopted was a comprehensive analysis of the reviewed services, widespread ownership of the process and the improvement plans that have evolved and been agreed. We found high levels of awareness amongst tenants and leaseholder groups, front line staff and a wide range of partners about the process, the findings and the outcomes. Elected members were well informed about the process and findings although, of all the groups we interviewed, they had been the least involved in the BVR process and their role, with the exception of the Executive Member for Housing, had been restricted to receiving reports and agreeing the outcomes.
- 209 The review structure included the existing extensive network for the participation of service users, tenants and leaseholders, front line staff, relevant internal and external partners, individuals and organisations. Process Improvement Teams (PITs), already charged with monitoring performance and identifying areas for improvement were charged with subjecting each area to review. Additional PITs were established where gaps were identified. The Council responded positively to the suggestion from tenants that they establish a Service User Review Group (SURG) charged with examining a number of the reviewed services from a user perspective. The Council secured the services of a critical friend, the senior officer from a housing association, to provide a dispassionate overview of the whole process. The Housing Association Manager also provided support to SURG.
- 210 The BVR of 'Improving and Maintaining Council Housing' took place between April and September 2002. This review built on work on planned and major works carried out as part of the previous review. The review was also linked with discussions Derby Homes was having on a number of fronts on how it would deliver a large scale improvement programme.
- 211 The Core Review Team consisted of three Derby Homes Officers, one City Council Officer, two tenant and leaseholder representatives and two contractor representatives. The wider review team was made up of a variety of external partners, City Councillors, Board Members and other staff. This group met for two major events. One which considered the scoping of review and another to

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challenge how the service was being delivered. The review structure also utilised the existing tenant involvement structure and the Housing Investment Process Improvement Team (tenants, officers and Board Members) which was already in existence.

- 212 Both reviews followed the Council's corporate best value toolkit.

Challenge

- 213 The challenge element of best value requires authorities to fundamentally assess why a service needs to be provided and encourages a real assessment of who the most appropriate provider might be. Authorities should set bold service aims and targets as a result of these fundamental considerations. Without a strong challenge element the best value review will be limited in terms of its' capacity to drive continual improvement.
- 214 During the BVR of 'Frontline Housing Services and Sustainable Estates' the Process Improvement Teams were presented with 18 questions which formed the challenge element for each reviewed service area. The questions sought to establish the need for the service, access issues, future demand, consequences of not providing or reducing the service, advantages and disadvantages of externalisation, comparative costs of different providers and levels of service and the potential impact of new technology. The 'Improving and Maintaining Council Housing' BVR addressed the same questions through a 'Challenge' meeting with stakeholders and then through the Core Review Group.
- 215 The Council and Derby Homes achieved a thorough questioning of the purpose, delivery mechanisms and outcomes for each of the service areas. Alternative delivery mechanisms were extensively explored and evaluated. The findings of each challenge exercise were used to inform the key issues that in turn informed the improvement actions that were incorporated into the final improvement plans.

Consultation

- 216 The Council and Derby Homes can demonstrate that they carried widespread consultation through the two BVRs including:
- ◆ a detailed stakeholder survey to a representative sample of 500 tenants;
 - ◆ staff surveys;
 - ◆ process improvement teams;
 - ◆ tenant focus groups;
 - ◆ staff focus groups;
 - ◆ special strategy groups with other departments and tenant representatives;
 - ◆ an analysis of existing customer satisfaction surveys and complaints;
 - ◆ 'The Derby Pointer' – Derby City Council's Citizens' Panel;
 - ◆ stakeholder meetings; and

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- ◆ the Housing Investment Conference.

217 The Council and Derby Homes were at a considerable advantage in relation to consultation. The work carried out over many years to create sustainable participation and partnership mechanisms in all sectors of the community and the existing research skills, resulted in inclusive consultation across all the service areas. The findings of each consultation exercise were used to inform the key issues that in turn informed the improvement actions that were incorporated into the final improvement plans.

Competition

218 Best value requires local authorities to embrace fair competition as a means of securing efficient and effective services.

219 The Council and Derby Homes has a high level of awareness of the need to provide services that at least meet the service standards of other social housing providers in the city and are actively striving to achieve a higher standard of service. They are quite open about their perception of themselves as a social housing provider competing in an increasingly diverse market. They have also recognised the need to effectively market the services that they provide to a wider audience, in order to overcome some misconceptions about access to council housing and to improve the image of some low demand/unpopular areas.

220 The Council and Derby Homes used the best value review process to carry out a very thorough examination of the alternative service providers for the reviewed services. The review teams then carried out a thorough analysis of the advantages and disadvantages of potential competitors. The review also highlighted areas where external providers are better placed to provide some services. In practice the Council has externalised some of its services for some time particularly in the area of planned and responsive repairs. The only area where we feel further analysis is required is on the commissioning side of planned and major works. Derby Homes has plans in place to do more work on this including further visits to other organisations and through discussions on partnering arrangement with the selected contractors.

221 The Council and Derby Homes reached the following conclusions from the competition analysis carried out:

- ◆ there is sufficient capacity to deliver specific elements of the service but the market is not mature in most areas;
- ◆ the benefits of a comprehensive service were valued by tenants and leaseholders;
- ◆ tenants and leaseholders were keen to explore additional ways that they could take on elements of the service;
- ◆ embracing partnering would be the most efficient way to deliver the improvement programme; and
- ◆ initial analysis shows that Derby Homes commissioning costs are below that of other social housing providers.

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- 222 The findings of each competition exercise were used to inform the key issues that in turn informed the improvement actions that were incorporated into the final improvement plans.

Comparison

- 223 Best value requires that service providers compare themselves against other providers of similar services to both understand how their services compare and to learn how they might better provide those services, for example, by implementing best practice.
- 224 The Council had extensive systems for benchmarking with other local authorities prior to the best value reviews and was actively involved in disseminating and learning from best practice. The main approach taken was to compare the Council's performance with that of the Major Cities Group of unitary authorities. By using published best value performance indicators (BVPIs) the Council compared their performance against 13 BVPIs and then combined them to show the Major Cities performance across all 13 BVPIs. This showed Derby's performance to be in 1st or 2nd quartile for 12 of the 13 BVPIs.
- 225 The Council did not only rely on statistical data to carry out comparisons. Extensive qualitative data was also collated and analysed through postal surveys with other providers, visits to providers with a reputation for good practice and innovation and comparisons carried out by other bodies. For example, a benchmarking exercise carried out by the Association of Public Service Excellence compared the Council's Commercial Services direct labour organisation with 12 other similar direct labour organisations. The key findings were as follows:
- ◆ low number of jobs undertaken by appointment and kept;
 - ◆ high levels of post inspection work and high quality of work;
 - ◆ lower levels of operative labour costs with high levels and value of output per employee;
 - ◆ average levels of absenteeism and high levels of staff training; and
 - ◆ high levels of sub-contracting.
- 226 As part of the 'Improving and Maintaining Council Housing' review visits were made to two other social housing providers. The lessons learned from these visits have fed into the improvement plans in particular in relation to the development of partnering.

How good is the improvement plan?

- 227 A best value review should produce an improvement plan that sets out what needs to improve, why, and how that improvement will be delivered. It should contain targets which are not only challenging but also designed to demonstrate and ensure the continuous improvement necessary to put the service among the top 25 per cent of councils within five years.

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- 228 The Council and Derby Homes has used each stage of the BVR process to identify the key issues that impact on tenants, leaseholders and service delivery. These key issues are then translated into action points where weaknesses, or gaps, in the current services are identified and where further work is required to achieve the improvements. The improvement action plan for 'Front Line Housing Services and Sustainable Estates' is divided into 29 individual plans that are cross-referenced back to each of the reviewed service areas. The same approach was used by Derby Homes for the BVR of 'Improving and Maintaining Council Housing' where 12 individual plans have been developed. Each identified improvement that is linked to a service objective that in turn is evaluated in the context of its impact on the sustainability of estates. The monitoring arrangements for each action are explicit and each action is evaluated for its impact on the public. For example:

Improvement Action Plan 5

Identified improvement: Implement the modernising construction agenda when procuring works.

Objective: Develop long term strategic partnering agreements to achieve best value.

Link to sustainability: Long term partnering agreement with contractors will forge a greater commitment to the local community from them and thus will help sustainability e.g. employment opportunities.

Monitoring: Number of strategic and project partnering agreements, number of trainees employed.

Public outcome: Less uncertainty, improved Repairs Service, less abortive time, higher percentage of works completed within priority.

- 229 Each plan has a description of the work required to achieve the action and how the improvement will be achieved. The plans outline clear responsibilities, against identified posts and accountability is designated to the post holder. Each action has a target date for its completion and human and physical resource implications are defined.
- 230 The improvement action plans included in the BVR document do not include financial implications in terms of monetary values although the need for additional financial resources is acknowledged where this is relevant. However, the Council did provide us with a detailed breakdown of the financial implications of the plans during our previous onsite inspection. Derby Homes has identified general resources required as part of its improvement plans for 'Improving and Maintaining Council Housing' and some actual monetary values are identified in separate budget documentation. However it would be useful to have more detailed monetary values alongside each element of the improvement plan.
- 231 We conclude that the best value improvement action plans reflect the key issues identified during the review process and are linked to the strategic objectives for the services and of the Council as a whole. There are specific actions in each of the 41 plans which are measurable, achievable, realistic and which are designed to be delivered within prescribed timescales by identified members of staff. The plans have clear performance monitoring arrangements in place and are

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designed to ensure the continuous improvement necessary to put the service amongst the top 25 per cent of councils within five years.

- 232 Some of the positive outcomes for tenants and leaseholders identified in the improvement plans include the following:
- ◆ Improved re-let times: tenants will have quicker access to their desired home, the overall appearance of estates will be improved through fewer boarded up, empty properties and the risk and effects of vandalism to empty properties will be reduced.
 - ◆ Improved co-ordination on tackling antisocial behaviour: increased confidence for tenants and leaseholders in their areas and lower turnover of tenancies leading to more sustainable communities.
 - ◆ Improved customer care policies and initiatives: improved standards of service delivery, clear customer driven charter, clear evidence that customers are listened to and a reduction in complaints relating to service delivery.
 - ◆ Introduction of a 'gold' standard service initiative for good tenants: tenants will be rewarded for length of tenancy and adherence to tenancy conditions, landlord benefits in the form of reduced costs in terms of tenancy turnover and potential benefits for local businesses.
 - ◆ Increased appointments for repairs: less uncertainty for tenants and leaseholders, less abortive time for contractors leading to greater efficiency and a higher percentage of repairs completed within priority times.
 - ◆ Improved homes and estates, delivered with high levels of customer involvement, producing homes which meet long term needs and aspirations.
- 233 The improvement plans from the BVR of 'Front Line Housing Services and Sustainable Estates' have all been incorporated in Derby Home's delivery plan. The improvement plans for 'Improving and Maintaining Council Housing' will be included in the revised delivery plan.

Will the Council and the ALMO deliver the improvements?

- 234 Inspectors look for evidence that a council and its arms length management organisation will deliver what it has set out in the improvement plan. We look for a track record of managing change within the Council and within the service itself. The plan should also have sufficient support from Councillors, Board Members management, staff, service users and other stakeholders, particularly those responsible for delivering it. It is also essential to establish that the organisational changes following the creation of the ALMO have not and will not adversely affect service delivery.
- 235 The Council has a track record of delivering change and improvements to services and this has been continued by Derby Homes since the transfer of responsibilities. The successful introduction of a wide range of initiatives in Housing Services which include the Derby Homefinder Scheme, designed to deliver choice based lettings, the Community Watch Patrols and a number of partnership based regeneration projects across all housing tenures. These

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initiatives provide evidence of their ability to deliver improvements to address identified problems, within agreed timescales, to fixed budgets.

236 Derby Homes has already implemented a number of the improvements identified during the best value review process. These include the following improvements which have a direct impact on the services received by residents:

- ◆ reviewed office opening hours;
- ◆ increased range of rent payment methods available;
- ◆ reduced time taken to carry out repairs;
- ◆ improved appointments system for repairs;
- ◆ introduced telephone translation services;
- ◆ established partnership with new Mediation Service;
- ◆ extended Community Watch Patrol;
- ◆ revised billing and payment methods for residents;
- ◆ launched partnering initiatives; and
- ◆ improved liaison arrangements for major works.

237 During both inspections we spoke to tenants, leaseholders, Councillors, Board Members, internal and external partners, managers and front line staff. A common theme that ran through all our discussions was a shared commitment to improve services. We evidenced a shared culture that is seeking continuous improvement and has a shared ambition to provide the best possible services for all customers.

238 The Council's successful bid for additional funding to set up an arms length management organisation and the success of their work with tenants which, resulted in a tenants ballot in favour of the proposals demonstrates a capacity and ability to manage change.

239 The Council has had very positive comments on its previous best value inspection reports, including one which looked at private sector housing and services for homeless people, which concluded that the services had excellent prospects for improvement.

240 The Council is also able to demonstrate progress on delivering improvements against our recommendations made in our report into 'Private Sector Housing', June 2001.

241 The relationship between the Council and Derby Homes and the strategic management of the ALMO are both factors which could significantly affect the ability to deliver improvements. The Housing Inspectorate issued a self assessment questionnaire, which addressed both of these issues, as part of its advice to local authorities setting up ALMOs. Derby Homes and the Council have used the questionnaire to produce a document identifying how the arrangements

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they have in place address the issues identified. The following sections of the report look at these issues, using the response to the questionnaire and the additional evidence gathered during the inspection.

Relationship between the local housing authority and the ALMO

- 242 The Council has refined its corporate strategies in recognition of the creation of Derby Homes. The creation of Derby Homes is covered in the Council's best value performance plan. The Housing Strategy was fully revised in 2002 and Derby Homes is identified as central to delivering the strategy. The strategy identifies how the targets set for Derby Homes will contribute to strategic housing objectives. Derby Homes is also recognised as a key partner in the Derby City Partnership, the Council's Neighbourhood Renewal Strategy and the Crime and Disorder Partnership.
- 243 Derby Homes and the Council have agreed the responsibilities of each party on relevant strategic and operational matters and these are reflected in the management agreement and Derby Home's delivery plan. At a strategic level Derby Homes, working with City Council staff has taken responsibility for preparing a business plan which satisfies the requirements of HRA Business Planning and the ALMO guidance. The HRA Business Plan expenditure model is completed by the Council's Group Accountant in consultation with Derby Homes and the Council set the HRA and defined budgets delegated to Derby Homes. Our interviews with managers from the Council and Derby Homes demonstrated a clear understanding of responsibilities and of the sequence of business planning arrangements.
- 244 Derby Homes and the Council have agreed that the programme of internal audit for the arms length company will be part specified by the Council and part by Derby Homes. This is to ensure that internal audit meets the internal business needs of Derby Homes and also monitoring requirements of the Council. Derby Homes has appointed its own external auditors.
- 245 The management agreement and delivery plan confirm that formal responsibility for the best value duty remains with the Council. These documents also identify that Derby Homes is responsible for the preparation of a programme of best value reviews which compliments the Council's programme and for carrying out these reviews. All reviews carried out by Derby Homes are reported to the Board and to the Council's Scrutiny Commission. Derby Homes recently completed a best value review of 'Improving and Maintaining Council Housing' which is an example of this process in action. All support services provided by the Council to Derby Homes will be reviewed in 2003/04.
- 246 The delivery plan sets out a comprehensive series of liaison meetings to take place at strategic and operational level. We attended one of the monthly monitoring meetings between Derby Homes and the Council. A list of 39 national and local PIs were discussed and as well as other general performance issues. The PIs include information on progress on achieving Decent Homes. While this list did include general tenant satisfaction indicators we felt that it would be useful to report on tenant satisfaction specifically in relation to the improvement programme (information which Derby Homes does already collect) and the Council agreed that this should be considered. Also included was an analysis of formal complaints and Derby Homes was able to demonstrate that it was using complaints to improve procedures. There was a problem with accuracy on two

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PIs and the meeting would have benefited by additional preparation on some areas where performance was not on target. The targets for some repairs PIs need to be more challenging as they do not reflect recent performance levels. However, overall there was a robust discussion of performance.

- 247 Six-weekly meetings to discuss capital and revenue expenditure take place and from these financial reports are produced. It was agreed at the main monitoring meeting that in future more detailed minutes of these meeting should be produced so that any discussions or actions agreed could be tracked. The Council and Derby Homes are still sharing accounting systems and this makes it easier for the Council to track expenditure.
- 248 Both Derby Homes and the Council confirmed that there had been considerable discussion around the level of the management fee. Elements of the management fee which have been provided for 'development' and for future 'service improvements' are being given additional attention by the Council and Derby Homes will have to provide specific details of how this money will be spent. While the management fee will increase year on year there is an expectation that efficiency savings will be made and that these have been included in when calculating the level of increase. The monitoring of efficiency savings needs to become more sophisticated so that it can be clearly demonstrated that they are being achieved. The percentage fee payable to Derby Homes for the additional capital works that may be accessible under the ALMO arrangement has been set at 2.5 per cent for 2002/03. The Council intends to review this figure when looking at next year's management fee. Derby Homes would have liked this confirmed for a number of years ahead to allow better forward planning.
- 249 A comprehensive report on the performance of Derby Homes is presented to the Council's Cabinet on a quarterly basis. We had discussions with a number of Senior Councillors and officers from the Council. They were positive about the creation of Derby Homes and had high expectations about its performance. There was an acceptance that Derby Homes would be looking at the competitiveness and quality of the support services provided by the Council and could in the future seek alternative providers. There was support for Derby Homes expanding its services for example managing stock for other social landlords, if this could be done without diminishing the service to Council tenants and with any resulting surpluses being used for the benefits of Derby. We could find no potential causes of major friction between the two organisations.
- 250 The management agreement explains the formal process for dispute resolution which is through referral to an independent expert. It also explains the powers the Council has to deal with poor performance which includes requiring Derby Homes to produce an action plan to address the problem.
- 251 The City Housing Consultation Group has continued since the transfer of responsibilities to Derby Homes. This is now attended by tenant and leaseholder representatives, officers of the Council and officers of Derby Homes and therefore can look at all Housing Services in Derby. We feel that it is positive that this forum has been maintained as it also allows the Council to maintain a direct link with tenant representatives. If necessary tenant and leaseholder representatives can raise any concerns about the performance of Derby Homes or any services provided by the Council. We attended a meeting of the group and witnessed full and frank discussions taking place. This included discussion of

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Derby Homes revised complaints procedure where it was shown that they had listened to views of tenants and changed the original proposals.

- 252 We met a number of Council staff who liaise with, or monitor the performance of Derby Homes. These staff were clear about the role they were performing and had adequate knowledge to carry out this role. We were positive about the way in which key Council staff were working together to ensure that monitoring and liaison was effective. For example while the primary liaison officer had a limited experience of partnering in building contracts, the Finance Department recognised the need to use its expertise to pay particular attention to this in the audit process and the knowledge of the Council's Commercial Services Division was also being utilised.
- 253 The Council is in the process of recruiting a new Housing Strategy Delivery Manager and a key part of this role will be the monitoring of Derby Homes. In addition a new Senior Accountant is being recruited who will also have responsibility for monitoring Derby Homes.
- 254 An officer has been seconded from Derby Homes to work with the Council on developing Service Level Agreements for the services they provide to Derby Homes. These are due to be in place by the end December 2002. We feel this is a further example of the positive working relationship which is in place.
- 255 The relationship between the Council and Derby Homes is still developing although Derby Homes is already a distinct organisation in its own right. The initial aim was to achieve a seamless transition so that service delivery was not disrupted. There is a healthy level of discussion and debate around some key issues but both parties are willing to compromise to reach agreement. Overall the Council is being sufficiently robust in its monitoring of Derby Homes although its capacity to carry out this role is still developing. Effective liaison procedures are in place.

Strategic management of Derby Homes

- 256 The agreement between Derby Homes and the Council sets out the responsibilities delegated to Derby Homes which it must carry out on behalf of Derby Homes. Further detail is provided through the delivery plan. Some service standards within the delivery plan still need further development.
- 257 Derby Homes has produced a document detailing its governance arrangements which clearly sets out the responsibilities and powers of the Board and those delegated to the Director and specified Senior Managers. Derby Homes is also proposing to establish two Area Boards and has sent a proposal to the Office of the Deputy Prime Minister on the make up and responsibilities of these Boards. There are differing views on the establishment of Area Boards amongst Board Members. Some believe they will add an unnecessary layer of bureaucracy although others felt they would enhance local decision making. However, there is an acceptance that Area Boards will have to be set up to meet Government requirements and members were keen to make them as effective as possible.
- 258 Derby Homes has effective procedures for the selection of Board Members. The Council Board Members are appointed on a basis that reflects the political balance of the Council. Therefore they currently comprise of three Labour, one

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Liberal Democrat and one Conservative. The Liberal and Conservative are both leaders of their groups. Tenant Board Members were initially elected at a general meeting of Derby Community Partners on the basis that they would resign at the first AGM of Derby Homes in October 2002. Tenant Board Members can stand for election in one of four areas and if the position is contested then a ballot of tenants in that area will take place. There is a separate representative for leaseholders who is also directly elected if the position is contested. Nominations recently closed for the new election and direct elections will be required in respect of one tenant position. The five independent members were selected by Council and Tenant Board Members with a view to filling skills gaps.

- 259 A skills audit was undertaken on the establishment of the shadow board and a training programme running up to the end of September was established. There was also a Board Members' away day in July 2002. These events have been positively received by Board Members. A further skills audit is due to take place in October when further training will be organised and another away day has been organised for January 2003. There are also plans to introduce an appraisal process for Board Members which would involve Board Members appraising each other. We found that this was generally positively received and that some Board Members felt it would be particularly useful where they felt Members needed to be 'gently nudged' to attend specific training.
- 260 We interviewed a number of Board Members and attended a Board Meeting. While Board Members were at different levels in terms of skills and knowledge, there was sufficient capacity and capability overall to lead the organisation and direct its affairs. The Board is willing to challenge officers' recommendations for example requesting additional justification for the choice of internal auditors, and is to make decisions to ensure accountability for example, requesting a change to the Articles to allow the direct election of a leaseholder. There was only limited discussion of the improvement plan for 'Improving and Maintaining Council Housing' at the Board Meeting. However, during our interviews Board Members showed a good understanding of the risks associated with the delivery of a large scale improvement plan. This included an understanding of the capacity of the local labour market but also risks in terms of maintaining efficiency and ensuring that other service areas do not deteriorate as a result of the focus on the improvement programme.
- 261 All Board Members have signed a code of conduct and a register of interests is being maintained and is open to public inspection. Board Meetings are open to the public except where there are items of a confidential nature. Board Members also recently attended Derby Home's staff conference and were able to talk directly with staff at different levels in the organisation.
- 262 The Board has agreed Derby Home's Business Plan and receives monthly reports on financial and operational performance. It receives six monthly updates on BVR improvement plans. These and performance reports also go to the City Housing Consultative Group. Derby Homes Business Plan and the Council's HRA Business Plan have been produced as one document as described above. The Business Plan is a comprehensive document which demonstrates the viability of the HRA and Derby Homes. The delivery plan and service plan add further detail on what Derby Homes is seeking to achieve.

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- 263 Derby Homes has maintained the structure and culture which prior to the transfer encouraged continuous improvement and enabled the Council to achieve an excellent prospects for improvement in the inspection of First Line Housing Services and Sustainable Estates. These include Process Improvement Teams made up of tenants and officers, robust implementation of local value reviews, regular team meetings and individual performance appraisals, target setting and monitoring.
- 264 The Board, and Shadow Board before it, have been involved in reviewing a range of policies for the organisation. In some areas these minor previous Council policy and in others they have been developed or revised. Board Members who spoke to were aware of the need for a ongoing process of policy review particularly as the early focus of the organisation had been on establishing an effective transition. Derby Home plans to develop a programme of policy and procedural review so that it is a continuous process. This structure that Derby Homes has in place for staff and stakeholder involvement must mean that it is well placed to ensure that this is a fully inclusive process.
- 265 Previously we raised concern about the lack of a comprehensive procedures manual although recognised that this was in development. The manual has now been completed and has been adopted by Derby Homes. We spoke to staff about the manual and found that it was in general use. Policies and procedures are also communicated to staff through a newsletter, e-mailed to staff, and on the intranet.
- 266 The comprehensive framework for consultation with residents which Derby Homes has in place was covered earlier in this report. These structures enable residents to effectively monitor and influence policy and procedures. For example, at Community Panel Meetings we attended local managers reported on local performance including key areas such as void and arrears performance and at the City Housing Consultation Group performance was discussed at a city wide level.
- 267 Derby Homes is still developing its approach to risk management. It has assessed health and safety risks using a health and safety risk assessment system. Financial risks are assessed using the Business Planning Framework and other risks on a project basis. The recent BVR of 'Improving and Maintaining Council Housing' involved a risk assessment of delivering the planned improvement programme. The risks were weighted and the BVR then focussed on addressing the high risk areas. However, Derby Homes intends to develop a comprehensive strategic risk management framework based on the model adopted by the City Council which includes a corporate risk management framework policy statement; strategic risk management roles and responsibilities; a strategic risk management plan; setting up a strategic risk business group and protocols for risk assessment and strategic risk registers. A risk assessment workshop for the Senior Management Team was run by the Council's Internal Audit Section in September 2002 as the first stage in the development process.

Summary of prospects for improvements

- 268 We have judged that Derby Homes has excellent prospects for delivering improvements in its services. There is a shared understanding of the issues to be addressed and a shared commitment to achieving continuous improvement. BVRs have been rigorous and produced high quality improvement plans. Derby

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Homes is progressing improvements effectively building on the Council's established track record of delivering improvements. The relationship between the Council and Derby Homes is positive and the organisations are sufficiently distinct to enable effective monitoring. The Council is taking its monitoring role seriously and its capacity for this role is continuing to develop. Derby Homes has effective governance arrangements in place. Derby Homes Board displayed the capacity and capability to lead the organisation and adequate internal monitoring arrangements are in place.

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Appendices

What the inspectors did

The purpose of a best value inspection is to make two judgements. The first is how good is the service being inspected? The second is what are the prospects for improvement? We carried out a range of activities to enable us to reach our judgements.

Documents reviewed

Before going on site and during our visit, we reviewed various documents that the Council and Derby Homes provided for us. These included:

- ◆ Housing Strategy and Housing Investment Plan
- ◆ Housing Revenue Account and Derby Homes Business Plan
- ◆ ALMO Delivery Plan, Improvement Plans and Service Plan
- ◆ BVR documentation for 'Front Line Housing Services and Sustainable Estates' and 'Improving and Maintaining Council Housing'
- ◆ Policy and Procedure Manuals
- ◆ Performance Information and Customer Survey Results
- ◆ ALMO Documentation, including Board Minutes, Training Plans and Section 27 Application

Reality checks undertaken

When we went on site, we carried out a number of different checks building on the work described above in order to get a full picture of how good the service is. These on-site reality checks were designed to gather evidence about what it is like to use the service and see how well it works. We also followed up on issues relating to the management of the review and the improvements flowing from it. Our reality checks included:

- ◆ Visits to decentralised housing offices
- ◆ Focus groups with tenants and staff
- ◆ Interviews with Council and ALMO staff, Board Members and Councillors
- ◆ Telephone survey of tenants
- ◆ Observation of front line staff in local offices
- ◆ Visits to properties where major works had been completed
- ◆ Estate inspection and visit to high rise block

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- ◆ Observation of Board Meeting, Monitoring Meeting, Tenants Conference, Housing Investment Team, City Housing Consultative Group, Community Panel Meetings

List of people interviewed

We met a range of people involved with the service:

Dennis Rees	Chair of Derby Homes Board and Tenant Board Member
Cllr Maurice Burgess	Council Board Member
Afzal Shabir	Independent Board Member
Martin Latham	Independent Board Member
Cllr Paul Bayliss	Council Board Member
Cllr Phillip Hickson	Council Board Member
Jenny Bradley	Leaseholder Board Member
Cllr Chris Williamson	Council Leader
Cllr Amar Nath	Deputy Council Leader
Phil Davies	Director Derby Homes
Shaun Bennett	Maintenance Manager (Derby Homes)
Lorraine Watson	Finance Manager (Derby Homes)
Maria Murphy	Housing Manager – Local Services (Derby Homes)
Sajda Kauser	Housing Equalities Advisor (Derby Homes)
Richard Smail	Community Initiatives Manager (Derby Homes)
Julia Lemon	Tenant Participation Worker (Derby Homes)
Jas Sanghera	Arrears Team Officer (Derby Homes)
Carrie Bria	Tenant Services Officer (Derby Homes)
Steve Humenko	Responsive Repairs Manager (Derby Homes)
John Bloxam	Business Development Manager (Derby Homes)
Alex Dixon	Investment Planning Manager (Derby Homes)

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Murray Chapman	Area Manager Tenancy Services (Derby Homes)
Derek Bale	Housing Projects Manager (Derby Homes)
Christine Briddon	Personnel Manager (Derby Homes)
Ray Cowlshaw	Chief Executive (Derby City Council)
Don McLure	Head of Housing Benefits (Derby City Council)
Sue Glithero	Director of Policy (Derby City Council)
David Armin	Head of Strategic Planning and Performance
Johnathan Geall	Corporate Strategy and Development Manager (Derby City Council)
Phillip Walker	Assistant Director of Corporate Finance (Derby City Council)
Peter Morris	Group Accountant (Derby City Council)
Mark Menzies	Assistant Director Housing and Advice Services (Derby City Council)
Nigel Case	Chief Technical Manager (Commercial Service Department – Derby City Council)
Isabella Stone	Assistant Director of Community Policy (Derby City Council)
Simon Evans	Unison Representative and Derby Homes Staff Member
Inspector Stokes	Derbyshire Police
Zafir Hussain	Race Equality Council
Carl Walkinshaw	New Deal for Communities
Neal Baxter	Brammels Construction Ltd