

DERBY HOMES

BUSINESS PLAN

2003 - 2004

First Draft 11 July 2002

CONTENTS

	Pages
Derby Homes Business Plan 2003-04 Summary	
Section 1 – Introduction	1
Section 2 – Objectives	2
Section 3 – Background	4
Section 4 – Option Appraisal	6
Section 5 – Strategic Links	7
Section 6 – Service Environment	9
Section 7 – Housing Services	11
Section 8 – Maintenance Strategy	13
Section 9 – Estate Sustainability	17
Section 10 – HRA Financial Plan	19
Section 11 – Improvement	21
Section 12 – Derby Homes Organisation and Budget	23
Section 13 – Business Development Plan	25
Appendices	27

DERBY HOMES BUSINESS PLAN 2003-4 SUMMARY

1 Introduction

This document is the Derby Homes Business Plan. It sets out its mission statement, objectives and strategies, together with its key priorities and resources. It also acts as Derby City Council's HRA Business Plan. It does this by outlining the strategic options, showing linkages to Derby's housing strategy and setting out an asset management plan.

2 Objectives

This plan sets out the mission statement and objectives of Derby Homes, which seeks to make a difference by improving council housing and continuing to provide excellent housing management services. We aim to provide good quality housing and maintenance- by working with tenants and other key partners, to help create sustainable communities and estates.

3 Background

Derby City Council has been developing and providing housing since 1920. The number of dwellings rose to a peak of 24,476 in 1981 and now stands at 15,223, with most of the reduction being due to sales to sitting tenants. The management and improvement of the whole of the Council's stock was contracted to Derby Homes in April 2002.

4 Option Appraisal

The formation of Derby Homes Limited followed an option appraisal study conducted in 2001. This identified the formation of an "arms length housing management organisation" as a viable route to enable the Council's stock to be improved to the decent homes standard. This was the Council's preferred option and was endorsed by a Yes vote of 88% of tenants.

5 Strategic Links

This plan links to Derby's housing strategy, the City Council's Capital Strategy, the Derby 2020 Vision statement and the strategies of other key partners. The additional investment that Derby Homes is able to attract provides new opportunities to develop local employment and training initiatives and contribute to neighbourhood renewal.

6 Service Environment

In order to develop our business plan we have undertaken an analysis of the service environment in which we are operating. We are working with our partners to strengthen our analysis of the local housing market and share this analysis with tenants and other housing providers and agencies.

7 Housing Service

Providing homes that are managed properly, are in a good condition and meet the aspirations of current and future tenants is crucial to our future success. We provide a decentralised 'on the spot' housing management services and operate specialist teams to look after our stock and provide a wide range of services to meet tenants' diverse needs.

- 8 Maintenance Strategy**
Derby has a planned approach to maintenance based on accurate stock condition information. We undertake 80% of all work on a planned basis to deal with known or anticipated problems of disrepair rather than making excessive use of responsive repairs. The additional £81m in "arms length" capital resources available in 2002–06 will be spent in a proper and timely manner.
- 9 Estate Sustainability**
We recognise the fundamental importance of responding to contemporary aspirations in terms of both the quality of our stock and the quality of life within areas of council housing. We are increasing our marketing of the council housing product to overcome errors of perception and developing plans to tackle the sustainability of some of our oldest estates.
- 10 HRA Financial Plan**
The HRA Business Plan Expenditure Model has been used to produce 30-year financial projections. These are based on existing and planned resources and explicit future year assumptions. In considering the future of our oldest estates we will utilise the model to carry out option appraisals. We also set out our approach to rent restructuring to be achieved by 2012.
- 11 Improvement**
There are arrangements in place to work with tenants to review our services, benchmark them, set and monitor improvement targets and report on progress. We have set out a series of key actions to improve efficiency, enhance customer service, raise housing quality and sustain the value of investment in our housing assets
- 12 Derby Homes Organisation and Budgets**
We are developing an organisation that is capable of carrying out this extensive programme of building works and service improvements. This plan sets out our management and staffing structure and the Operating Budget available to Derby Homes based on the management fee receivable from Derby City Council.
- 13 Business Development Plan**
In order to fulfill this programme Derby Homes needs to modernise the way it works, develop the use of information and communication technology, further develop its staff and training resources and plan and organise itself in a businesslike manner. This plan sets out how Derby Homes intends to do this, using resources arising from efficiency gains in ways agreed with the City Council that will enable Derby Homes to be a viable organisation.

Appendices

Rent Plan 2002-2012

Key outputs from the HRA Business Plan Expenditure model

HRA Business Plan statistical appendix

Section 1

INTRODUCTION

- 1.1 This document is the Business Plan of Derby Homes, the new housing management organisation set up to run the whole of Derby City Council's housing landlord service. It also acts as the authority's Housing Revenue Account Business Plan setting out its asset management strategies and plans.
- 1.2 As the Business Plan of Derby Homes this plan aims to set out
- the mission of Derby Homes as a social housing organisation
 - the objectives and standards for its services
 - the strategies to be adopted to achieve these
 - a framework for monitoring and evaluating progress
 - information about our plans for tenants, key partners and the wider community.
- 1.3 Acting as the authority's HRA Business Plan this plan outlines
- the purpose of the authority retaining its stock with arms length management arrangements in place
 - the links to housing and wider council and partnership strategies
 - an asset management strategy
 - the objectives and standards for the service
 - the relationship between Derby City Council and Derby Homes.
- 1.4 The plan has been prepared in line with Derby's Housing Strategy, and the 'arms length' resources conditionally allocated in November 2001. The full amount available will enable Derby Homes to clear the backlog of repair and improvement work and bring all council housing to a decent standard by 2006.
- 1.5 This plan builds upon
- the Option Appraisal Study produced by HACAS Chapman Hendy in May 2001
 - the final stock condition survey report produced by King Sturge in December 2001
 - Team Service Plans produced within Derby Homes
 - housing investment conferences held in 2001 and 2002.
- 1.6 This document is a 'high level' plan setting out the mission, objectives, priorities, progress and resources of our service. Detailed information, including SMART targets are contained in Delivery Plan and Service Plans. Section 5 outlines the relationship between these documents.

Section 2

OBJECTIVES

Mission

- 2.1 The mission for the City Council's housing management service which has become Derby Homes is

"to be a beacon service by developing our staff to deliver a higher quality housing management and maintenance service to the people of Derby".

- 2.2 As a managing agent for Derby City Council, Derby Homes is contributing to the Council's corporate mission to help

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

- 2.3 In the Derby Homes prospectus, we set out our aim to 'make a difference' by

- improving all Council housing
- involving tenants in decision making
- improving the quality of services
- being firm but fair with people who have difficulty in paying their rent
- tackling neighbour nuisance
- improving the quality of life in local neighbourhoods by working with partners such as the police, schools and voluntary group.

- 2.4 Our mission compliments the 2020 Vision for Derby produced by the Derby City Partnership and the City Council's Housing Strategy. In aiming to provide excellent housing management and maintenance services we are, together with our partners, working to create sustainable homes and communities.

2.5 Objectives

To fulfil its purpose the key objectives for Derby Homes will need to include

- providing best value for housing management and maintenance services
- maintaining and improving dwellings to a decent standard to meet local housing needs
- ensuring choice of, and access to, affordable rented housing
- ensuring choice of fixtures and fittings as part of the improvement programme
- increasing the popularity of council estates and reducing the rate of turnover
- protecting and enhancing tenants' homes, reducing crime and the fear of crime and tackling anti social tenants

- to providing affordable housing and tackling financial exclusion amongst tenants and leaseholders
- adapting housing to meet special needs
- provide energy efficient and environmentally sustainable housing
- fully involving tenants and leaseholders in management of the service
- providing training and employment opportunities for tenants and leaseholders.

Appendix 1 lists our services in relation to these objectives. Our Delivery Plan sets out future actions to help meet these objectives. The links between these objectives and Derby's Housing strategy are set out in page 7.

2.6 Tenant Participation

Derby Homes will ensure that the Derby Tenant Participation Compact is fully implemented. This builds on Derby's successful network of 25 Panels covering all Derby Homes properties. At these panels, local tenants meet with Ward Councillors and Housing Staff to look at local housing issues and identify and work together to improve services.

2.7 At any one time about 250 people are active members of local Community or Customer Panels in Derby. The Derby Association of Community Partners (DACP), which is, an independent umbrella organisation, provides local panels with support, training and advice, employs its own staff and operates the Derby Tenants Resource Centre. Derby Homes will continue to support and work closely with local panels and DACP.

2.8 Tenant participation specifically in relation to our maintenance strategy is discussed at section x.

2.9 Best Value

The majority of the services delegated to Derby Homes were subject to a Best Value Review, conducted by Derby City Council, which was followed by a judgement by the Audit Commission that our services are excellent and that they will improve further. A review of improving and maintaining council housing is to be conducted in April - September 2002. Derby will receive an ALHMO housing inspection in September – October 2002. This will look at how Derby Homes is run, progress made to date, the standards of service it provides and the nature of its relationship to the City Council. This ALHMO inspection should enable a final application to be submitted by the end of 2002 for the full release of ALHM resources.

Section 3 BACKGROUND

- 3.1** Derby Homes Limited was incorporated in February 2002 and assumed responsibility for the management and maintenance of council housing in Derby from 10 April 2002. It is one of the first arms length housing management organisations to be established in the country. The housing stock managed by Derby Homes has remained in the ownership of the Council and there has been no change in the legal status of tenants.
- 3.2** The oldest purpose built council houses in Derby were first constructed in 1920 by Derby City Council. In the period to 1939 it built 6,847 dwellings including estates in Allenton, Alvaston, Austin, Cowsley, Morley, Old Sinfen, Osmaston and Uttoxeter New Road.
- 3.3** In the 1945-65 period the Council built a series of new housing estates including those in Alvaston, Boulton, Chaddesden and Littleover. A number of estates built by neighbouring authorities were transferred in 1968, when Derby's boundaries expanded to include Allestree, Mickleover and Spondon.
- 3.4** Continued development increased the number of Council dwellings to 21,209 by 1970. These included the building of Rivermead House, the redevelopment of pre-fabricated bungalows and a programme of clearance activity. Newly built council housing after 1965 included estates at Albert Road, Brook Street, Keldholme Lane, New Sinfen and Shelton Lock. In addition, through its private sector renewal programme, the Council acquired some pre-1919 properties.
- 3.5** The last major new build scheme undertaken by the council was in 1985. 33 new properties in Bedford Street came into management in 2001 as a result of a joint venture with Northern Counties Housing Association and 25 newly built eco-houses in Chellaston were transferred to the Council in 2002 through a Section 106 agreement.
- 3.6** Over 10,000 Council dwellings have been sold to sitting tenants, over 8,000 since 1980 under the statutory Right-to-Buy and 1,500 under earlier schemes which operated between 1969 and 1980. There are  leaseholders who own former Council flats and houses.
- 3.7** Since 1980, the number of Council dwellings has declined from 24,233 to 15,527 in April 2002. These sales have predominantly been of properties in good condition and in popular locations with implications for the demand for Council properties and the popularity of some areas.
- 3.8** The Council's housing stock was valued at £321 million as at April 2001. It consists of a diverse range of types and areas, as shown in Table 1. The map at page  shows the location of these properties.

TABLE 1 : Council housing dwellings					
	Pre 1945	1945-64	1965-74	Post 1974	All Ages
Houses and Bungalows					
<i>Traditional (masonry or timber structure)</i>					
1-2 Bedroom houses/bungalows	1,236	1,112	187	222	2,757
3 or more bedroom houses/bungalows	3,474	1,366	338	414	5,592
<i>Non-Traditional (concrete or metal structure)</i>					
All houses/bungalows	388	1,704	146	1	2,239
Flats and Maisonettes					
<i>Traditional (masonry or timber structure)</i>					
Low rise (1-2 storey)	85	247	647	2,211	3,190
Medium rise (3-5 storey)	45	175	541	295	1,056
<i>Non-Traditional (concrete or metal structure)</i>					
Low rise (1-2 storey)	0	80	41	0	121
Medium rise (3-5 storey)	0	74	205	0	279
High rise (6+ storeys)	0	0	86	0	86
All Dwellings	5,228	4,758	2,191	3,119	15,320

- 3.8 Derby Homes is also responsible for managing associated land and buildings held by the Council for Housing Revenue Account purposes. These were valued at £8.7 million at April 2001 and are set out in Table 2.

TABLE 2: Other buildings and land
15 Local Housing Offices 12 shop units let on long leases 39 shop units let on short leases 302 dwellings sold on long leases (<i>mainly flats/maisonettes leased to former tenants under RTB</i>) 52 dwellings sold on short leases (<i>mainly semi-detached and terraced dwellings leased to housing associations</i>) 2 dwellings leased to the City Council 36 shared ownership dwellings determined as the total of shares in local authority ownership Associated land (<i>for example open spaces, communal areas, footpaths, highways</i>) Associated vehicles, plant and equipment ☒ garage sites ☒ garages.

Section 4 OPTION APPRAISAL

- 4.1 In order to examine the options for increasing investment in council housing the City Council engaged consultants to carry out an Options Appraisal Study in 2001. The options examined were continued direct management, establishment of arms length organisation, use of the Private Finance Initiative (PFI) or stock transfer. HACAS Chapman Hendy were engaged to carry out the study.
- 4.2 The study report assessed the ability of each option to remove the backlog of repair and improvement work and bring Council housing to a decent standard by 2010, in line with the Government's target. The study showed that based on the level of resources available to the Council under direct management the Council would be unable to clear the repair backlog by 2010/2011. The appraisal indicated that additional arms length resources would be sufficient to meet the gap between current resources and those required to bring the stock up to standard. The study found that PFI did not represent a whole stock solution. It noted that stock transfer would provide additional capital and revenue resources, but also suggested that the ALHM option might offer scope to ease revenue pressures, when compared to direct management arrangements.
- 4.3 Following the study the Council pursued ALHM as its preferred option because:
- it would produce sufficient investment resources to clear the repair backlog and carry out improvements
 - Derby was well placed to meet the criteria for allocation of these additional resources
 - consultation with DACP and local Community Panels indicated that this was their preferred option
 - the ALHMO would link up to housing strategy, community strategy, neighbourhood renewal and wider partnership agendas
 - set up costs would be sustainability lower than under stock transfer arrangements
 - less expenditure would need to be undertaken at risk
 - additional resources could become available more quickly under the ALHM route than would be the case under stock transfer.
- 4.4 Extensive consultation took place with tenants and leaseholders at the option appraisal stage and in subsequent preparations leading to a successful bid for ALHM resources, an affirmative ballot of tenants and leaseholders, formation of Derby Homes and commencement of a contract between the ALHM and the City Council. During this process HACAS Chapman Hendy engaged with tenants and leaseholders, an independent Tenants Adviser was appointed and an independent ballot run by Electoral Reform Ballot Services.

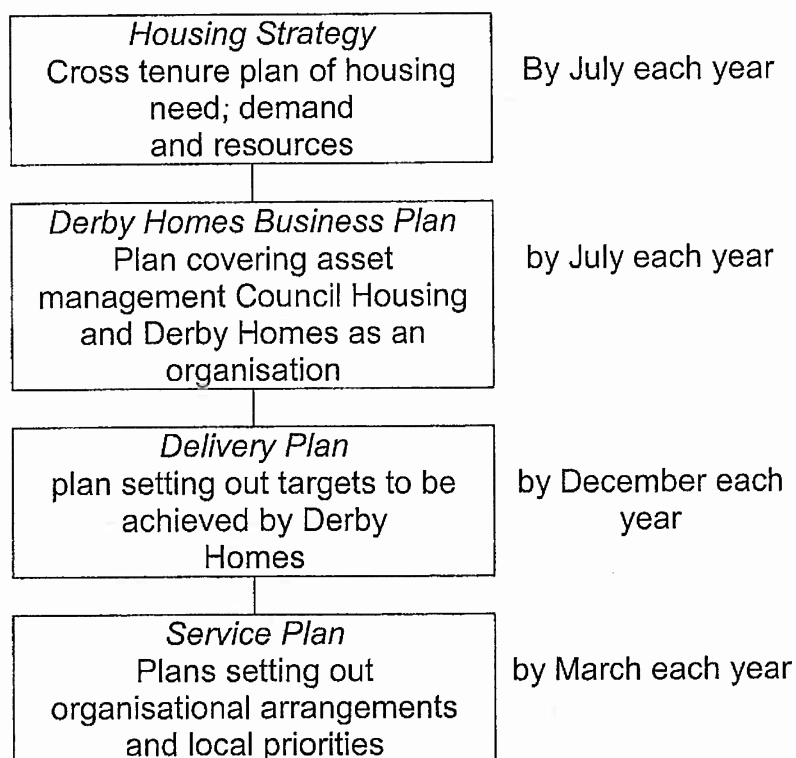
Section 5 STRATEGIC LINKS

- 5.1 Derby Homes and Derby City Council are committed to maintaining a strong linkage between management of council housing, the housing strategy and wider regeneration and partnership strategies.
- 5.2 Table 3 shows how Derby Homes will operate in order to meet the objectives of the housing strategy

Table 3: Linkages between Housing and Derby Homes Objectives	
Housing Strategy Objectives	Derby Homes Objectives
Basing housing strategy on sound and comprehensive information	Providing best value housing management and maintenance services. Maintaining and improving council housing in order to ensure it is safe, physically sound and meets current standards.
Improving choice of, and access to, safe, energy efficient and affordable housing.	Ensuring choice of, and access to, Council housing Maintaining and improving council housing in order to ensure it is safe, physically sound and meets current standards. Providing energy efficient and environmentally sustainable housing Providing affordable housing and tackle financial exclusion amongst tenants and leaseholders.
Addressing the specific housing needs of Derby's community care and other vulnerable groups.	Providing and adapting Council's housing to meet tenants' special needs. Reviewing and developing wider use of sheltered housing services.
Protecting and enhancing homes across all tenures, and regenerating local communities	Increasing the popularity of council estates and reduce the rate of turnover in the tenancies of council properties.
Promoting community safety through investments to reduce crime and the fear of crime	Protecting and enhancing tenants' homes, reducing crime and the fear of crime
Delivering Best Value services	Providing best value housing management and maintenance services
Facilitating active customer participation	Consulting, informing and involving tenants and leaseholders in the management of housing services and wider community development.
Using the Housing Services' investment potential and influence to promote training and employment for Derby residents	Providing training and employment opportunities for tenants and leaseholders
Contributing to the delivery of local neighbourhood strategies	Increasing the popularity of council estates and reduce the rate of turnover in the tenancies of council properties Consulting, informing and including tenants and leaseholders in the management of housing services and wider community development

NOTE: Some Derby Homes objectives appear twice, as they are shown in relation to more than one strategic objective

- 5.3 The separation of strategic functions from landlord activities has enhanced the Council's focus upon its strategic role. The Director of Policy who heads the Policy Directorate in the Chief Executives Department leads the strategic housing function, placing it at the heart of corporate policy decisions and ensuring integration with corporate strategies. An Assistant Director supported by the Strategy and Development Manager monitors the progress of Derby Homes, develops its relationship with the Housing Strategy and fulfils a client function. These responsibilities provide the necessary leadership and stewardship of HRA assets for example, by ensuring that any decommissioned stock or surplus land is developed in accordance with the housing strategy. It also ensures that the Council remains accountable for the performance of the arms length organisation
- 5.4 Derby Homes has developed links with the Derby City Partnership, the Strategic Housing Association Liaison Group and other key partners. Through joint working we all ensure that our activities enhance partnerships, protect housing investment, improve housing conditions, meet housing need and demand, address neighbourhood sustainability and wider social, economic and environmental issues.
- 5.5 The mechanism for reflecting strategic priorities in the way Derby Homes operates is through the following hierarchy of plans



Section 6

SERVICE ENVIRONMENT

- 6.1** In developing this plan, we have reviewed the analysis of the service environment in which we operate taken from the City Council's HRA Business Plan 2001. This scoped key elements of the external environment through a PEST analysis and a complementary SWOT analysis. These appear in Tables 5 and 6.

TABLE 4 : PEST Analysis	
Political and Legal Issues	Economic and Environmental
- development of new Board - decent homes target - requirement to review and improve through best value - requirement to operate Tenant Participation Compacts - policy to split strategic and landlord roles - target rents that converge towards RSL rents - introduction of choice based lettings - new funding agreements through Supporting People - introduction of community strategies - renewed emphasis on tackling institutional racism - emphasis on neighbourhood renewal, neighbourhood management, New Deal in Communities - development of Service Level Agreements	- continuing economic growth - pattern of low wages and insecure employment - poverty trap limits cross tenure mobility - affordability of private housing limited for many - city remains an attractive regional centre - city centre living is attracting interest through Cityscape proposals - arms length housing management resources for investment in council housing - additional revenue resources in future years - wider local and regional regeneration programmes developing - development of regional housing strategy
Socio-cultural issues	Technological issues
0.5% pa population growth to 2011. - Household size decreasing <16 year olds and >75 year olds are faster growing – 35% of tenants over 60 years - BME communities make up 9.7% of population (Census 1991) (est at 15% 2002) - Council tenancies fallen to 19% of city households - confirmed need for affordable rented housing - mismatch of demand and supply - high turnover rates - more differentiated demand patterns - modern services and facilities are expected as standard - quicker, more flexible services are in demand	- scope for use of ICT is expanding - modernisation is a policy agenda and customer expectation - Government policy for services capable of electronic delivery to be available on line by 2005 - pilots being developed using ICT in choice based lettings - new guidance and techniques for stock condition plans - development of call centre technologies, such as a repairs centre - potential for use of dispersed alarms to provide flexible care - improved availability of energy efficiency measures - development of partnering techniques

TABLE 5 : SWOT Analysis

Strengths	Opportunities
• 3 star will improve rating achieved in May 2002 for front line housing management and estate sustainability • track record as a high performing customer service – Chartermark 1993, 1996, 1999 • strong customer base and feedback from community panels • strong links with Derby Association of Community Partners • expertise in private finance, joint initiatives and partnership working • good stock condition data • effective capital programme management • well developed HECA information • coherent management structure • skilled, balanced Board • experienced and well trained workforce as shown by the IIP standard 1998, 2001 • our service meets CRE Level 2 • knowledge of good practice, partnerships and networking • well placed in the development of cross-cutting initiatives • local knowledge and commitment of staff • high level of tenants and leaseholder participation • continuing demand from people in housing need • additional arms length management resources • strong tenant and cross party support for Derby Homes • good partnership links with Police and Youth Services • specialist teams such as Community Watch Patrol.	• enhanced arms length resources • introduction of Major Repairs Allowance • introduction of HRA Business Plans • introduction of a corporate single capital pot from 2002/3 • the establishment of Derby Homes • creation of Area Boards • Best Value providing a continuous improvement framework • Tenant Compact widening tenant and leaseholder involvement • increasing capabilities of information and communications technology • emerging regional bodies for the production of sub-regional and regional strategies • new mechanisms to link economic development, urban regeneration and housing strategy • new regeneration funding through Single Regeneration Budget, European Social Fund, URBAN and New Deal for Communities. • development of the national Neighbourhood Renewal Strategy • creation of new links between Derby Homes and regeneration partners • increased links with education, social services, health • improved marketing of Derby Homes services and homes.
Weaknesses	Threats
• variable performance on some indicators • limited customer feedback • rising cost pressures • need to establish new strategies, plans and policies • Board knowledge of housing policies and practice • links between staff and Board • possible lack of capacity to deal with important work in senior management team • staff turnover and temporary contracts • rising expectations are more difficult to meet • lack of financial independence • perception of council housing as a 'tenure of last resort' by potential customers • the loss of households in their mid-life years to owner occupation • increasing 'churning' with shorter term tenancies, higher turnover and longer void periods • difficult to let stock types and areas • inadequate ICT systems • enforced rent rises over next few years that all result in little if any rent increase income • poor project management • poor information management • lack of monitoring of equality across all services.	• danger of prescription by Government and its agencies • potential failure to secure 3* rating on final inspection • changes to Board would reduce effectiveness • enforced rent rises weakening demand • risk of a downward spiral in demand for difficult-to-let areas • the availability of affordable alternative sources of accommodation • inability to clear the disrepair backlog, if full ALHM resources are not secured • risk of enforced stock transfer if arms length resources are not secured • 'supporting people' may result in reductions in service in some areas • time expiry of existing SRB programmes and uncertainty over their successors • challenging time scales to meet ALHM criteria and spend the additional resources • loss of key senior staff would delay progress of Derby Homes.

Section 7 HOUSING SERVICE

7.1 Our service is organised into

- 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, 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 team provide extra services for the high rise blocks of flats at Riverside
- generic 'back-office' teams providing business and support services, such as administration, accounting and computing

7.2 We work closely with the strategic housing service of Derby City Council which runs the Council's emergency call centre, provides housing advice and homeless assistance, undertakes research and development and improves private sector housing. Regular meetings are held to maintain effective working on monitoring of performance, allocations and homelessness, housing benefits and money advice.

7.3 We have an 'on the spot' decentralised housing service provided from 15 local housing offices based on or near the larger housing estates across the city. A housing inspection, carried out in March 2002, found that our front line housing management services and work on estates sustainability was excellent and that it had excellent prospects for improvement. The service has also received the Chartermark award for excellent customer services in 1993, 1996 and 1999 and met the IIP standard in 1997 and 2000.

7.4 Specialist City Council teams who support our day to day management functions include:

- Legal Services who process legal cases to court where tenancy conditions have been broken
- Housing Benefit services provided by the Derby Benefits
- computer systems provided by a Facilities Management Company
- Commercial Services who provide house maintenance services, won through competitive tendering.

7.5 All our service areas are influenced by a high level of tenant and leaseholder involvement. At the centre of our arrangements there is a network of 25 community panels across the city at which tenants, leaseholders and other residents of estates meet staff and councillors to

discuss local performance and concerns. Tenants are now directly involved in decisions making through membership of the Derby Homes Board.

- 7.6** Our performance and targets against Best Value indicators are set out in our Delivery Plan. Our Customer Care Charter and our Repairs Information leaflet set out clear standards against which our customers can judge our performance. The Top Ten Targets identified by tenants as most significant are published on 'pledge cards'. We publish details of our complaints procedure, which can be used by customers if we fail to meet these standards and inform tenants of their rights to compensation.
- 7.7** Our service seeks to be accessible to all our customers and to respond to special needs. We have a Race Equality Action Plan and Disabled Access Plan, incorporating SMART targets in place and are making our office more accessible to wheelchair users. We now employ a Tenancy Officer specifically dealing with incidents of racial harassment and a Housing Equalities Adviser to further develop our equalities policies and practices.
- 7.8** A key performance area for our organisation is the satisfaction of our customers with the services that they receive. We have conducted bi-annual customer satisfaction surveys since 1994. A further survey is being conducted in 2002. Key results from the last Customer Satisfaction Survey conducted in 2000, were
- 81% of respondents expressed overall satisfaction with their home (76% in 1998)
 - 65% were happy with the area that they live in (70% in 1998)
 - 75% were satisfied with the condition of their home (70% in 1998)
 - 68% were satisfied with the way the council repairs and maintains their home (66% in 1998)
 - 79% thought that their rent/service charge was good value or very good value (82% in 1998)
 - 77% said they were satisfied with the overall housing service (82% in 1998).

These appeared to show reasonable satisfaction with services and condition of housing, but lower satisfaction with the areas in which they lived.

- 7.9** The best value review of Front Line Housing Management and Estate Sustainability examined the vast majority of the services we provide. The subsequent inspection found that these offer a 3 star (excellent) service that will improve. Derby Homes is implementing a robust Improvement Action Plan, summarised in section 11.5. Our aim is to raise both the condition of our stock, the quality of services that we offer and enhance the sustainability of estates, as discussed in section 9. This strategy will require adequate revenue resources to complement the additional capital resources being used for stock improvements.

Section 8

MAINTENANCE STRATEGY

- 8.1 Derby Homes is working to bring the properties it manages to the decent homes standard by 2006. This standard is defined by Government. Meeting the standard means that the homes we manage will
- meet current statutory standards including health and safety standards
 - be free from major disrepair
 - have modern services and facilities
 - provide a reasonable degree of thermal comfort.
- 8.2 Our maintenance strategy is designed to clear the backlog of disrepair and ensure that building components are replaced in a planned way thereafter. This strategy is informed by a comprehensive stock condition survey, carried out in 2001 in accordance with DTLR guidance, by King Sturge and validated by HACAS Asset Management.
- 8.3 Our aim is to clear the investment backlog in the council housing stock which was estimated at £92.8m in 2001. We plan to carry out these improvements through six key housing investment programmes
- cyclical work to maintain the external fabric of the properties
 - refurbishment of unmodernised pre-war properties
 - external refurbishment of non-traditional properties.
 - elemental maintenance programmes.
 - the Energy Efficiency Programme.
 - targeted estates improvements particularly aimed at improving community safety.
- 8.4 The stock condition survey found that there were 7,622 non-decent dwellings throughout the housing stock. In addition, there were found to be 6,707 potentially non-decent dwellings that will become non-decent within 5 years.
- 8.5 Table 6 shows why these dwellings are non-decent or potentially non-decent. As some properties fail to meet the decent homes standard for more than one reason the total number of failures is greater than the total number of non-decent dwellings.

TABLE 6 Number of Failures Causing Non-Decency		
Reason for non-decency	Currently non-decent	Total potential failures in 5 years
Unfit	2,997	2,997
Old and in poor condition	6,794	13,345
Lacks modern facilities	9,575	14,001
Not providing a reasonable degree of thermal comfort	5,856	5,856

- 8.6 In order to clear the investment backlog, including improving all properties that fail to meet the decent homes standard Derby City Council successfully bid for additional resources. This bid took into account the annual growth that would occur in backlog and existing sources of funding. The full conditional ALHM allocation, combined with anticipated resources, will reduce the backlog to zero at the end of 2005 - 06 as shown in Table 7.

TABLE 7 Backlog Per Year With Additional Programme				
(£'000)	2002-03	2003-04	2004-05	2005-06
Starting backlog	92,794	83,760	55,936	28,080
Less Current Programme	9,192	9,294	9,326	9,550
Less Additional Programme	6,229	24,917	24,917	24,917
Plus Annual Growth	6,387	6,387	6,387	6,387
Closing Backlog	83,760	55,936	28,080	0

- 8.7 The way in which these resources will be used is set out in Table 8. This shows how the programme of works currently proposed will be carried out to remove the investment backlog by work area against the six priorities set out in section 8.3.

Procurement Issues

- 8.8 Derby Homes is developing a partnering approach to its construction procurement. Strategic partnerships are being developed to achieve 'Egan' targets such as a reduction in costs, time, accidents and defects and increases in the predictability of cost and time, productivity and profitability.
- 8.9 We will work with a number of strategic partners including private contractors and the Council's Commercial Services Department to deliver what is an exceptionally large-scale programme over a relatively short period by reducing the need to tender individual contracts.
- 8.10 The intention is to appoint a number of strategic partners under a framework agreement, each working on a series of projects over a three to five year period, with options to extend up to two years, to develop and implement our construction programme without Derby Homes having to go out to tender on each and every project.
- 8.11 Framework agreements are contractual arrangements that provide a flexible and efficient vehicle for procuring projects with Contractors who have been selected by a competitive process where both quality and price are factors. The agreements will give a broad indication as to the

likely volume and type of work, but actual volumes of work will depend on resources available to Derby Homes, the partner's level of resources and satisfactory performance.

8.12 The key features are:

- "Open Book" arrangements, sharing information on costs and profits
- a competitively tendered percentage for profit and overheads
- commonly understood and agreed joint objectives
- mechanisms for risk allocation
- adoption of a non-adversarial approach
- key Performance Indicators and continuous improvement.

8.13 Individual projects are being commissioned using PPC 2000, the Association of Consultant Architects Standard Form Project Partnering Contract, under the 'umbrella' of the framework agreement, with the appointment of four to six Strategic Contracting Partners delivering the Derby Homes' Capital Programmes.

Table 8 Proposed Major Repair and Improvement Programme 2002 - 2006					
	£000's				
Investment Priority	2002/03	2003/04	2004/05	2005/06	Total
Cyclical Maintenance	1,984	2,553	2,553	2,555	9,645
Pre-war refurbishment	2,964	7,423	7,423	7,425	25,235
Non-traditional refurbishment	3,170	3,943	3,943	3,755	14,811
Post-war elemental improvements	1,466	11,743	11,993	11,995	37,197
Energy Efficiency	1,564	4,143	4,643	4,645	14,995
Targeted improvements	4,271	4,409	3,680	4,476	16,836
Total	15,421	34,211	34,233	34,852	118,717

8.14 The proposed programme is subject to further analysis, consultation and planning. It is proposed to produce area versions of this programme following consultation with community panels. The overall programme is subject to approval by the Board of Derby Homes. Area boards if established will have a role in approving programmes for their area.

8.15 Following expressions of interest in response to an OJEC notice strategic partners are being selected by teams of officers, tenants and leaseholders and Board Members. The processes used have been devised with specialist consultants and subject to analysis by HACAS Asset Management, acting as a critical friend in respect of Derby Homes procurement strategy.

8.16 It is proposed that a number of the strategic partners will be appointed to work within defined geographical areas of the city. All such contractors will join an Area Partnership together with tenants and leaseholders, Board members, professional advisors, consultants and

any other relevant stakeholders. This partnership will agree on the costs and outputs of the project from inception to completion.

- 8.17 Close liaison will take place to ensure that customer care standards are met and that communication with residents is of a high standard. The manner in which works are carried out will be agreed with the partnership in order to co-ordinate programmes, minimise disruption and reduce the need for the 'decanting' of tenants while work is carried out.
- 8.18 Derby Homes is seeking strategic partners who are committed to the employment and training of local labour. For example, partnerships should result in trainee opportunities for school leavers and older workers with the ultimate aim of producing a pool of multi-skilled labour in Derby, both to support these projects and enter the general employment market. Particular attention will be given to the need to make these opportunities accessible to local people and groups that are under-represented in the construction industry.
- 8.19 A customer care protocol will be agreed with tenants to ensure that all contractors and improvement works comply with best practices and minimise disruption to tenants.

Section 9 ESTATE SUSTAINABILITY

- 9.1 The additional expenditure on property improvements to be delivered by Derby Homes provides opportunities to contribute to estate regeneration and neighbourhood renewal. However, Derby Homes recognises, that investment in the fabric of dwellings will not on its own ensure long term sustainability of our properties and estates. The best value review of front line housing management and estate sustainability analysed changing patterns of demand. It identified as key issues
- perceptions about council housing
 - crime, anti-social behaviour and the reputation of an area as deterrents of popularity
 - dissatisfaction with play areas and facilities for young people
 - particular sustainability issues on Cowsley, Old Sinfen and Osmaston
 - the positive impact that customer care training for staff has on service and customer satisfaction levels
 - the need for housing staff and tenants to promote a greater sense of 'ownership of estates'
 - increased competitive pressures when Council and housing association rents coverage at a similar level.
- 9.2 Demographic, economic and social trends have produced changing demand for social housing. These include an aging tenant population, strong preference for owner occupation, supply and demand mismatches, increased mobility and negative perceptions of inner urban areas and outer estates. Derby Homes needs to adjust its services, activities and level of provision to match these trends.
- 9.3 The Derby Needs and Market Study conducted in 2001 found that there is a core city wide sustainable demand for Council housing and concluded that this demand is likely to remain buoyant in the next few years. It also noted, however, that this does mean that the type, size or location of council accommodation that people would like must be proportionately matched by the available stock.
- 9.4 Perceptions of areas and the satisfaction of residents with these areas are critical to the level of demand. Evidence suggests that council tenants are particularly concerned about crime and anti-social behaviour together with the lack of play areas for children facilities for young people. Derby Homes is therefore committed to being a partner in the regeneration of disadvantaged parts of the City.
- 9.5 We are using survey evidence and interviews with people terminating their tenancies and those who refuse offers of accommodation to draw conclusions relating to sustainability on an area basis. IT is already clear that there is a need to concentrate on sustainability issues on Cowsley, Old Sinfen and Osmaston. All of these are areas of older housing with high turnover and low demand.

9.6 Cowsley is located with the Derwent New Deal for Communities area. Starting in Cowsley, and subsequently in other areas we will be working with, the City Council and regeneration partners to carry out Housing Futures Studies and Option Appraisals. Through these we will develop strategies for each estate, addressing issues of

- level and nature and neighbourhood management
- environmental improvements
- stability of the community
- support for community development
- partnership with other stakeholders and providers
- redesign of the estate, including limited demolition of surplus properties.

9.7 We aim to ensure that the areas in which we manage housing, and where we invest in improvement, are places where people want to live. If this does not occur the increased investment planned over the next few years will not increase estate sustainability. In addition to modernising the stock, therefore, Derby Homes will take steps to increase sustainability by

- improving the quality of housing management and maintenance services
- supporting regeneration of designated priority areas such as the Derwent New Deal area
- contributing to neighbourhood renewal
- tackling fuel poverty through improved energy efficiency resources
- acting as host organisation for Derby Loans to provide an alternative to loan sharks
- reducing crime and the fear of crime through installing have security devices and security and environmental improvements
- vigorously tackle anti-social behaviour by adopting best practices and further developing the tenancy team and community watch patrols
- providing training and employment opportunities to local residents
- increasing the marketing of Council housing
- increasing investment in play areas and facilities for young people on estates
- introducing regular customer care training for all front line staff
- further developing, in liaison with the Council, its discretionary and local lettings policies and practices.

9.8 In the Derwent NDC we are working closely with the Derwent Community Partnership to develop the following themes

- integrating neighbourhood management services
- remodelling and diversifying housing
- improving support for residents
- increasing security by the introduction of a local Community Watch Patrol



The Derwent Strategic Plan recognises the importance of high quality, safe, affordable and warm housing if the community is to succeed. In the next phase of its 10 year plan we will be

- seconding an officer to work in the Derwent Community Team
- supporting development of Derby Loans in the area
- participating in the Housing Futures Study
- working to identify 'quick win' projects
- developing a local version of housing community watch patrol
- developing a one-stop-shop approach to service delivery.

Section 10 HRA FINANCIAL PLAN

- 10.1 This section outlines 30 year financial plans which have been produced by using the HRA Business Planning Model, giving long term projections based on a series of assumptions. The current HRA Budget for 2002-03 forms Year 1 of this Business Plan. For subsequent years the plans are based on assumptions about the future resources at levels announced in the Spending Review 2000 [or 2002].
- 10.2 The model contains a number of global inputs with implications for both income and expenditure. In Derby's case these include:
- the number of Council dwellings being x at the commencement of the base year 2002/03
 - the rate of inflation will be 2.5% throughout the 30 year period
 - the assumed consolidated rate of interest in the range 6.5% - 7.5% p.a. for housing subsidy and capital finance purposes
 - the HRA will meet a capital charge equivalent to 6% of the value of its housing assets
 - interest earned on HRA balances in the range of 4-5% p.a.
- 10.3 The following income-related assumptions have been made:
- rents will rise by 5.3% in 2002-04 and an average of 5% p.a. thereafter during the first 10 years
 - voids will be 1.9% in 2003-04 and thereafter. The provision for bad debts is based on a forecast compiled using an Audit Commission formula
 - service charges will rise by 2.5% p.a.
 - garage rents will rise by 2.5% in 2003-04 and thereafter
 - Right to Buy sales will be 200 a year in the period in 2001-2005 and decrease thereafter
 - no further planned demolition
 - notional allowances for supervision and management will rise by 4.5% p.a. in years 2-3 and at 2.5% p.a. thereafter
 - notional allowances for repairs and maintenance and the assumed Major Repairs Allowance will rise by 2.5% p.a. throughout the period
 - notional rent income will rise by up to 8% p.a. in years 1-10 and by 3% p.a. thereafter
 - credit approvals will be in line with the authority's HIP 2002 submission.
- 10.4 Expenditure has been estimated using the following assumptions:
- all management expenses and repairs and maintenance costs in the base year will be derived from the revised HRA budget for the current year
 - all costs will rise thereafter at the rate of inflation
 - all management expenses will be fixed rather than variable.

10.5 Some additional financial assumptions have been made. These are that:

- no other capital financing resources will be available except for revenue contributions from the HRA in the current year
- no fixed asset movement will occur from the purchase or disposal of non-housing properties
- average dwelling values will increase at a rate of 2.5% p.a. in all years
- average undiscounted RTB dwelling value will be £32,550 in the base year
- a minimum HRA working balance of £500,000 will be maintained at all times.

10.6 Future year forecasts show increasing costs, decreasing HRA subsidy receivable and increasing deficits on the HRA. These deficits arise after the elimination of all revenue contributions to the Capital Programme and have been met by reducing cyclical and responsive repairs costs. Some of the revenue subsidy available support the cost of Derby Homes programme of work may be able to be used to meet increased revenue expenditure. This will not however, be sufficient to bring the account into balance in the long term without reductions in revenue expenditure. Sensitivity analysis show that a X% in management costs would provide an additional x over the 30 year period.

10.7 Rents are linked to government guidelines and will be expected to change over the next 10 years in line with Government policy on rent restructuring guideline rents and rent rebate subsidy limitation. Rent restructuring is expected to result in rents rising from a current average of £41.73 to £46.03 at the end of the ten year period, plus inflation and any national increases for the council housing sector. We have assumed that rents will increase towards the target rent in line with assumed guideline increases, such as no rent rebate subsidy limitation will be incurred. Appendix X sets out our rent plan.

10.8 The impact of rent restructuring will be factored into our future investment plans. They may produce reduced rental income where demand is weak. We are currently examining the case for Area Boards to develop local investment strategies. Subject to the outcome of this work we will produce disaggregated capital programmes and examine the case for area based HRA financial plans. In any event we will develop the use of HRA Business Plan model to examine investment issues on particular estates as set out in section 9.

Section 11 IMPROVEMENT

11.1 Our service has an acknowledged reputation for service quality, customer care, tenant participation, staff development and effective programme management. Derby Homes is committed to continuous improvement in the service it provides to tenants. The Audit Commission report in May 2002 judged that our services were excellent and that they would improve further. The services inspected are largely those now delegated to Derby Homes and there is a realistic prospect that the ALHMO inspection later in 2002 will confirm this judgement.

11.2 Key drivers of continuous improvement within Derby Homes are

- customer care is our first priority in a highly decentralised organisation with the majority of services provided through local offices
- our tenant movement and tenant participation machinery place continuous demands upon us for accountability and improvement
- an expectation of improvement in partnership working to improve the appearance, safety and facilities of our estates
- a willingness on the part of the part of staff to take the initiative, acknowledge our weaknesses, be open to new ways of working and a determination to improve the service
- a commitment to staff development and training at all levels
- priority being given to working effectively in teams, with managers expected to make most decisions locally
- systems to track performance and senior managers who monitor results and take corrective action
- support from our Board Members and Councillors to ensure the service has the freedom to develop
- an undertaking and commitment to the principles of Best Value throughout the organisation.

11.3 Major achievements in the last year have been

- successful transfer of service to Derby Homes with the support of tenants, staff and Derby City Council
- securing £81 million to additional resources to clear the repairs backlog and bring the stock up to modern standards
- obtaining a 3 star and will improve judgement from the Audit Commission that, if continued, will release these resources
- collection of new comprehensive stock condition information with which to plan and programme this work effectively
- recruiting and developing an effective, balanced, skilled Board
- completion of a best value review covering most housing management service, including production of a robust action plan
- moving out headquarters to separate premises branded with the Derby Homes identity.
- endorsement of the move to Derby Homes by an 88% yes vote in a tenant ballot.

- 11.4 Derby Homes has inherited this services, is giving it a new identity, shaping its future and aiming to deliver future improvements. The services Agreement with Derby City Council commits Derby Homes to pursue best value, carrying out further service reviews and implementation of the Improvement Action Plan within the Best Value Review of Front Line Housing Management and Estate Sustainability. The Delivery Plan agreed between the Council and Derby Homes sets out the full Improvement Action Plan.
- 11.5 Key improvements to be achieved (with references to the Improvement Action Plan) are
- increasing the accessibility and standards of our services, including a gold standard (1,2,3 and 7)
 - raising rental income collected and reducing arrears (4-6)
 - more effective action in tackling anti-social behaviour (8-10)
 - improving the way we deal with repairs enquiries and orders (11-14)
 - developing tenant equity stake proposals (15)
 - developing lettings policies in ways that reflect the needs of local communities, apply choice based properties and reduce relet times (6,16 and 17)
 - maximising resources for investment on council housing estates and tackling future use of accommodation for which there is currently little or no demand (18-19)
 - improving tenant and leaseholder involvement in service monitoring and decisions making (20-24)
 - delivering a massive improvement programme to bring the stock to the decent homes standard (26)
 - completion of reviews of all sheltered housing schemes across the city (27)
 - modernised, better equipped and better trained support services (25,28 and 29).
- 11.6 The Improvement Action Plan has SMART targets showing what actions will be taken, who is responsible for them, when targets will be reached and milestones towards them. Budgetary provision is being made for implementation of the plan. Progress reports are being made to Derby Homes Board.
- 11.7 A service review is currently being conducted of Improving and Maintaining Council Housing. This will result in improvements in the way that Derby Homes procures and delivers the major improvement programme. It is proposed to contribute to a corporate Best Value Review of services for older people in 2003-04 which will include sheltered housing.
- 11.8 Derby Homes is responsible for the purchase of support services that enable the housing management service to operate. Existing services with external providers and Council departments have been retained. The Board will be reviewing these arrangements over time and expects to achieve best value improvements as a result of these reviews.

Section 12 DERBY HOMES ORGANISATION AND BUDGET

- 12.1** The Board of Derby Homes consists of 15 members in total composed of 5 Councillors, 5 tenants and 5 independent members. Tenant representatives have been elected by the Derby Association of Community Partners and will, in October 2002, be directly elected. Independent members have brought additional professional skills to the board and, in most cases, live or work in or near to Derby.
- 12.2** Derby Homes is a local authority controlled company and is limited by guarantee. It operates under the terms of Part V of the Local Government and Housing Act 1989 and has been set up by the City Council using powers to promote local well-being under section 2 of the Local Government Act 2000. The rules under which it operates limit the scope of Derby Homes' activities in particular by counting any borrowing against limits imposed on the Council.
- 12.3** The Board sets the direction of the organisation, establishing its identity, strategies and culture. It has appointed as its Director, Phil Davies, who has previously served as the Senior Assistant Director (Housing Management) with the City Council. The main board has established a number of working groups and will be examining the possible establishment of two area-based boards to provide a more local focus and exercise authority delegated from the main board.
- 12.4** The Board is ensuring that the Derby Tenant Compact is implemented. It is consulting tenant representatives through monthly meetings of the City Housing Consultation Group and the workforce through quarterly meetings of the Derby Homes Joint Consultation Committee. Derby Homes has established governance arrangements, including publication of its agendas and reports. Members of the public have the right to attend its meeting and submit questions. In June 2002 the Board elected a Derby City Council tenant, Dennis Rees, as its Chair. Councillor Paul Bayliss and Afzal Shabir, an independent member, are Vice Chairs of the Board.
- 12.5** The senior management team for Derby Homes is set out on page X. This is currently being reviewed to ensure that the major investment programme can be implemented with a high level of tenant involvement. The possible introduction of area boards will also require our structure to be adjusted in order that these boards can function effectively.
- 12.6** The company utilises premises, communications and business systems made available to it under the terms of its agreement with the City Council. A management fee is also payable in respect of the services Derby Homes carries out on the Council's behalf. Our headline budget for 2002/03 is set out below. The assumption at the time of completing this report is that HRA resources will be sufficient to increase the management fee in 2003/04 by X%.

Derby Homes Budget	2002/03	2003/04
Fee Income*	9,190	
	<u>200</u>	
Misc Income:	9,390	
Council Tax Collection	224,594	
Recharge to Park Homes	1,298	
Total Income	225,892	
Less Employee Costs	5,725,603	
Less Travel Expenses	225,804	
Less Office Costs	301,258	
Less Supplies & Services	2,104,701	
Less Landlord & Project Costs	897,049	
Total Expenses	9,254,415	
Net Operating Surplus/(Deficit)	(9,028,523)	
Subject To Services Agreement	(225,892)	
Fee		

* This figure assumes receipt of £9.190m derived from the HRA supervision and management budget for 2002/03, plus £200,000 derived from the additional revenue subsidy referred to in section 12.7.

12.7 The basic management fee of £9.1 million is an agreed element of the Housing Revenue Account supervision and management budget relating to the services provided by Derby Homes. In addition the agreement with the Council provides for the following financial resources to be made available to Derby Homes

- a percentage fee for implementation of the Housing Capital Works Programme based on the value of works
- any operating surpluses which arise from Derby Homes out-performing the Delivery Plan, to be used for purposes agreed with the Council
- any net gain in additional housing subsidy related to the ALHM resources made available to the City Council. Net gain increased refers to any excess in the extra revenue increase received against the borrowing and debt repayments costs. In order to balance the HRA in 2002/03 the full amount of this net gain in the year has not been made available to Derby Homes. The position in future will be dependent on the overall position of the HRA.

Section 13

BUSINESS DEVELOPMENT PLAN

13.1 As a limited company Derby Homes is required to maintain and report accounts. The Board of Directors have a duty to ensure that the organisation can operate as a viable business and consequently assure the Council of continuity of service on its behalf.

13.2 The revenue income available to Derby Homes is, however, underpressure as a result of

- the loss of approximately 200 units per year due to right to buy sales.
- pressures on the Housing Revenue Account
- continued reduction of housing element subsidy to finance rent rebates

In addition, historically housing managements costs have been largely fixed and the reduction in the number of units has been off set by the need to manage and maintain the remaining housing stock more intensely.

13.3 In order to operate as a viable business, Derby Homes needs to

- contain revenue costs
- identify efficiency savings
- out-perform the targets set within the Delivery Plan
- develop other business areas beyond managing the City Council's stock.

13.4 As the keeper of the Housing Revenue Account, the City Council can assist in the process by

- careful scrutiny of recharges made to the HRA
- containing costs of the retained housing services charged to the HRA
- as far as possible providing adequate resources to Derby Homes
- supporting the provision of services to bodies, such as RSLs.

13.5 The Derby Homes Operating Budget for 2002/03 has built in savings of £X when compared to the 2001/02 budget which have been used to part finance the Best Value Improvement Action Plan summarised in section 11.5. These are focused on service improvements that will be perceived at the point of contact with customers.

13.6 A Business Development Plan is, however, required if Derby Homes is to

- operate in a business like way
- modernise its services and operations
- provide services electronically
- develop new working methods
- attract new business
- meet customer expectations in the future.

13.7 Developments planned in 2002/03 are

• further implementation of the Improvement Action Plan	£75,000
• extension of the Derby Homes Project Team	£50,000
• provision for a senior management review, to support Area Boards and deliver the Major Capital Programme	£50,000
• consultancy support and training	<u>£25,000</u>
	£200,000
Total	

13.8 Subject national resources action as set out in sections 13.3 – 13.4 will enable other planned developments to take place. These include

Marketing of Derby Homes – analysis and consultancy	£10,000
IT improvements – training of staff, implement outstanding modules using project managers, develop mobile systems for visiting staff	£100,000
Re-launch of a mediation service	£25,000
Options/futures studies for Osmaston and Old Sinfen	£60,000
Staff care initiatives, new uniforms, suggestion scheme	£50,000
rewards	£10,000
Board training and development	£30,000
Consultancy support	
Total	£285,000

13.9 Developments of these kind are dependent upon the financial position of the Housing Revenue Account. The achievement of a 3* will improve rating and the ALHM revenue subsidy arrangements have eased the pressures on the HRA. Despite this reductions have still been required in the base Operating Budget 2002/03, whilst desirable service improvements and business developments cannot fully be funded. The ability of the HRA to provide resources in future years will depend on its overall position as determined by national resources and changes to the housing subsidy system. Despite the extra resources secured by Derby Homes the long availability of adequate revenue resources remains uncertain.

13.10 Derby Homes has constituted itself as a company and is adopting the “techno structure” of financial accounting and business planning. It does not however, have the ability to raise revenue against its future income stream, which would enable it to borrow to fund development in the way that businesses – including housing associations, are able to do. In order to enable Derby Homes to become a sustainable community housing business therefore national policy changes are required. In addition to the actions proposed in this document Derby Homes will be developing models that could make it sustainable and pressing for changes that can enable this to happen.

