Tower Hamlets Homes

Board of Directors
27 February 2017
6.30pm

To be held at:

Harford Street Multicentre, 115 Harford Street, London, E1 4FG

AGENDA

		Type	Lead
Introductory items – 5 mins			
1.	Apologies for Absence	For Information	Chair
2.	Questions from Members of the Public	For Discussion	Chair
Items for decision and limited discussion - 5 mins			
3.	Open minutes of the Board Away Afternoon on 29 February 2016	For Decision	Chair
4.	Matters Arising	For Discussion	Chair
Items for decision and discussion – 1 hour 35 mins			
5.	CEO Report	For Discussion	Susmita Sen
6.	Business Plan 2017/19	For Decision	Paul Davey
7.	Budget Approval	For Decision	Neil Isaac
8.	Management Accounts	For Decision	Andrew Bond
9.	Communications Strategy	For Decision	Ben Schofield
10.	Towards a Digital Strategy	For Decision	Paul Davey
11.	Self -service presentation	For Information	Chris Smith

12.	Forward Plan	For Decision	Chair
13.	AOB	For Discussion	Chair

Closed session
Items for decision and information - 15 mins

14.	Accommodation Strategy	For Discussion	Neil Isaac
15.	Capital Programme Update	For Approval	Neil Isaac/John Tunney
16.	6 year Capital Investment Programme	For Approval	John Tunney
17.	Confidential minutes of the meeting of the Board held on 29 February 2016	For Decision	Chair

OPEN Minutes of a meeting of the Tower Hamlets Homes Board
Monday 12 December 2016 from 6.35pm – 8.50pm
Harford Centre 115 Harford Street London E14FG

1. Members present:

Ann Lucas	Chair of the board (AL)
Claire Tuffin	Resident Board Member (CT)
Safia Jama	Independent Board Member (SJ)
Shamsul Hoque	Resident Board Member (SH)
Councillor Helal Uddin	Council Board Member (HU)
Councillor Sabina Akhtar	Council Board Member (SA)
Councillor Marc Frances	Council Board Member (MF)
Helen Charles	Leaseholder Board Member (HC)

Officers present:

Susmita Sen	Chief Executive (SS)
John Tunney	Director of Asset Management (JT)
Paul Davey	Director of Business Transformation (PD)
Tony McNamara	Management Accountant (TM)
Ben Schofield	Head of Communications (BS)
Rushena Miah	Business Support Officer (RM, minutes)

In attendance

Mark Baigent	Interim head of strategy, regeneration and sustainability at Tower Hamlets Council (MB)

Item	Agenda	Action
2.	**Apologies for absence:** Andrew Bond, Caroline Crompton-James, Cllr John Pierce, Anne Otesanya	
3.	**Declarations of interest**: the following board members declared they were resident board members – CT, SH. The following board members declared they were leaseholder board members – HC. The following board members declared they were members of the council –HU, SA, MF.	
4.	**Questions from members of the public:** there were no members of public in attendance at this meeting.	
5	**Minutes of the last meeting 19 September 2016:** the minutes of the meeting were noted and agreed as an accurate representation of the meeting.	
6.	**Matters arising from the meeting of the 19 September 2016**: all actions were complete bar action point 9.7 *'figures of satisfaction with caretakers to be broken down by residents and leaseholders'*. Which could not start being reported in this way until the end of quarter 3.	

7.	**Christmas office cover:** SS informed the board there was good cover by management during the Christmas period. 7.1 MF queried if the call centre phone diversion glitch, which informed residents the office was closed, was resolved. SS assured the board the issue was resolved that afternoon. The problem occurred due to the Agilisys telephone upgrade and is a hangover issue from the transfer. **7.1.1 Action: the board asked SS to investigate the feasibility of providing an alternative emergency phone number in case of future technical problems.**	SS
8	**Budget 2017/18:** LBTH has set a £6 million HRA savings target over the next five years. THH need to deliver savings of £2 million in 2017/18 with a further £1 million over the next four years. The budget set for 2016/17 included a contribution from reserves of £250,000, therefore to produce a balanced budget in line with the management fee a further 250,000 in savings will need to be delivered. 8.1 Are THH managers competent at managing their own budgets? TM stated that it was a mixed bag, some managers are well versed in managing budgets but others have needed training and support. 8.2 CT noticed there was no contingency budget for redundancies and pension costs and queried if this had been factored into the restructure. TM responded by explaining there is provision for redundancies in this year's budget, however it is the Councils expectation THH use reserves to cover additional redundancy provision. 8.3 Delegated budgets: AL highlighted that as these are Council budgets it is the role of the THH Board to note them rather than approve them. 8.4 The board noted the budget papers and approved the management fee of £32.976m for 2017/18 and amendments as summarised in appendix 1.	
9	**Draft Business Plan:** It was noted that this was a draft outline for board	

	approval to allow officers to further build on this work. There will be an opportunity to discuss the business plan again at the away day on 16 January before formal sign off at the February board meeting. 9.1 The board approved the draft plan and noted the timetable.	
10	**Asset management report:** JT summarised the outcomes of the Decent Homes programme and described a range of legacy issues that require attention. The report outlines a plan for finalising a five year capital works programme and an overview of repairs service performance. 10.1 SH raised there has been some conflation between Decent Homes repairs and council repairs. AL clarified that after the first 12 months any decent homes repair issues should be directed to the THH legacy team. 10.2 HC queried if there was leaseholder involvement in the planning stages of the works and if a walk around was included in the contracts. JT explained there was no formal obligation to do a walk around but THH are currently engaging with leaseholders on works and requesting inspections. 10.3 MF queried if there were effective measures in place to communicate with leaseholders. SS explained that a communication strategy was in development under the new Head of Communications. **10.3.1 Action: SS to produce a brief on the communication plan for asset management with leaseholders.**	SS
11	**CE Report 1**: the report was noted by the board.	

Signed:_____ **Date:**_____

Actions Log: OPEN Minutes of a meeting of the Tower Hamlets Homes Board Monday 12 December 2016 from 6.35pm – 8.50pm
Harford Centre

Item	Action	Who	Due date	Status
7.1.1	To investigate the feasibility of providing an alternative emergency phone number in case of future technical problems.	SS	27 January 2017 board away day	
10.3.1	To produce a brief on the communication plan for asset management with leaseholders.	SS	16 January 2017 board away day	

Board of Directors 27th February 2017	Tower Hamlets Homes
Report authorised by: Susmita Sen - CEO **Report Author:** Paul Davey – Director of Business Transformation	**Report type:** For information
Title: CEO Report	

1. Introduction

The Chief Executive Officers report provides the Board with an overview of performance on strategic and operational matters that are key to achieving the THH Business Plan including the Transformational Change Programme.

2. Recommendation

2.1 That Board Directors note the contents of this report

3. Background

This report sets out the current performance of THH against targets in a new format which is designed to provide a more strategic overview of performance for Board. This comprises a cover sheet covering all agreed PIs and a more detailed pro-forma for each indicator that is red or is amber but heading in the wrong direction that sets out the remedial actions to bring back to target.

This CEO report also includes updates on leaseholder communications as we go into 2017-18, an update on the changes in our approach to ASB, some information a the new telephony system being introduced by LBTH and the latest position on the savings we are making at the behest of the Council

4. Mayoral appointment of Helen Charles as THH Board Director

Firstly, let me officially welcome Helen as a new Board Director. This appointment was signed off by the Mayor on the 20th January. We are very pleased to now have Helen with us on the Board.

5. Performance January 2017 and year to date

THHs performance management framework's top level reporting is its business critical indicators [BCIs], agreed annually with the Council. These are supplemented here by an

almost equal number of key performance indicators [KPIs] selected by the Board. With the Housing Service centre now handling repair calls the former call indicators for the HSC and Council's former RRC have been consolidated reducing the number of PIs by one. Performance reported here is to the end of January 2017 for the monthly indicators and to the end of December 2016 for the quarterly ones.

Performance reported in the new summary sheet (App. 1) is to the end of January. Performance is colour-coded as 'red' where target is not being met, 'amber' for performance close to target, or 'green' where target is being met or exceeded. The tolerance for amber is set out in the summary table. As stated above the detail by individual red indicator and amber (with decreasing performance) together with remedial action comments from the Heads of Service by exception are shown in Appendix 2. The quarterly equivalents are set out in Appendix 3 (summary) and Appendix 4 (detail).

6. Transformational Change Programme

6.1 Concluded Service Reviews

Formal consultation for the following four areas concluded on Friday 6th January:

- Neighbourhood Services (phase 1)
- Anti-Social Behaviour
- Repairs Services
- Health & Safety

Final feedback from staff and Trade Unions has been received and there have been no failures to agree for the above four areas. Some recruitment activity can now be moved forward, as our original timetable included contingency for the failure to agree process. See number 5 below for recruitment timelines.

Consultation for the following areas within the Business Transformation Directorate concluded on Friday 27th January:

- Business Development
- Resident Engagement
- Community Investment
- Complaints Resolution

Final feedback from staff and Trade Unions for these areas has been received. The Trade Unions have submitted a formal failure to agree, citing redundancies, potential impact on services, and the claim that the review disproportionately affects women and BME staff.

HR staff will meet with Trade Union representatives to better understand the reasoning behind the failure to agree, ahead of a formal failure to agree meeting with the Chief Executive before the end of March.

6.2 Voluntary Redundancy

Currently we have 13 requests for voluntary redundancy which if all were granted would be at a cost to the HRA of £0.9m.

Notice for the eight voluntary redundancies in Neighbourhoods, Health & Safety, and Repairs has been issued. Voluntary redundancy requests in the Business Transformation directorate will not be confirmed until the failure to agree process has concluded.

6.3 Recruitment Timelines

Recruitment processes directly attributable to the reviews will take place from late February through to April, depending on the area. Recruitment from arising vacancies will follow. See the appendix for timetables by area.

6.4 Future Reviews

At present, nine further areas are planned for review in the financial year 2017/18. As before, reviews will take place approval of consultation proposals by EMT, followed by formal consultations with staff. Service areas to be reviewed and indicative dates for initial consultation proposals are listed below. All dates are subject to change:

Service Area	Initial Consultation Proposals
Neighbourhoods (phase 2)	Underway
Human Resources	April 2017
Communications	April 2017
Executive Support	April 2017
ICT	May 2017
Finance	May 2017
Operational support	June 2017
Leasehold Services	October 2017
Environmental Services	2018
Rents	TBC
HSC	TBC

The Digital Strategy, also part of the Transformational Change Programme, is elsewhere on this agenda

7. Leaseholder Communications

The next 12 months are going to be see a significant level of communication with leaseholders. Board are already aware of the work underway to launch a new deal for leaseholders in the first quarter of 2017/18. The key strands of which are:

Major Works	Notifying leaseholders in advance that work is likely to be needed - 5 year programme Providing leaseholders with options for repayment Consulting with leaseholds on the work that is planned and how much it is likely to cost -.Pre-section 20 Letting leaseholders know when they will be billed.
Rights and Responsibilities	Revised policies : • Alterations • Miscellaneous Sales

	• Window charging Re-launch of service standards Leaseholder management (staff responsibilities)
Mears Offer	Facilitating leaseholders to buy repairs services direct from Mears
Improved communication	Digital offer • Phase 1 –online statements • Phase 2 – potentially: - Ordering communal repairs - Real-time cost estimate of communal repairs - Real-time communal energy metering - Estimated bill interrogation - Direct Debit – application and amendment - Self-service options to apply and pay for various application types (e.g. subletting requests, application for alteration) Clearer service charge bills. Updated website

Work is progressing in pulling the above strands together. For example we are holding a focus group with leaseholders who attended the workshop last year to look at the potential online offer and to assist us in shaping the information that we share on the 5 year programme.

We have also been undertaking statutory consultation with just over 400 leaseholders who live in blocks where works are going to be carried out as part of the 2016/17 Better Neighbourhoods Programme. Statutory section 20 notices have been served which outline the works and estimated costs. We are now receiving feedback on these and need to respond within 21 days and prior to works commencing on sight.

We are currently preparing the 2017/18 service charge estimate which all leaseholders will receive in April 2017. For the first we are also looking to include details of forthcoming major work spend within this estimate and we are currently working on the detail and supporting communication plan to support this change.

As the Board are aware there is a significant programme of procurement over the next 12 months and this has further leasehold implications as there are a range statutory notices that we are required to serve at key stages to protect our ability to recover income due thereafter from leaseholders. The leasehold team are working closely with property services and our communications team to plan this in detail.

Property services are also working on obtaining final accounts on works undertaken in previous years so that the leasehold team can reinstate the backlog billing programme as soon as possible.

8. ASB Update

Work is underway to implement the changes agreed in the ASB team structure. We have a number of vacant posts to fill and to agree staffing positions across the estates and tenancy team that are being created. In the interim we have been piloting closer joint working with the police and have been funding additional patrols on key hot spot estates. These are proving successful, enabling greater focus on enforcement, referral to other agencies and assurance out of hours. We have also had some successful partnership outcomes recently including obtaining a closure order.

As part of the 2017/18 budget setting cabinet recently agreed that £2.48m of HRA funds could be made available over three years for investment in additional visible security/police presence on THH managed estates along with some additional investment in legal support to enable more effective action to be taken where appropriate. We are really delighted with this outcome and believe it presents a major opportunity to tackle some deep seated issues on our estates. We are visiting other sites that have used additional police and security patrols in the coming weeks and are meeting the Borough Commander to take forward this initiative.

The Council are undertaking a strategic review of ASB. The work is being led by two external specialists and THH are major partners in informing and influencing the review. Outcomes from the review will be reported at the end of March.

9. Telephony

The telephony system currently used by THH and the council is approaching end of life and is to be replaced in April 2017. The technology the current system is based on and the hardware used is old and in some cases obsolete. The new system has been selected following a rigorous procurement process and will offer state of the art functionality to THH and in particular to our Housing Service Centre.

The existing system has experienced a number of outages over recent months related to the configuration of the current solution. The most recent, and most significant occurred the last weekend of January and continued into Monday 30th. The BT exchange where the customer-facing telephony system is hosted suffered a power outage on Sunday 29th January and once power was restored the server hosting the council's and THH's IVR (Interactive Voice Response) system, which provides callers with menu options and routes calls based upon the selections made, was found to be unrecoverable. Replacement hardware could not be sourced until the Monday morning when the system was eventually fully recovered. The new telephony system is based upon up-to-date cloud-based technology and will provide a more resilient and robust solution.

10. Financial Implications

10.1 If applicable

11. Legal implications

11.1 If applicable

12. Risk Management Implications

12.1 If applicable

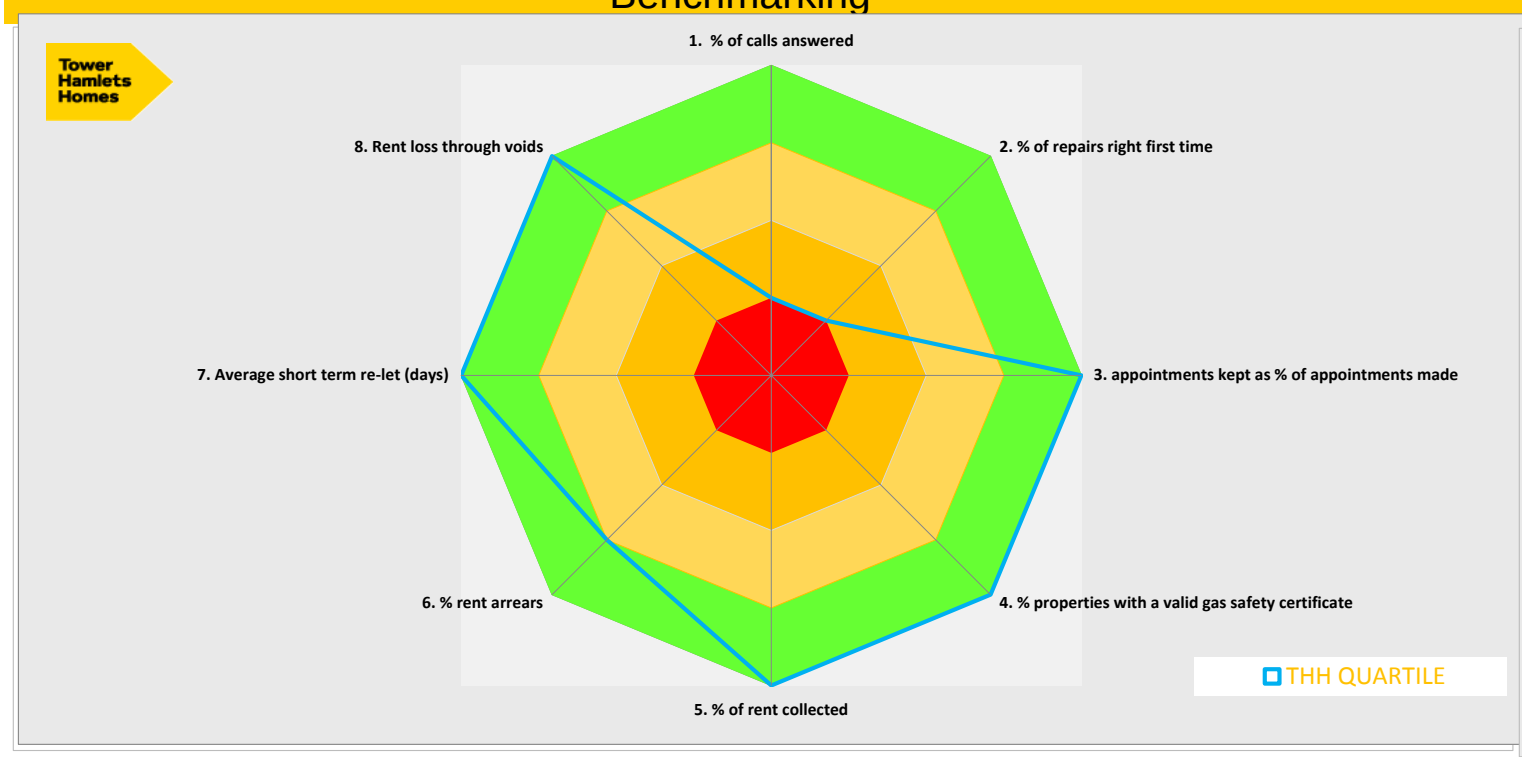
Appendix 1

Tower Hamlets Homes Key Performance Indicators

NOTES ON PERFORMANCE

Benchmarking cohort consists of London Boroughs and ALMOs. Latest data available is September 2016

Benchmarking



Tower Hamlets Homes Benchmarking: Housemark Performance Data Quarter 2 2016/17

	THH
1. % of calls answered	77.42%
2. % of repairs right first time	80.24%
3. appointments kept as % of appointments made	98.87%
4. % properties with a valid gas safety certificate	100%
5. % of rent collected	100.82%
6. % rent arrears	3.61%
7. Average short term re-let (days)	21.05
8. Rent loss through voids	0.43%

Year to date performance: January

●	At or above target
●	Below target, above minimum
●	Below target, below minimum

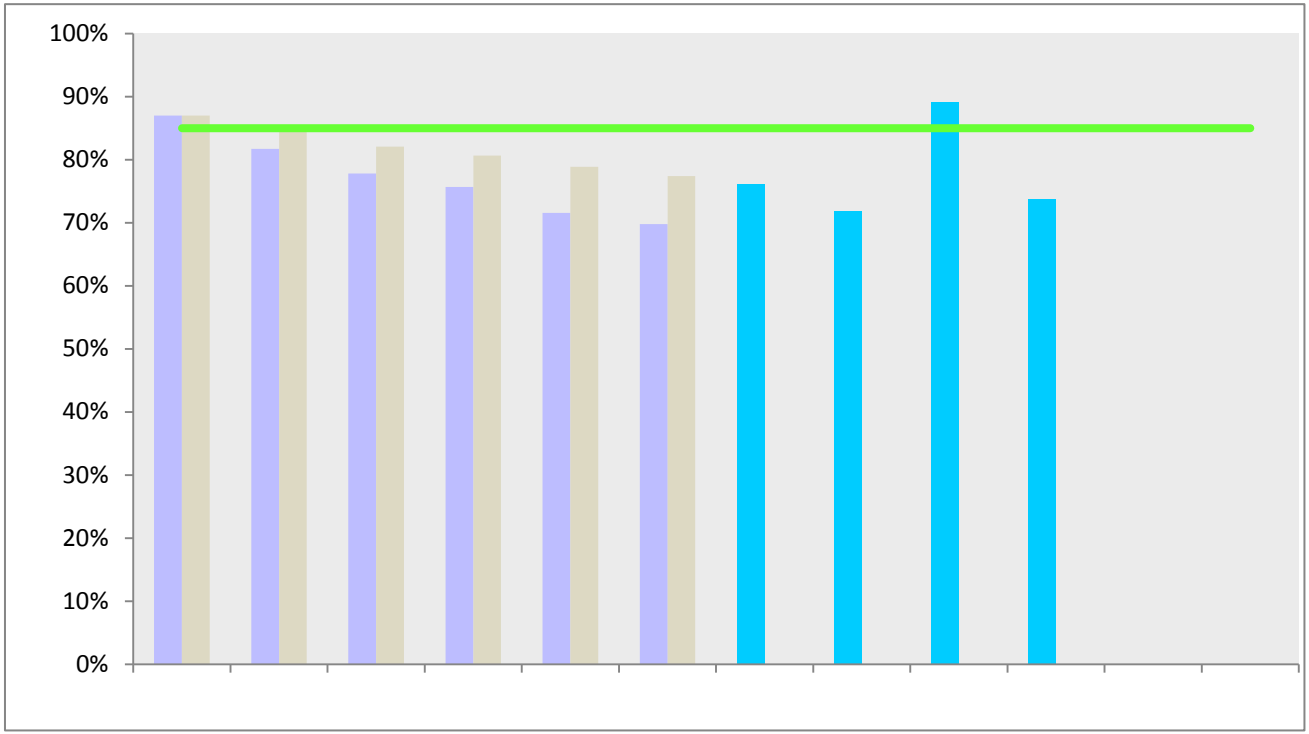
No.	KPI Name		Target YTD	Minimum Score[1]	YTD	TREND[2]
	Customers					
1	% of calls answered (In month performance only)		85%	80.8%	73.9%	▼
3	% of 48 hour call-backs made	BCI	90%	85.5%	89.5%	▼
4	Complaints Escalation 1:2		12%	12.6%	8.0%	▲
5	Complaints Escalation 2:3		30%	31.5%	57.7%	▼
	Homes & Neighbourhoods					
6	Repairs: Appointments kept		98.5%	93.6%	98.8%	▲
7	% of properties with a current gas safety certificate	BCI	100%	100%	No data	◀▶
8	Repairs: Emergency repairs in target		98.5%	93.6%	94.0%	▲
9	Repairs: Non-emergency repairs in target		98.5%	93.6%	97.3%	▲
10	% of repairs completed right first time	BCI	80%	76.0%	81.3%	▼
11	% of tenants rating the repairs service as excellent, good or fair	BCI	92%	87.4%	91.3%	▲
12	No. of Homes Made Decent	BCI	41		41	◀▶
13	Satisfaction with Major Works	BCI	79%	75.1%	72.6%	▲
14	Major Works Programme Delivery					
15	Major Works Invoices Issued	BCI	100%	95%	46.7%	◀▶
16	Fire Risk Assessments		266		266	
17	Unauthorised Occupancy: Homes Recovered		32	30	42	▲
	Organisational					
18	Average time to relet empty homes - Short term (days)	BCI	28	29.4	23.1	▼
19	Average time to relet empty homes - Long term (days)	BCI	70	73.5	53.8	▼
20	% rent collected (of rent due)	BCI	100%	99.5%	100.6%	▲
21	Current arrears as % of rent roll		3.28%	3.30%	3.50%	▲
22	Service charge collected (£M)	BCI	106%	105%	95.0%	▲
23	Major works charge collected (£M)	BCI	£1.44m	£1.37m	125.8%	▼

Customers : **Access**

1 **% of calls answered in month**

PERFORMANCE

TARGET	Current	Last	TREND
85%	73.9%	89.2%	▼



	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Answered	16560	14771	15782	12850	12601	12358	14512	14936	11113	14799		
Calls	19041	18079	20280	16979	17608	17707	19068	20794	12461	20087		
Month	87.0%	81.7%	77.8%	75.7%	71.6%	69.8%	76.1%	71.8%	89.2%	73.7%		
YTD	87.0%	84.4%	82.1%	80.6%	78.9%	77.4%						

Comments:

January calls: Repair 65.9%; Non-repair - 87.0%

Why has performance missed target/weakened?

i. After the Christmas closure there was an influx in calls
ii. New Housing Advisors are inexperienced and/or still being trained.
iii. Technical issues with IVR on 2 days
iv. Staff sickness & annual leave

What is being done to remedy this?

Measures include: overtime, ensuring lunch cover, cross training and new Housing Advisors – 2.5 x FTE permanent staff recruited and being trained

When will this be completed?

All on-going. New advisors should go-live on 20th February.

Will this bring performance back on track/reverse the trend? When?

Cross training will provide the HSC the option of being able to allocate staff to help on different processes at pinch-points, but this will be subject to the availability of staff as detailed in iv above

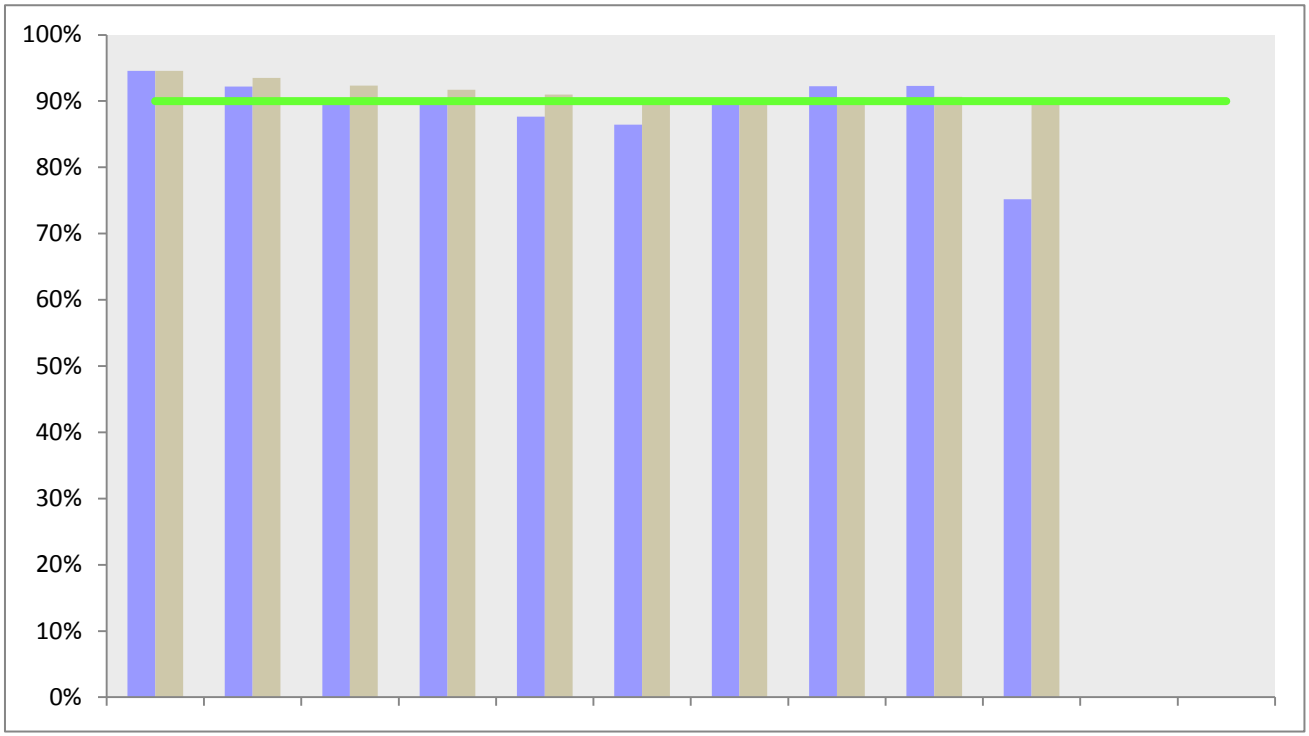
Customers : **Access**

BCI

3 **% of 48 hour call-backs made**

PERFORMANCE

TARGET	Current	Last	TREND	YTD
90%	75.20%	92.3%	▼	89.5%



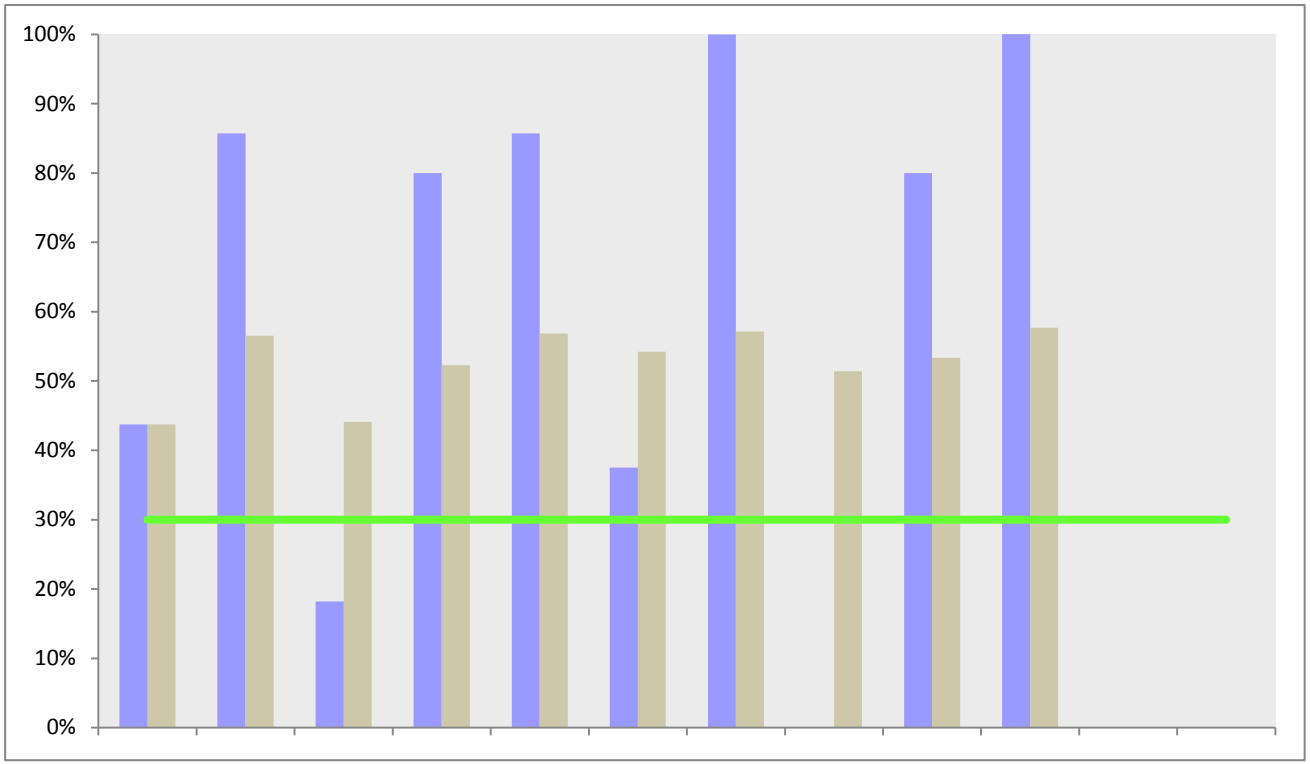
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
48 Calls	1131	896	940	787	781	746	511	534	609	470		
All Calls	1196	972	1045	880	891	863	565	579	660	625		
Month	94.57%	92.18%	89.95%	89.43%	87.65%	86.44%	90.44%	92.23%	92.27%	75.20%		
YTD	94.57%	93.50%	92.34%	91.72%	90.99%	90.32%	90.33%	90.49%	90.64%	89.48%		

Comments:

Customers : Complaints

5 Complaints Escalation: Stage 2:3

PERFORMANCE				
TARGET	Current	Last	TREND	YTD
30%	167%	80.0%	▼	57.7%



	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Stage 2	16	7	11	10	7	8	4	7	5	3		
Stage 3	7	6	2	8	6	3	4	0	4	5		
MONTH	43.8%	85.7%	18.2%	80.0%	85.7%	37.5%	100%	0.0%	80.0%	166.7%		
YTD	43.8%	56.5%	44.1%	52.3%	56.9%	54.2%	57.1%	51.4%	53.3%	57.7%		

Comments:

Why has performance missed target/weakened?

Performance is calculated as the number of stage 3 complaints received in the month expressed as a % of stage 2 complaints received in the same month. There were 5 Stage 3 escalations in January so we will not hit target by the end of March

1.Delay in deciding whether to replace a leaseholder's windows. ***Partly upheld***

2.Delay in resolving a communal overflow;difficult to identify the source ***Being reviewed***

3. Difficulty regulating water temperature & low water pressure ***Being reviewed***

4. Delays in rectifying defective door entry. ***Not upheld***

5. Alleged staff member discourteous ***Not upheld***

What is being done to remedy this?

All stage 2 complaints will continue to be audited to ensure responses fully address all aspects of the complaint and that corrective actions are recorded on the system and monitored.

When will this be completed?

Remedial action is in place.

Will this bring performance back on track/reverse the trend? When?

The target will not be achieved.

Our performance for the year of 4.5% of complaints escalated as a % of all complaints

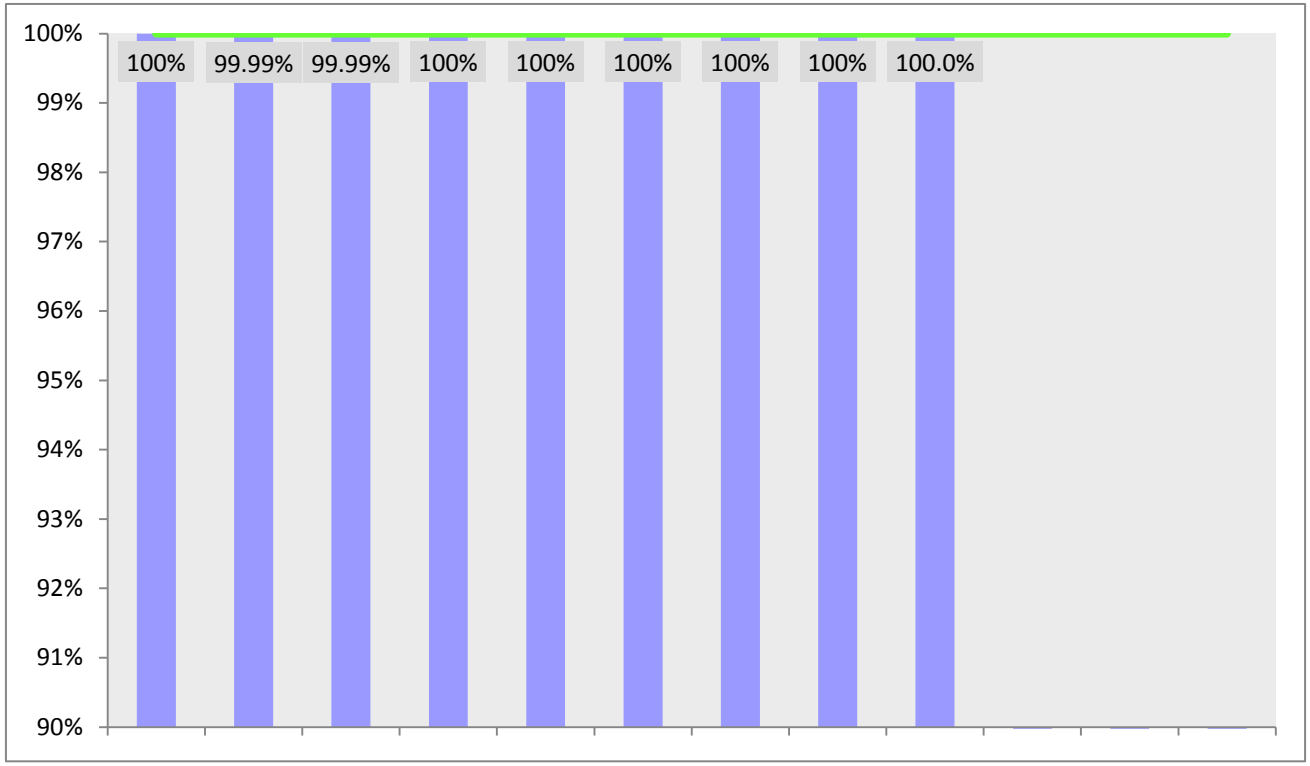
Homes & Neighbourhoods : Repairs

7 **% of Properties With Current Gas Safety Cert.**

BCI

YTD
100%

TARGET 100%



	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Cert	9527	9520	9494	9475	9387	9377	9390	9372	9348			
All	9527	9521	9495	9475	9387	9377	9390	9372	9348			
PERF	100%	99.99%	99.99%	100%	100%	100%	100%	100%	100.0%			

Comments:

No January data received

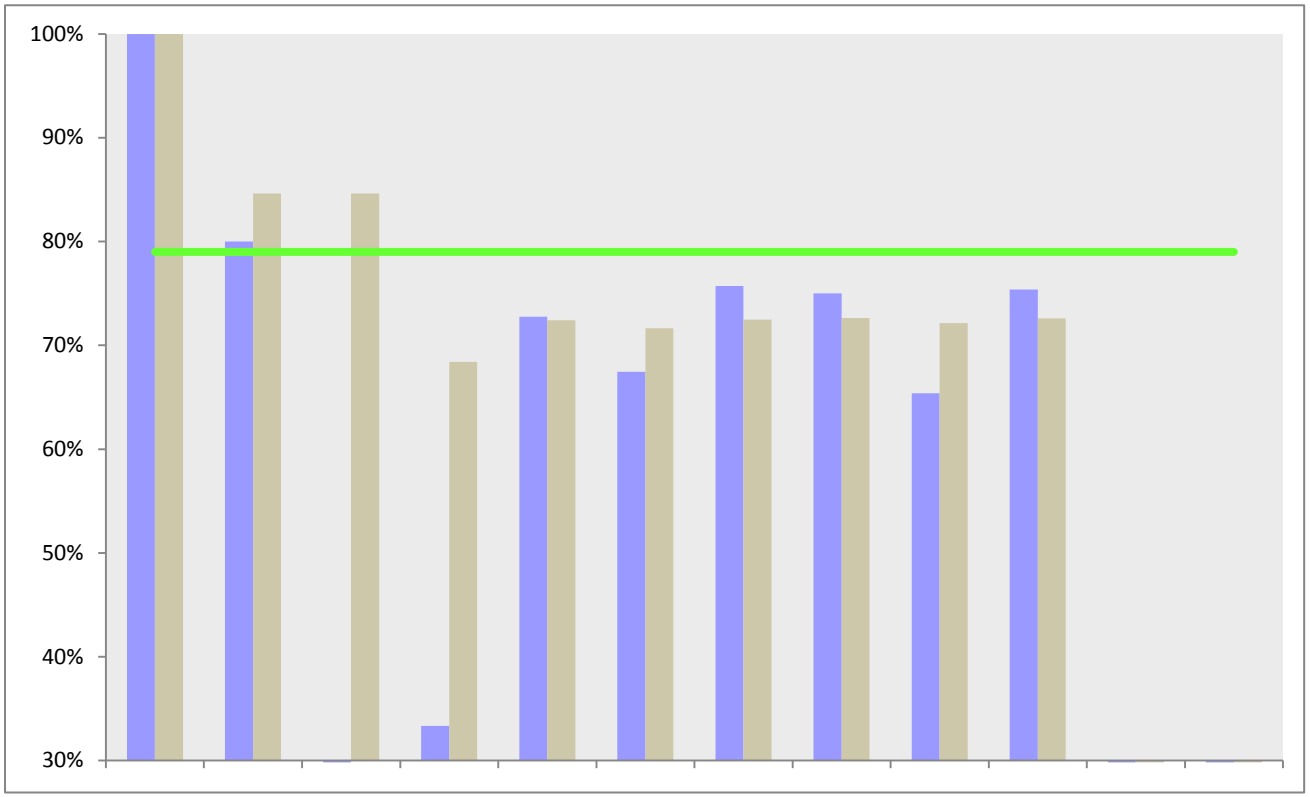
Homes & Neighbourhoods : Major Works

13 Satisfaction With Major Works

[Residents - Excellent, Good & Fair Responses Counted]

BCI

PERFORMANCE				
TARGET	Current	Last	TREND	YTD
79%	75.4%	65.4%	▲	72.6%



	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
EGF	3	8	0	2	155	29	53	18	17	49		
All	3	10	0	6	213	43	70	24	26	65		
Month	100.0%	80.0%	0.0%	33.3%	72.8%	67.4%	75.7%	75.0%	65.4%	75.4%		
YTD	100.0%	84.6%	84.6%	68.4%	72.4%	71.6%	72.5%	72.6%	72.2%	72.6%		

Comments:

Why has performance missed target/weakened? The survey sample continues to be residents living in blocks where works have 'slipped' into 2016/17 rather than being completed in Years 4 & 5 of the Decent Homes programme. As a result there is significant dissatisfaction with the delays to the work as well as issues with poor communication from the contractor and in some cases there being little or no perceptible improvement to the block now that works have been completed and handed over.

What is being done to remedy this? All of the respondents during January reside in blocks where works were undertaken by Axis. As a result of concerns over delays, the quality of works and uncertain cashflow forecasts, THH have decided to not allocate any works to Axis as part of the 2016/17 Better Neighbourhoods programme.

When will this be completed Axis will no longer be given any new works however there are still a number of blocks where works are in progress which will carry on being surveyed. We are unlikely to see any satisfaction surveys relating to external works completed under the 2016/17 Better Neighbourhoods programme until October 2017 at the earliest.

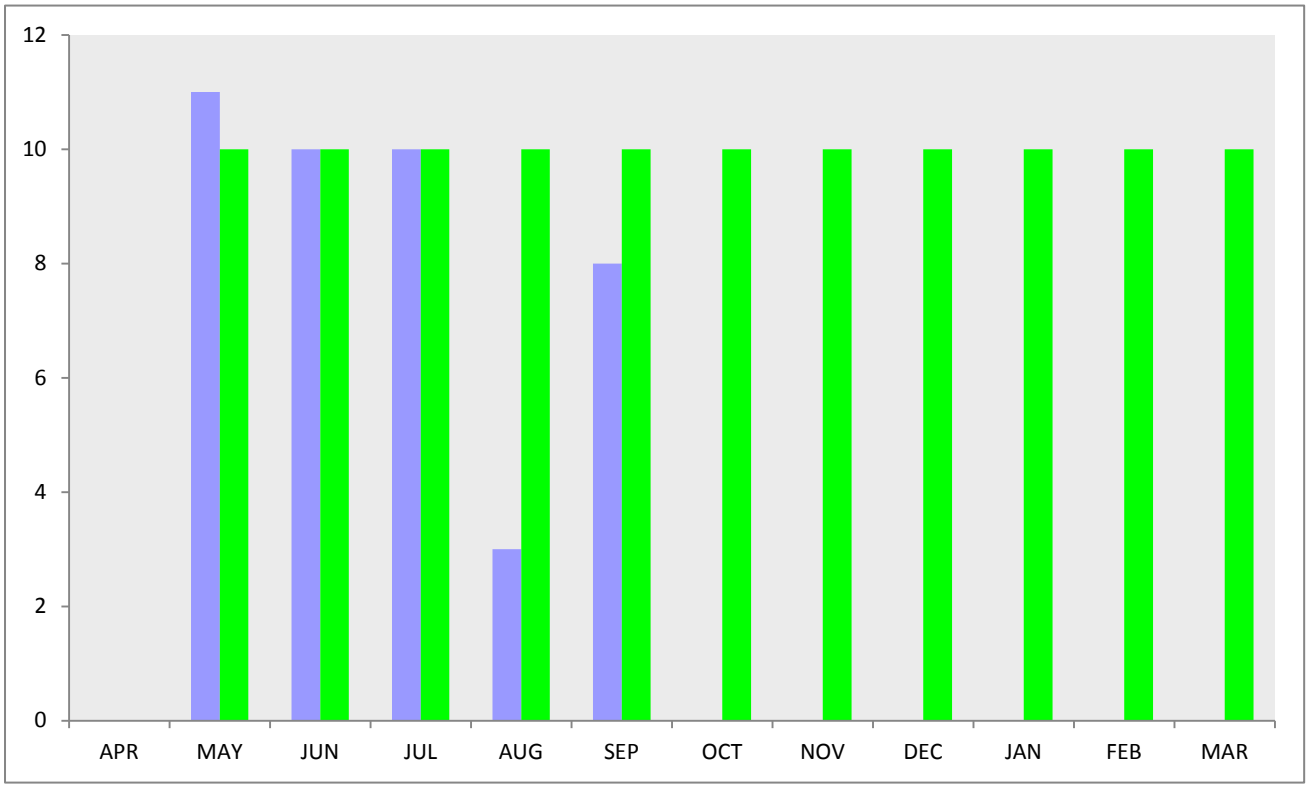
Will this bring performance back on track/reverse the trend? When? Chigwell Construction have been undertaking a small programme of internal works to tenanted properties and a number of these properties have been completed. Details will be supplied to Kwest immediately and these responses will form part of the outturn in February and March – it is anticipated that these will lead to an increase in performance for the remainder of the financial year.

Homes & Neighbourhoods : Major Works

15 Major Works Invoices Issued

BCI

PERFORMANCE				
TARGET	Current	Last	TREND	YTD
10	0		◀▶	42



	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Issued	0	11	10	10	3	8	0	0	0	0		
Forecast	0	10	10	10	10	10	10	10	10	10		
Month Perf		110%	100%	100%	30%	80%	0%	0%	0%	0%		
YTD (%)		110%	105%	103%	85%	84%	70%	60%	53%	47%		

Comments:

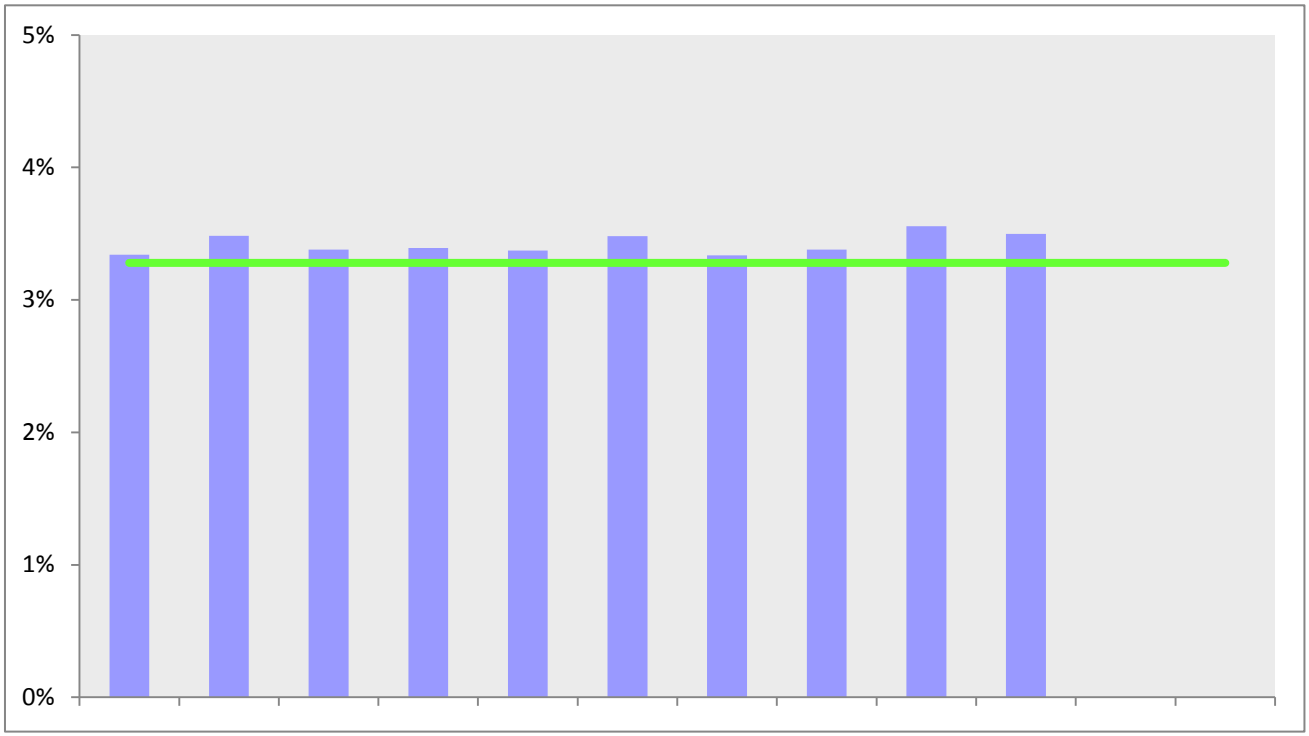
Major Works Invoices Issued
Why has performance missed target/weakened?
We have been in discussions with our Consultants and have agreed to move billing to the Final Account stage, rather than at Practical Completion. Our Consultants are currently compiling this data with a view that billing will recommence in the last quarter of 2016/17.

Organisational : Rents

21 Current arrears as % of rent roll

PERFORMANCE

TARGET	Current	Last	TREND	YTD
3.28%	3.50%	3.56%	▲	3.50%



	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Arrears	£2.61m	£2.73m	£2.64m	£2.65m	£2.64m	£2.70m	£2.58m	£2.64m	£2.77m	£2.73m		
Rent roll	£78.00m	£78.29m	£78.03m	£78.01m	£78.19m	£77.69m	£77.35m	£78.10m	£77.97m	£77.91m		
Month	3.34%	3.48%	3.38%	3.39%	3.37%	3.48%	3.34%	3.38%	3.56%	3.50%		

Comments:

Rent Arrears

Why has performance missed target/weakened?

Rent Arrears as % of rent roll was 3.50% at the end of January. Achieving the 3.28% arrears target will require rent collection above 100%. Current performance against the rent collection target of 100% is 100.6%

What is being done to remedy this?

Recommend reviewing arrears target and re-profiling over 3 years.

When will this be completed?

Subject to review with BDT and approvals

Will this bring performance back on track/reverse the trend? When?

No, the target will re-calculated and aligned more closely with rent collection performance.

Tower Hamlets Homes

MONTHLY PERFORMANCE INDICATORS

January 2017

Organisational : **Service Charges**

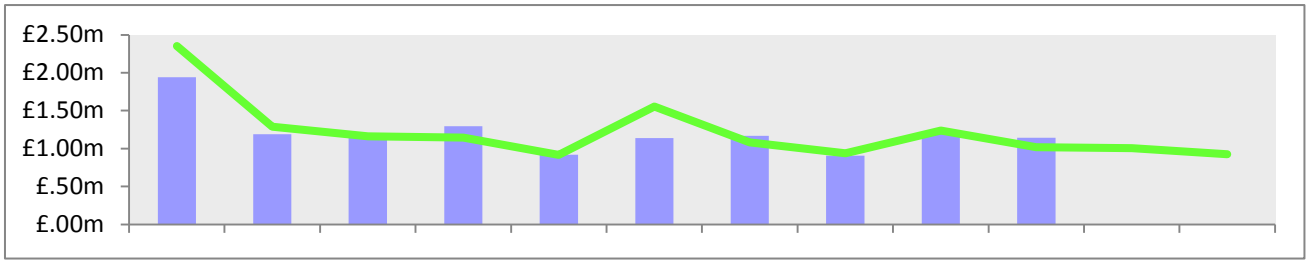
BCI

22 Service Charges Collected

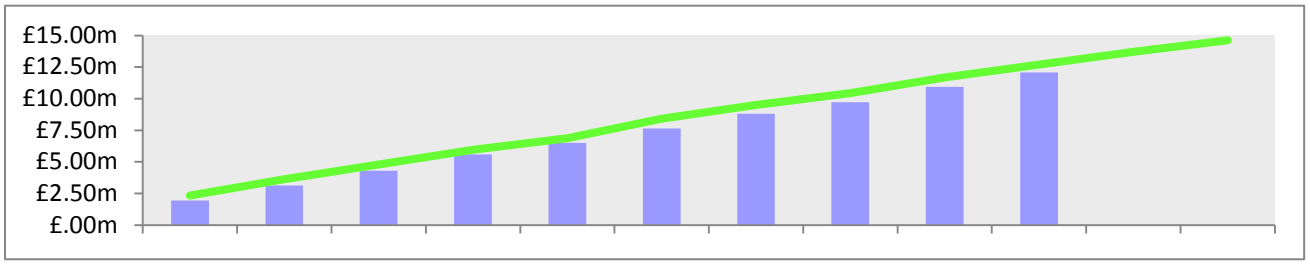
PERFORMANCE

TARGET	Current	Last	TREND	YTD
£1.02m	£1.14m	£1.20m	▼	£12.07m

Monthly Performance Against Monthly Target



Progress Towards Annual Target



Collection	YTD 82.5%	Collected £12.07m	Year-End Projected £14.6m

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Collected	£1.94m	£1.19m	£1.16m	£1.29m	£.92m	£1.14m	£1.17m	£.91m	£1.20m	£1.14m		
Due	£2.35m	£1.29m	£1.16m	£1.15m	£.92m	£1.55m	£1.08m	£.94m	£1.24m	£1.02m	£1.01m	£.92m
Month	82.5%	92.5%	99.8%	113.0%	100.2%	73.4%	107.7%	96.9%	97.0%	112.1%		
YTD	82.5%	86.0%	89.4%	93.9%	94.8%	90.8%	92.7%	93.1%	93.5%	95.0%		
YTD Coll	£1.94m	£3.13m	£4.29m	£5.59m	£6.51m	£7.65m	£8.81m	£9.72m	£10.93m	£12.07m		
YTD Targ	£2.35m	£3.64m	£4.80m	£5.95m	£6.87m	£8.42m	£9.50m	£10.44m	£11.68m	£12.70m	£13.71m	£14.63m
Amended due											£1.34m	£1.22m

Comments:

Why has performance missed target/weakened?

We have been short of target most of the year. Pleased to report we were £123k over target for January (total: £1,143,254) which really bucks the trend. Targets: Feb: £1,005m, March: £923k. So even with improved performance unlikely we will meet the overall target.

What is being done to remedy this?

Recruitment of the establishment permanent Collection Officers is now complete, although secondee now going to Finance. We continue to refer cases for legal action. We are still in the process of appointing a temporary solicitor to start to enforce the near £1m we have judgements on, but have not yet enforced. This should make a difference.

When will this be completed?

Our increased legal referrals will continue throughout the rest of the year.
We are also issuing statements to all leaseholders in February – this will bring in additional income.

Will this bring performance back on track/reverse the trend? When?

It's unlikely as stated above.

Tower Hamlets Homes

Business Critical Indicators & Key Service Indicators

QUARTERLY INDICATORS

Q

Appendix 3
December 2016

			Target YTD	Minimum Sore	YTD	TREND
	Customers					
1	Percentage of issues resolved at first point of contact	BCI	88%	84%	86.2%	▼
2	Percentage of residents agreeing or strongly agreeing with the statement 'THH does what it says it will do'	BCI	78%	74%	78.3%	▲
3	Overall Satisfaction: Residents	BCI	80%	76%	80.9%	▼
4	Overall Satisfaction: Tenants		86%	82%	87.8%	▼
5	Overall Satisfaction: Leaseholders		68%	65%	66.7%	▼
6	Overall Satisfaction: Top 5 Neighbourhoods		NO TARGET		90%	
7	Overall Satisfaction: Bottom 5 Neighbourhoods		NO TARGET		65%	
8	Social Deliverables	BCI				
	Homes & Neighbourhoods					
9	Satisfaction With Caretaking	BCI	85%	81%	84.3%	▲
9a	Satisfaction With Caretaking : Tenants		85%	81%	87.0%	
9b	Satisfaction With Caretaking : Leaseholders		85%	81%	78.0%	
10	ASB: % of cases successfully resolved		87%	83%	87.3%	▼
11	Average No of Days to Complete New Build Lettings		28			
	Organisational					
12	Void Rent Loss as % of Rent Due	BCI	0.8%	0.84%	0.3%	▲
13	Average Days Staff Sickness		9.7	10.19	9.9	▲
14	% of Agency Staff		15%	15.8%	15.8%	▼
15	Staff Turnover		9.5%	10%	2.8%	▼

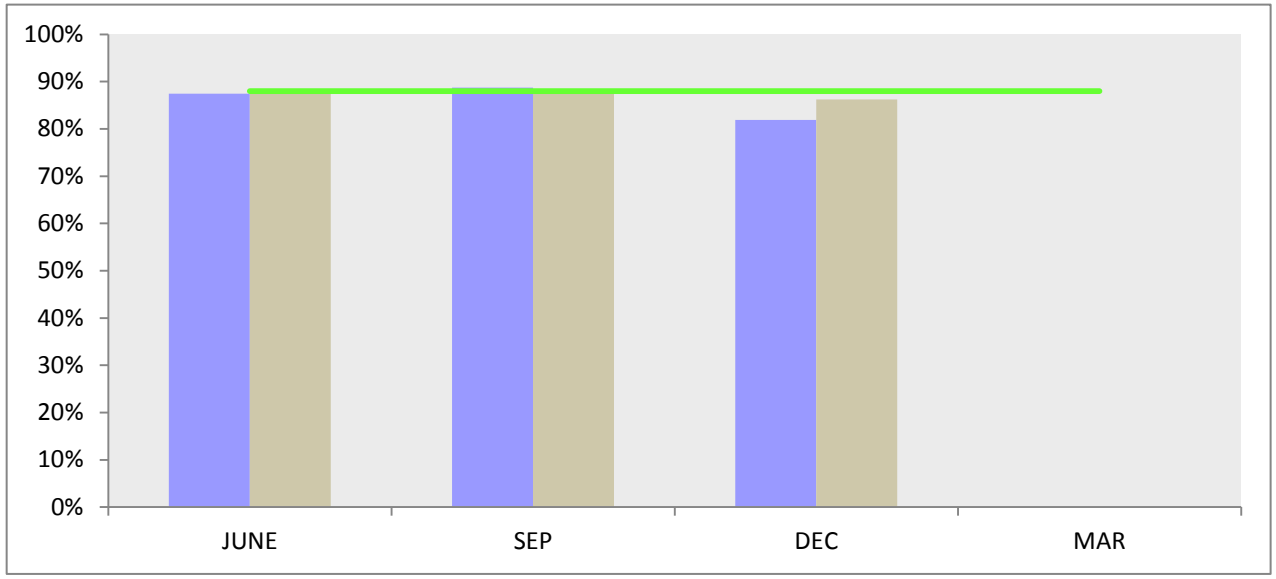
Customers : **Access**

1 **Percentage of issues resolved at first point of contact**

BCI

PERFORMANCE

TARGET	Current	Last	TREND	YTD
88%	81.9%	88.7%	▼	86.2%



	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Res'd 1st time	606	519	434	
Total Resolved	693	585	530	
PERF	87.4%	88.7%	81.9%	
YTD 1st time	606	1125	1559	
YTD Resolved	693	1278	1808	
YTD PERF	87.4%	88.0%	86.2%	

Comments:

Why has performance missed target/weakened?

- 6% of residents (38 respondents) stated that repair outstanding/appointment missed
- 8.6% of residents (55 respondents) stated their non-residential facility application is still outstanding
- Reduction in amount of data sent to KWEST as some new staff have not been recording all interactions on the phone, due to system being slow

What is being done to remedy this?

- Weekly meetings with Repairs team to keep them posted of any issues we are experiencing with resident feedback. Feedback also discussed with Mears & Repairs performance team. We continue to send chase up emails to Mears & include the repairs team for resolution. Where residents have shared negative feedback this is sent to repairs team for resolution.
- Parking backlog worked on through overtime & during the Xmas break, & reduced significantly. Also no further applications taken until the 1st week of January. Overtime continues to be offered & more staff been trained to action applications.

Staff reminded to log all phone interactions. This is being monitored.

When will this be completed?

- Repairs meetings are ongoing so we can keep a close eye on performance & residents feedback
- Non-resident facilities: monitored daily for the reduction of backlog. We hope to be within target for responding to applications by the end of January.

All staff are being monitored on call loggings on a regular frequency. This will be on going.

Will this bring performance back on track/reverse the trend? When?

It is anticipated that target will be achieved for end of Q4.

Customers : Satisfaction

4 Satisfaction with THH - Tenants

[Excellent, Good & Fair Responses Counted]

PERFORMANCE				
TARGET	Current	Last	TREND	YTD
86%	86.6%	90.2%	▼	87.8%

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Nos Satisfied	314	314	290	
Total Asked	362	348	335	
PERF	86.7%	90.2%	86.6%	
YTD Satisfied	314	628	918	
YTD Tot. Asked	362	710	1045	
YTD PERF	86.7%	88.5%	87.8%	

5 Satisfaction with THH - Leaseholders

[Excellent, Good & Fair Responses Counted]

PERFORMANCE				
TARGET	Current	Last	TREND	YTD
68%	65.8%	68.6%	▼	66.7%

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Nos Satisfied	110	116	106	
Total Asked	168	169	161	
PERF	65.5%	68.6%	65.8%	
YTD Satisfied	110	226	332	
YTD Tot. Asked	168	337	498	
YTD PERF	65.5%	67.1%	66.7%	

Comments:
Tenant satisfaction: target met.

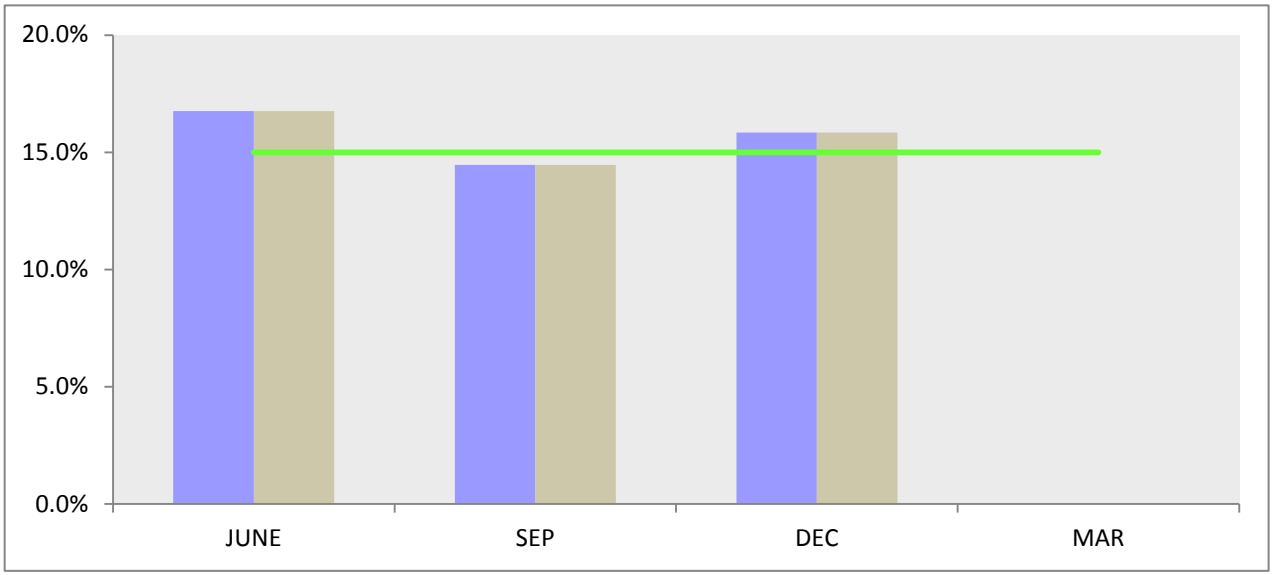
Leaseholder satisfaction:
Why has performance missed target/weakened?
Reduced leaseholder satisfaction correlates with the receipt of service charge bills. Satisfaction in April was 59%, rising to 64% in May and 76% in June. The target was met for Q2.
What is being done to remedy this?
A range of improvement activities are being carried out across the organisation not specifically focused at leaseholders.
When will this be completed?
Improvement activities are ongoing throughout the year.
Will this bring performance back on track/reverse the trend? When?
It is hoped that performance is back on track by the end of Q4.

Organisational : Staff

14 % of Agency Staff

PERFORMANCE

TARGET	Current	Last	TREND	YTD
15.0%	15.8%	14.5%	▼	15.8%



	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Agency Staff	77	79	86	
Total Staff	459	546	543	
% Agency	16.8%	14.5%	15.8%	
YTD Av. Staff	77	79	86	
YTD Av. Total Staff	459	546	543	
YTD %	16.8%	14.5%	15.8%	

Comments:

Why has performance missed target/weakened?

There are roles and activities needed to be covered in the interim pending decisions to recruit on a permanent basis or require reviewing as part of a wider review of structures.

What is being done to remedy this?

An enhanced process has been introduced so that approval to recruitment agency workers has to be authorised at Executive Management Team level.

Roles that could be considered redeployment opportunities for staff that may be potentially displaced are not being recruited on a permanent basis; these are only being filled either via agency or fixed term contracts until the consultation and reorganisation processes are completed

When will this be completed?

By the end of Transformational Change programme – quarter 1 2017 for phase 1.

Will this bring performance back on track/reverse the trend? When?

It is anticipated that following the completion of the restructures this will reduce the number of agency staff. There will be a need for agency workers within environmental services and other front line services to cover absence and give flexibility to the service to meet peak workloads and times

Board of Directors Monday 27th February	Tower Hamlets Homes
Report authorised by: Paul Davey, Director of Business Transformation **Report Author:** Alex Franklin, Business Improvement Programme Manager	**Report type:** For decision
Title: 2017/18 Business Plan	

1. Introduction

1.1. This paper presents a draft of the 2017/18 THH Business Plan for amendment by and approval of the THH Board, in advance of its submission to the Client by 31st March 2017.

2. Recommendation

2.1. That the Board suggest any amendments to the draft 2017/18 Business Plan required before its submission to the Client by 31st March 2017.

2.2. That the Board delegate authority for future amendments to the Chair and the Chief Executive.

3. Background

3.1. Under the terms of the Management Agreement between London Borough of Tower Hamlets and Tower Hamlets Homes, we are required to submit an annual Business Plan to the Client for agreement on or before 31st of March each year.

3.2. In April 2016 THH launched a new three year Business Plan setting out the organisation's goals to the year 2018/19, underpinned by new Vision and Mission statements. This was supported by a one year Service Improvement Plan, financial and performance information, and an overview of the 2016/17 capital programme.

3.3. On 12th September 2016 it was agreed by Programme Board that the 2017/18 Business Plan would adopt a 'light touch' approach, maintaining the existing Vision and Mission and rolling over any incomplete service improvement

objectives.

3.4. The draft presented in this paper reflects the above 'light touch' approach, as well as additional information around current and future plans for Business Transformation and the Digital Strategy.

4. Next Steps

4.1. Following any necessary amendments and finalisation of the 2017/18 BCI position, the Business Plan will be submitted to the Client by 31st March and published in April.

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Introduction

Foreword

Last year we launched our 'Working Together' business plan for 2016-19 and unveiled our new vision for Tower Hamlets Homes in 2019:

Thriving, safe, and sustainable neighbourhoods where residents can be proud of their homes, respect one another, and realise their potential.

The plan set out our goals for 2019 and our specific plans for service improvement in 2016/17. We've achieved a great deal in the year since, improving resident satisfaction with our services to an all-time high of 81 percent. We've also been presented with new challenges and been set an ambitious management fee savings target of £6m over five years by London Borough of Tower Hamlets.

Despite the need for savings, we remain committed to our vision for 2019. We know value for money does not have to come at the expense of service improvement. Now more than ever we need to work together with residents, partners, and the Council to:

- Deliver organisational excellence
- Maintain homes and neighbourhoods to be proud of
- Provide excellent customer service

This document sets out our ongoing plans as we work towards our vision. From the start of 2017/18, we will fundamentally transform THH to save costs, improve services, and modernise our way of working. We have continued to listen to residents and stakeholders to shape our plans. We will prioritise back-office and non-salaried savings to preserve and enhance the frontline services that matter most to our residents. We are maintaining our commitment to a named Neighbourhood Housing Officer for every resident and we are increasing our resources in ASB. We will expand our access options so that residents can reach us and use our services when and where they want.

With the help of partners, we will support vulnerable residents, alleviate social isolation, help to prevent ASB, and assist our residents into work through apprenticeships, graduate schemes, and skills training. We will roll out a new capital works programme that will improve the look, feel, and cohesion of our neighbourhoods so residents can be proud of their homes. We are eager to rise to the task ahead of us and will continue to drive service improvement and create a sustainable future for our residents.

Susmita Sen
Chief Executive
Tower Hamlets Homes

Ann Lucas
Chair of the Board
Tower Hamlets Homes

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Introduction

Our Organisation

Formed as an Arm's Length Management Organisation (ALMO) in 2008, Tower Hamlets Homes (THH) is a not-for-profit company responsible for the management, maintenance, and improvement of over 21,000 homes owned by the London Borough of Tower Hamlets.

Our Shareholder

Our sole shareholder is the London Borough of Tower Hamlets (LBTH).

Our Board

THH is governed by a Board of 12 members. The Board consists of four resident members, four councilors, and four independents.

The Board oversees the delivery of our vision and objectives. They also work closely with the Mayor and the Lead Member for Housing, through monthly bilateral meetings and quarterly Mayor's Housing Meetings, to ensure that our work helps to deliver Mayoral priorities.

Our Vision for 2018/19

Thriving, safe, and sustainable neighbourhoods where residents can be proud of their homes, respect one another, and realise their potential.

The Business Plan

This Business Plan explains the changing context in which we work and provides and update on our plans as we work towards our vision for 2018/19. This includes the Business Transformation Programme, our forthcoming Digital Strategy, and our 2017/18 Service Improvement Plan.

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Context

National Housing and Welfare Policy

Since we published our 2016-19 Business Plan in April 2016, the national policy context for social and affordable housing has come into clearer view. In May 2016, the Queen gave royal assent to the Housing and Planning Bill, which is now an Act of Parliament. In January 2017, a programme of implementation dates for key measures in the Act was circulated to the House of Lords. A number of these measures and other associated reforms will have a significant impact on the LBTH Housing Revenue Account (HRA) and our services.

Sale of Higher Value Voids

All stock holding local housing authorities will be obliged to consider selling their 'higher value' properties when they become empty. Local authorities will pay the Treasury a set figure each year that will be calculated on the basis of presumed sales. The starting year for this measure has yet to be set.

The definition of 'higher value' properties is subject to parliamentary approval. It is anticipated that the definition will be proportional so as to ensure that local authorities in competitive housing markets are not obliged to sell the majority of their stock to fund the annual Treasury payment.

It is not yet known whether the definition of 'higher value' properties will be set on a per-authority basis or over wider areas – e.g. one definition for all of Greater London. This distinction is critical to determining the proportion of stock that will be affected by the policy.

The Act provides scope for future regulation exempting certain properties from consideration in the annual Treasury payment such as properties with OT modifications or properties with demonstrably high demand on the local housing register.

In Greater London, at least two units of affordable housing will be provided for each higher value property sold. The replacement units are not required to be in the same authority and are not required to be a tenancy match for the sold property. It is anticipated that starter homes will meet this replacement requirement. As such, this possibly will stand to reduce both the HRA and the boroughs total social housing stock.

High Income Social Tenants (Pay to Stay)

Tenants with a household income over £31,000 outside London and £40,000 in London will be subject to rent increases, capped at 15p for every pound earned above the threshold. All additional income will be held by the treasury.

In November 2016 it was announced that this policy will be discretionary both for housing associations and for local authorities. Under the Housing Act 1985, functions performed by ALMOs are treated as if they were carried out by the local authority. The Pay to Stay policy is therefore discretionary and LBTH have no plans to implement the policy at this time.

Tenancy Duration

From Autumn 2017, fixed term tenancies will be mandatory for new Council tenants. Future regulation will determine when local authorities can offer further lifetime

tenancies to existing tenants applying to move home. Increased turnover of tenants will incur additional administrative costs and loss of rent during the re-let period.

One percent Rent Reduction

In addition to the above provisions of the Housing and Planning Act, the yearly one percent rent reduction over four years, introduced in the Government's 2015 Spending Review, remains in place. This represents a loss to the HRA of £24m in rental income over four years and a loss in excess of £400m over 30 years, including inflation.

Welfare Reform

The transition from Housing Benefit, which over 60 percent of our tenants receive, to Universal Credit will affect rental income. Pilots have shown an increase in rent arrears, as tenants previously in receipt of Housing Benefit are required to make their own payment arrangements. From 2019 the government will cap the housing component of Universal Credit to the relevant Local Housing Allowance, which is the rate paid to private renters. The policy will apply to tenancies signed after 1 April 2016. Social tenants may be required to pay more rent from their own earnings and this too could lead to an increase in rent arrears if tenants are not properly prepared and supported.

London Borough of Tower Hamlets (LBTH) Priorities

Just as the national policy scene has come into focus since last year, so have the priorities of our sole shareholder: London Borough of Tower Hamlets.

The Tower Hamlets Partnership Community Plan 2015 sets out the Council's vision for Tower Hamlets as:

- A Great Place to Live
- A Fair and Prosperous Community
- A Safe and Cohesive Community
- A Healthy and Supportive Community

In addition to the Community Plan, in December 2016 the Council published its 2016-21 Housing Strategy. The plan sets out the Council's vision for housing in the borough. The Council wants to ensure that:

- There are housing choices for all sections of our diverse community
- The homes people live in are in a decent condition, warm, and weather-tight
- The most vulnerable people's housing needs are met in a fair and inclusive way
- All homes are in safe, prosperous, and thriving neigbourhoods
- That LBTH's response to housing issues is measured and achieves value for money.

To mark the launch of the Council's Housing Strategy, THH has signed the Tower Hamlets Housing Covenant. The Housing Covenant sets out a commitment for LBTH, THH, and Registered Providers with homes in the borough to work together to:

- Provide quality value for money housing services

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- Share a commitment to Tower Hamlets residents
- Maximise the supply of affordable housing and housing options

Covenant signatories will:

1. Listen to and respect residents' views
2. Respect diversity and provide inclusive services
3. Operate transparently and openly; and work cooperatively with properly constituted and representative resident groups
4. Respond to Members' Enquiries and information requests within published timescales
5. Ensure residents live in warm, safe, weathertight and decent homes
6. Remedy resident repair requests in an appropriate and timely manner
7. Actively participate in tackling Anti-Social Behaviour
8. Be members of the Common Housing Register
9. Evidence value for money in service provision
10. Share key performance data to identify and share best practice
11. Maximise opportunities for residents to take-up work, training and apprenticeships
12. Identify opportunities for Right-to-Buy receipts generated in the Borough to be invested in new housing in Tower Hamlets

The Council will support signatories by:

1. Providing a named officer as first point of contact
2. Offering a meeting with senior officers to discuss issues of importance
3. Supporting their investment in new housing in Tower Hamlets, so maximising the supply of affordable homes

We have worked to ensure that our ongoing transformation and improvement plans address our shared objectives with the Council and other providers as part of the Covenant.

HRA Savings Requirements

In addition to delivering services in line with the Council's vision and the terms of the Tower Hamlets Housing Covenant, THH is a key partner in mitigating the risks to the HRA posed by national housing policy. As such, LBTH has set a five year management fee savings target for THH of £6m, starting in 2017/18.

The savings will be achieved through our Business Transformation Programme. Savings will be front loaded – with £2m delivered in 2017/18 and an additional £1m per year for the following four years – and will not come at the cost of service improvement. For more detail on our Business Transformation Programme, see the 'Delivering Our Vision' section, pp.9-11.

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Tower Hamlets Homes in 2017

Our Vision and Mission

In April 2016 we published our 2016-19 Business Plan. In it we set out a new Vision and Mission for where we want to be by the end of 2018/19.

In the year since, the national policy context has continued to change and London Borough of Tower Hamlets has set new savings requirements for us to deliver. However, we remain committed to our vision of where we want to be in 2019:

Thriving, safe, and sustainable neighbourhoods where residents can be proud of their homes, respect one another, and realise their potential.

We will continue to work with residents, partners, and the Council to:

- Deliver Organisational Excellence
- Maintain Homes and Neighbourhoods to be Proud of
- Provide Excellent Customer Service

Our Performance

Since we set out to deliver our vision last year, resident satisfaction with our services has reached 81 percent. That is the highest overall resident satisfaction figure we have achieved since THH was founded in 2008. This increase in satisfaction over the last year was driven by improved performance in a number of areas:

Repairs

We keep a higher percentage of repairs appointments and complete more repairs right first time than we did a year ago. More tenants rate our repairs service as excellent, good, or fair.

Housing Management

We re-let empty homes faster and collect a higher percentage of rent due than we did a year ago. More tenants rate our caretaking service as excellent, good, or fair.

ASB

We resolve more cases successfully than we did a year ago.

Customer Access

Complaints are down 30 percent year over year. We answer a higher percentage of calls and escalate fewer complaints from stage one to stage two than we did a year ago.

HR

Staff turnover has decreased and staff take fewer days sick leave on average than they did a year ago.

For a full breakdown of our performance against all Business Critical Indicators (BCIs) and our targets for 2017/18, see Appendix 4. For our progress against our 2016/17 Service Improvement Plan, see Appendix 2.

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Tower Hamlets Homes in 2017

Our Residents

LBTH is a diverse borough, with residents of over two hundred different nationalities, the lowest percentage of over 65s of any borough in the UK, and the second highest average salary in the UK.

THH's residents reflect the diversity of the borough as well as its more vulnerable demographics:

- Nearly 60 percent of residents are from a BME background
- 17 percent of tenants are over 65
- 20 percent of THH households have yearly income below £15,000
- Close to half of our homes are owned leasehold
- Over half of leaseholders are non-resident
- Almost 10 percent of 16 to 24 year old residents are unemployed

With such a diverse profile of residents naturally comes a diverse range of needs. In 2015, to ensure that our vision for 2019 accurately reflected the priorities of all of our residents, we held in person engagement sessions with representatives from four key groups: leaseholders, vulnerable tenants, BME women, and young people. We also expanded our outreach to include online engagement.

In 2016 we have again consulted with residents on our ongoing plans to deliver our vision. Our Executive Management Team offered the THH Residents' Panel and all THH Tenants and Residents' Associations (TRAs) an opportunity to hear our plans for Business Transformation in 2017/18 through a number of focus group sessions. These sessions also gave TRA members the opportunity to give us their views first-hand.

Thanks to the active participation of our TRA members, a number of themes emerged as priorities for inclusion in our ongoing improvement plans:

Accountability	-	Be clear with residents and staff about who does what
Neighbourhood Housing Officer (NHO) Patches	-	Clarify the role of NHO staff, preserve an areas based system, ensure all residents have a named NHO
Quality Assurance	-	Actively manage contractors to make sure we get good value for money
Access Choice	-	Online services for those who want them, with traditional access methods preserved for those who don't
ASB	-	Allocate more resources to the ASB team
Enforcement	-	Take action against residents whose behavior is costing THH and others money

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Our Staff

It's important that our workforce reflects the community we serve, helps THH to achieve its vision for equality and diversity, and tackles priority service improvement areas for residents. In our workforce of 470 staff:

- 3 percent are under 25
- 18 percent are over 55
- 52 percent of staff are BME
- 34 percent of staff are women
- 21 percent of staff are of Muslim faith
- 3 percent of staff identify as LGBT
- 3 percent of staff have declared a disability

In 2015 we conducted a staff survey to help us understand our workplace culture and the areas where staff felt we could improve. Last year, in response to the results of this staff survey, we launched a new People Strategy to help staff realise their potential, improve performance, and deliver the very best service to our residents.

This means improving our business and our people by:

- Raising Standards
- Removing obstacles
- Providing leadership excellence
- Engaging and managing a diverse talent pool
- Creating organisational stability and promoting well-being
- Having a customer-centric and learning organisation

As part of the People Strategy, our Excellence Competency Model sets out how we expect staff, managers, and senior managers to behave. The Excellence Competency Model consists of five core competencies:

Customer Excellence

Providing excellent customer service in a timely manner

Working Together for Excellence

Cooperating with others for the overall benefit of residents and THH

Planning & Prioritising Excellence

Planning and prioritising workloads and making the best use of resources

Delivering Excellence

Taking responsibility and ownership of decisions

Striving for Excellence

Keeping up to date with changes and learning lessons from past situations

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Delivering Our Vision

Business Transformation Programme

LBTH has set a management fee savings target for THH of £6m over five years, with £2m in savings in 2017/18 and a further £1m each year for the following four years. In spite of these savings requirements, we remain committed to delivering our vision for 2019.

Our residents deserve thriving, safe, and sustainable neighbourhoods where they can be proud of their homes, respect one another, and realize their potential. To deliver that vision with fewer resources at our disposal, we must fundamentally change how THH operates. This change will be delivered through the rolling Business Transformation Programme.

The Business Transformation Programme aims to improve our performance across the board, reduce costs, and modernise our customer access channels. The programme consists of reviews and restructures of all THH service areas. All reviews are underpinned by the same core principles:

- Creating clear lines of accountability to residents, staff, and managers
- Achieving value for money and cost savings via efficient staffing structures, streamlined processes, and the elimination of waste
- Increasing resources where they are most needed
- Creating a 'right first time' culture where staff are accountable and responsive to residents and members
- Raising THH's profile as a place to work
- Delivering THH and the Council's priorities
- Improving technology to achieve our goals
- Delivering customer access choice
- Recognising the diverse needs of our residents, including leaseholders
- Consulting with staff and residents early and often

To minimize disruption to services, we have adopted a phased approach to reviews. We have prioritised back office savings while preserving front line services, maintaining our commitment to a named Neighbourhood Housing Officer for every resident and increasing our resources in ASB.

Restructures Launching Q1 2017/18

Structural changes to the following service areas were set out in consultation meetings with staff and trade unions at meetings in November 2016:

- Repairs Service
- Health and Safety
- Management of Neighbourhood Services
- Antisocial behaviour Team

And in December the same consultation process began for the following services within the Business Transformation Directorate:

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- Business Development
- Resident Engagement
- Complaint Resolutions

The period of staff consultation on these proposals ended in January 2017. Changes to the above service areas will be live in Q1 2017/18. The changes are as follows:

Neighbourhood Services [Phase 1]

- Combining the Stepney Wapping and Bow Poplar Neighbourhood Areas, reducing the total number of Neighbourhood Areas to two
- Reduction to two Neighbourhood Area Managers
- Reduction to four Neighbourhood Team Leaders
- Creating a specialist Voids Team, with dedicated Voids Team Leader
- A net decrease of four posts

Anti-Social Behaviour

- Four ASB Officers dealing with tenancy based nuisance across two area teams
- Aligning ASB areas with the new Neighbourhood Areas to facilitate better joint working between the two teams
- Creating a new estates team with three officers covering drug and gang related incidents and working later hours, so we can provide support when residents need it
- Adding three ASB Liaison Officers who will support the above teams and directly handle residents' calls so they get the right expertise at their first point of contact
- Creating an ASB Team Leader to manage the new estates team and the ASB Liaison Officers
- An increase of the ASB team by four posts

Repairs

- Creating two area teams covering both contract management and inspections
- Aligning repairs areas with the new Neighbourhood Areas to facilitate better joint working between the two teams
- Surveyors will move from the M&E team to the area teams
- A net decrease of three posts

Health & Safety

- Shifting to strategic and advisory function
- Four posts deleted and replaced by:
    - Two Health & Safety Advisers
    - Health and Safety Support Officer
- Net decrease of one post

Business Development, Resident Engagement, and Complaint Resolutions

- Establishing a new section – Scrutiny and Resident Feedback – that brings together related activities concerned with understanding what residents think of

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and want from our services so that this information can be used to drive improvement

- Creating a dedicated Community Partnership section to focus on delivering prioritised community investment objectives and supporting TRAs to become more self-sufficient
- Creating a Business Development Section that takes the organisational lead on improving services based on service reviews that are informed by business and customer data analysis and establishing robust service policies and procedures
- Moving away from a dedicated equality and diversity role; embedding the strategic lead within a new policy role and mainstreaming equalities analysis with wider business analysis expertise
- Redefining roles for policy and performance functions in the Business Development team
- Creating a Resident Feedback Officer role with a broader remit than that of the current Strategic Engagement Officer position to bring together and harness greater understanding of the feedback residents provide
- A smaller central team working on complaints in recognition of the shift in ownership of resolving and responding to complaints and MEs and the opportunity of utilising the Housing Service Centre to lead on recording and assigning cases
- A net decrease of five full time posts and one part time post in 2017/18, and two posts in 2019/20

Future Transformation

The next phase of the Business Transformation Programme is a review of the role of Neighbourhood Housing Officers. The review will amend the responsibilities of Housing Officers to reflect changes in other areas of the business, such as the creation of a dedicated voids team and the new Scrutiny and Resident Feedback team. As stated previously, we will maintain our commitment to a named Neighbourhood Housing Officer for every resident.

Early in 2017/18, we will review support staff in operational teams, as well as further back office teams including Finance, Resources, Communications, and Human Resources.

Non-Salaried Savings

In addition to service reviews, the Business Transformation Programme will achieve significant non-salaried savings through the implementation of a new accommodation strategy and changes to some service-level agreements. For a full forecast of savings to be delivered by the Business Transformation Programme, see the Management Fee Savings Tracker in Appendix 1, p17.

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Digital Strategy

Delivering improved services on a smaller budget means doing more than reorganising and reducing staff: we also have to work more efficiently. In 2017/18, to support the delivery of our Business Transformation Programme, we will develop a Digital Strategy. The Digital Strategy will complement the Transformation Programme by modernising our use of technology in three key respects:

For Residents

We plan to offer a range of access choices so that residents can reach us how they want and when they want. We will maintain our existing customer access channels in person and over the phone, while enhancing our digital offer. This will include a simple and easy to use self-service portal, which we have trialled in Q4 2016/17 and will roll out on a wider basis going forward. We will also make more information available for residents to access online, such as future capital works programmes and service charge statements for leaseholders.

For Staff

We will remove obstacles so that staff can work more efficiently. We will implement remote working solutions so that Neighbourhoods and Repairs staff can work more effectively when out on visits and inspections. Staff will be able to raise orders and make appointments seamlessly even when away from their desks, cutting down resident wait times and increasing staff capacity when they return to their offices. We will also update our data collection processes to ensure compliance with incoming regulation. We will streamline our backend databases and contract management systems, aligning our approach across departments and making it easier for staff to find and update customer information as necessary.

For Communication

We currently use social media for very limited communication and are not maximising the opportunity that a breadth of access and communication channels can offer. In future, our social media content will have four key objectives:

Inspire	-	Encourage residents to take control or do something, for example household budgeting, or taking on tenant responsibility repairs
Act	-	Encourage the completion of a transaction, such as rent payment or reporting a repair online
Participate	-	Provide feedback or getting residents involved, for example through employment and volunteering, surveys, sharing tips
Validate	-	Use examples such as case studies and customer stories that reaffirm our messages

As well as updating our approach to contacting residents on social media, we will update how residents use social media to contact us. In future residents will be able to use their preferred social media channel to reach us and receive a rapid response. For basic queries we will be able to direct residents to our new self-service option. For more complex queries a staff member will be able to resolve the issue. The experience will be consistent across devices and channels. Staff will be supported

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with resources and set-responses so they can provide correct information quickly and forward queries between teams effortlessly.

2017/18 Service Improvement Plan

Last year we launched a 12 month Service Improvement Plan consisting of 10 projects across a range of service areas. For a full update on our progress against this plan, see Appendix 2.

We are confident that our Business Transformation Programme and Digital Strategy will deliver significant improvements in our services. However, we recognise that residents should not have to wait for improvements while we transform.

As such, this year we will carry forward six service improvement projects. These projects will resolve outstanding milestones from last year's plan and achieve a number of new objectives for 2017/18. Our full Service Improvement Plan for the year, with detailed milestones and timelines, can be found in Appendix 3. Below is a sampling of what we will look to achieve this year:

1. People Strategy

We will support organisational change with the ongoing rollout and expansion of our People Strategy. Our competency model will continue to ensure that our organsation is learning, customer-centric, and delivers excellence. We will raise the standards of our leadership by registering team leaders and supervisors with the Institute of Leadership and Management. We will launch a reward and recognition programme to recognise staff demonstrating key competencies. We will nurture young talent through an apprenticeship and work experience scheme that is currently being negotiated with the Council, as well as new graduate and talent management schemes.

2. Capital Works

This year we will begin consultation on our new Better Neighbourhoods programme. Better Neighbourhoods is a programme of major works schemes to be delivered over five years, commencing in April 2018. Better Neighbourhoods takes a holistic approach to maintaining homes and neighbourhoods to be proud of. The programme includes a range of external and internal works to improve the look and feel of our blocks and neighbourhoods while also ensuring that homes are weather-tight:

- External works to blocks not in the Decent Homes programme
- An external street property programme
- Internal decorations including stairwells and lobby areas
- External decorations including blocks walls and windows
- Fire risk assessments and works
- A small programme of internal kitchen and bathrooms works where required

We will consult with tenants and leaseholders this year to ensure they are aware of forthcoming works and charges in good time. The programme will be delivered with improved joint-working between THH teams: Repairs and Neighbourhoods staff will attend initial block walkabouts and will be able to add any repairs they are aware of to the programme. Subject to final procurement and negotiations with the Council, our contracts for the Better Neighbourhoods programme will deliver 160 apprenticeships to LBTH residents.

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3. ASB

ASB continues to be a top priority for our residents and stakeholders. In 2017/18 we will relaunch our expanded ASB team. The team will handle ASB calls directly so that residents get through to the expertise they need right away. We will provide additional security on estates through a long-term contract with a mobile security company, as well as the work of our new ASB estates team. As well as combatting ASB that takes place on our estates, we will increase our efforts to prevent ASB through a youth diversionary project and planned estate improvements using capital and revenue budgets.

4. Community Partnership

The new Community Partnerships team will deliver a number of initiatives in 2017/18. We will continue to develop Corporate Social Responsibility partnerships with private sector partners. We will help young people avoid ASB through a diversionary project. We will complement the work of THH's welfare reform team and other local partners to get young adult residents into work through an employability scheme. We will tackle social isolation through a targeted scheme supporting some of our most vulnerable residents.

5. New Deal for Leaseholders

In 2017/18 we will launch our New Deal for Leaseholders. The New Deal will allow leaseholders access to a range of online services, including online statements and a 5-year forecast of capital works. We will work to facilitate leaseholders being able to purchase gas servicing, minor repairs, and other services directly from our contractors.

6. Customer Offer

We know that accountability and clarity is important to our residents. We will clarify residents' rights and responsibilities through a re-launch of our Customer Offer. We will revise and consolidate our online service standards and rights and responsibilities materials. We will launch an external communications campaign clarifying for residents what we expect from them in maintaining homes and neighbourhoods to be proud of, as well as what they can expect of us. We will also launch an internal campaign empowering staff to enforce measures where residents are not meeting responsibilities, taking action against those who cost THH and other residents money.

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Appendix 1:
Resources

2017/18 - Management Fee

	2016/17 £m	2017/18 £m
Income		
Management Fee	-33,376	-31,946
Other Income	0	-213
Total Income	-33,376	-32,159
Expenditure		
Employee Costs	20,562	21,176
Agency Costs	601	720
Other Employee Costs	250	350
Non Salary	5,637	3,873
SLAs	6,576	6,040
Total Expenditure	33,626	32,159
Total	**250**	**0**

Our management fee for 2017/18 will be £32m and will enable the business to continue managing delivery of housing management services, repairs, and maintenance and capital works. The management fee is our single source of income and comes from the HRA which itself is predominantly financed by tenant rents and leasehold service charges. In 2016/17 we budgeted for a small loss because of the need to support service improvement and business transformation work throughout the year.

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Tower Hamlets Homes

Appendix 1:
Resources

Medium Term Financial Outlook

Housing Revenue Account	2017/18 £m	2018/19 £m	2019/20 £m	2020/2021 £m	2021/22 £m
INCOME					
Dwelling & non dwelling rents	(69,651)	(70,504)	(70,623)	(72,025)	(73,503)
Tenant & Leaseholder service charges	(20,730)	(21,228)	(21,843)	(22,410)	(22,858)
General Fund contributions	(115)	(115)	(115)	(115)	(115)
GROSS INCOME	**(90,496)**	**(91,847)**	**(92,581)**	**(94,550)**	**(96,476)**
EXPENDITURE					
Repairs & Maintenance	22,163	22,307	22,717	23,159	23,507
Supervision & Management	23,339	24,905	25,180	24,729	26,117
Special Services, Rents rate & taxes	14,898	14,824	14,991	15,214	15,397
Increased/(Decrease) provision for bad debt	600	700	1,000	1,000	1,000
Capital financing charges	18,496	19,486	21,102	22,184	22,899
Sale of High Value Voids levy	0	8,400	8,820	9,261	9,724
Pay to stay levy	0	0	0	0	0
GROSS EXPENDITURE	**79,496**	**90,622**	**93,810**	**95,547**	**98,644**
NET COST OF HRA SERVICES	(11,000)	(1,225)	1,229	997	2,168
Investment Income Received	(610)	(418)	(346)	(322)	(306)
Appropriations					
Revenue Contribution to Capital Outlay (RCCO)	23,624	14,267	0	0	0
NET POSITION	**12,014**	**12,624**	**883**	**675**	**1,862**
Balances					
Opening Balance	(43,060)	(31,046)	(18,422)	(17,539)	(16,864)
(Surplus)/Deficit on HRA	12,014	12,623	883	675	1,862
Closing Balance	**(31,046)**	**(18,423)**	**(17,539)**	**(16,864)**	**(15,002)**

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Tower Hamlets Homes

Appendix 1: Resources

Management Fee Savings Tracker

DESCRIPTION	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL
	£m	£m	£m	£m	£m	£m
TARGET EFFICIENCIES						
Release of Contingency & Corp Budgets	-1,233	0	0	0	0	**-1,233**
Operational Efficiencies	-1,311	-531	-360	0	0	**-2,202**
Sub Total	-2,544	-531	-360	0	0	**-3,435**
ADDITIONAL INCOME						
Rechargeable Salaries	-188	0	0	0	0	**-188**
Interest on Income	-25	0	0	0	0	**-25**
Sub Total	-213	0	0	0	0	**-213**
GROWTH						
Pay Award, NI & Pension Increase	301	0	0	0	0	**301**
Operational Costs	844	0	0	0	0	**844**
HSC Agency Costs	119	0	0	0	0	**119**
SLA Realignment	63	0	0	0	0	**63**
Sub Total	1,327	0	0	0	0	**1,327**
ACCOMMODATION COSTS						
Cost of moving & fit out	0	0	0	0	0	**0**
Savings from move	0	-750	0	0	0	**-750**
Sub Total	0	-750	0	0	0	**-750**
TARGET SAVINGS	**-1,430**	**-1,281**	**-360**	**0**	**0**	**-3,071**

The above table reflects £4.3m of planned savings over the next five years to 2022, accounting for inevitable growth of £1.3m. A further £1.7m will be delivered through IT, procurement, and accommodation savings.

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Tower Hamlets Homes

Appendix 1:
Resources

Indicative Capital Programme 2017/18-2021/22

Budget Areas	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Better Neighbourhoods Programme	30,700	13,177	12,966	12,899	12,608
Fire Safety	1,500	2,000	2,500	3,000	3,500
Fencing and Security	230	600	600	600	600
Lifts	3,450	1,950	1,950	1,950	1,950
Door Entry	1,950	2,114	2,114	2,114	2,114
Mechanical (Boosted Water, Comm Vent, Water Tanks)	540	888	888	888	888
Communal Heating	300	5,129	5,129	3,419	1,710
Electrical	250	1,500	1,500	1,500	1,500
Electrical heat metering	250	100	100	100	100
Communal Play Areas	30	50	50	50	50
Aerials/IRS	-	90	90	90	90
Planned Domestic Boiler Replacement	-	1,467	1,467	1,467	1,467
Capitalised Voids	1,500	1,500	1,500	1,500	1,500
Emergency Domestic Boilers	200	100	100	100	100
Disabled Adaptations	500	500	500	500	500
Capitalised Salaries	650	650	650	650	650
Overcrowding Initiatives	1,000	1,000	1,000	1,000	1,000
Contingency	500	-	-	-	-
Total	**43,550**	**32,815**	**33,104**	**31,827**	**30,327**

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Appendix 2:
Our Achievements in 2016/17

This section summarises our progress against our Service Improvement Plan for 2016/17. The plan comprised of 10 projects, each with a number of individual milestones.

2016/17 was the first year that we set out our annual improvement objectives in this style and the plan has been a great success, with 50 of 65 milestones complete or closed down. Incomplete milestones have been rolled into the 2017/18 Service Improvement Plan [Appendix 3, pp. 26-27], which also includes a number of new objectives.

Future Operating Model	
Milestone	**Delivery Update**
Existing operating model reviewed and proposed new models reviewed by Board by Q2	This project has been re-launched as the Business Transformation Programme. See the 'Delivering Our Vision' section, pp. 9-11 for a comprehensive update on the status of this project.
Staff, resident, and stakeholder consultation complete by Q3	*See Above*
New model live by Q4	*See Above*
People Strategy	
Milestone	**Delivery Update**
Design and launch competency model Q1	The competency model was launched on target.
Training, induction, recruitment, and appraisal materials to reflect competency model Q2	Training, induction, recruitment, and appraisal materials have been updated.
Design and launch reward and recognition programme Q3	The reward and recognition programme launch has been postponed to Q2 2017/18 due to high demand for HR resources to support the Business Transformation Programme.
Decision-making charts in place Q3	Decision-making charts and workflows for teams will be produced following the implementation of new structures as part of the Business Transformation Programme. This is no longer an HR function and will be delivered by the teams concerned, with Business Development Support where appropriate.
Team building sessions complete Q4	A rolling programme of team building sessions has begun, starting with the Housing Service Centre and Leasehold Teams.
Inter-team building sessions complete Q4	A rolling programme of inter-team building sessions has been scheduled. It will commence following the implementation of new structures as part of the Business Transformation Programme.
Back-to-floor exercise launched Q1	Back-to-the floor exercises have launched, with senior leadership spending days working with frontline staff.

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	The exercises have been well received and continue to run.
Quarterly roadshows launched Q1	Quarterly staff roadshows have launched and are ongoing. These sessions serve as an opportunity for EMT to share strategic news with staff and for staff to pose their questions directly to management.
Review employee value proposition Q4	A review of the employee value proposition, with a view to making THH a more attractive place to work, began in Q4.
New Business Opportunities	
Milestone	**Delivery Update**
Assess the feasibility of establishing a private lettings agency Q1	The feasibility study has been completed. A recommendation not to proceed went to the Council in October, with alternative measures for tackling rogue landlords suggested.
Decision on timing of transfer of management of temporary accommodation Q1	LBTH has concluded staff consultation, following which they will discuss with us the timetable for transfer. This milestone will not roll into the 17/18 Service Improvement Plan, but will be covered through the Business Transformation Programme (pp. 9-11)
Assess the feasibility of marketing and delivering services to other local RPs and LBTH Q4	It was agreed to close down this milestone so that the Business Development team could focus resources on the Transformation Programme.
Customer Access	
Milestone	**Delivery Update**
Decision on whether or not to integrate the HSC and RCC made Q1	It was agreed that the HSC should take on repairs call handling from the RCC.
Pending decision, Repairs and Housing Management processes re-engineered Q2	Some processes have been reengineered. Other work is planned as part of the Business Transformation Programme and Digital Strategy.
RCC integrated with HCC Q3	Completed on target.
Draft channel shift strategy complete Q1	The draft channel shift strategy has been composed. Its recommendations will be implemented in through the Digital Strategy (pp. 12-13)
Revised customer contact details update process in place Q3	Collection of Customer Info is ongoing via: • Housing Service Centre • Settling in and Getting to Know You visits • Continued increase in collection of Resident e-mail addresses Continued revision of customer contact collection processes is needed in 2017/18 to meet the requirements of the revised Data Protection Act 2018. This milestone will not roll into the 17/18 Service

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	Improvement Plan, but will be covered through the Digital Strategy (pp. 12-13)
Leasehold subletting audit feasibility study complete Q3	Examination of 2013 research carried out by THH indicates that there is significant population churn within the leaseholder portfolio. An estimated 45 percent of non-resident leaseholder properties see a change of resident within a year or so. This turnaround raises questions as to the resources needed to keep this up to date and to the purpose of the project. A benchmark process identified a similar project in Islington in which staff went "door to door" with sub tenants. The project failed to gain a significant interest amongst sub-tenants and was scrapped. Given the transitory nature of subletting contacts, the recommendation from this project is to strengthen the quality of Leaseholder contact information.
Welfare reform data process collection in place Q4	Data sharing process in place with LBTH DWP Liaison Officer. Welfare Reform GCX Email account set up to retrieve email notification. List of claimants who will be impacted by Benefit Cap received.
Major Works	
Milestone	**Delivery Update**
New suite of KPIs to measure contractor performance in place Q1	New measures are in place on KWEST and contractor KPIs are regularly validated by the Property Services Business Information team.
Draft Asset Management Strategy submitted to Cabinet Q3	The five year asset management strategy has been viewed at QSM where it was approved by the Client. Escalation to Cabinet was deemed unnecessary.
Keystone information for 5 year capital programme produced Q1	Keystone information for the 5 year capital programme was produced on target.
Verification surveys complete Q2	Verification surveys for the 5 year capital programme were produced on target.
5 year capital programme submitted to Cabinet Q3	The 5 year capital plan has been drafted and was submitted to the Client in Q3 as a 5 year plan of buildings with a budget profile, so as to dovetail the programme with new procurement strategy approved by Board and EMT December 2016. Client to decide on Cabinet reporting.
Consultation on 2017/18 major works to begin Q4	2016/17 programme has slipped due to need to close down over 100 unfinished blocks from year 5 of DH. Consultation in key blocks started in Q3 and will complete in Q4. Consultation on 17/18 programme will

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	start in summer 2017 to fit procurement timetable.
Above consultation completed by end of Q4	As above, consultation on 17/18 programme will start in summer 2017 to fit procurement timetable.
H&S work plans (FRAs) for all properties in place Q4	High risk FRAs have already been conducted. Remaining FRAs will be completed by Savills by the end of Q2 2017.
High risk fire safety works complete Q4	High risk fire safety works are under negotiation with Mears for starts in Q4. All blocks included in the 2017/18 Better Neighbourhoods programme will receive fire safety works if identified in FRAs. A further batch of works will be procured via the London Construction Partnership (LCP) framework in Q3 17/18.
Procurement strategy in place Q1	The long-term procurement strategy for capital works is complete and approved by EMT as at 22/12/16.
Future major works contracts procured Q1 2017	2016/17 major works procurement from existing THH Framework approved by EMT 22/12/16. Procurement will continue into the new financial year. See 2017/18 milestones below.
ASB	
Milestone	**Delivery Update**
Rationalisation of ASB budget and delivery of estate improvement schemes Q4	ASB budgets have been rationalised and schemes have been delivered.
Secure access to Police data on prolific offenders Q2	It has not been possible to gain secure access to police data on prolific offenders. However, information sharing between THH and Met police takes place through meetings with the Council's Community Safety Unit. The creation of a new ASB Estates team in Q1 2017/18 will lead to greater informal sharing of hotspot information between police and THH ASB staff. For these reasons, this milestone has been closed down.
Youth project delivery to begin Q3	Project has been commissioned and delivery has begun.
THEO SLA renewed Q1	Discussions with the Council are ongoing. Normal THEO service has and will continue until a revised SLA is agreed.
Additional security pilot implemented Q1	A pilot of additional security at Watney Market was carried out to great success.
Pending results of pilot, contracts for wider rollout procured Q3	A temporary contract with Parkguard worth £25k has been procured to last to the end of this financial year. A larger contract worth up to £160k is in development for 2017/18.
ASB re-launch event Q3	The ASB launch event has been postponed and will take place in Q1 2017/18, following the restructure of the ASB team.

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Appendix 2:
Our Achievements in 2016/17

Vulnerability	
Milestone	**Delivery Update**
Getting to Know You visits carried out for all 5000+ residents with vulnerability flags Q4	The refreshed Getting to Know You visits have been halted at EMT's request, due to inability to capture visit outcomes.
Schedule for future review of vulnerability flags set Q4	Future approach to vulnerability flags has been submitted to EMT for review and is under consideration.
Quarterly meetings with Look Ahead and Social Services agreed Q1	Meetings with Look Ahead and Children's Services have been arranged.
Referral outcomes from above agencies received Q2	Referral outcomes are being received on a rolling basis.
Decision on Safeguarding lead Q1	The Director of Neighbourhoods has been appointed safeguarding lead.
Safeguarding Health Check recommendations implemented Q3	All Safeguarding Health Check recommendations have been implemented.
Domestic Violence policy reviewed Q1	The review has taken place.
New Domestic Violence policy in place Q3	The new Domestic Violence policy is in place.
Personal Offer to vulnerable residents reviewed and revised Q1	The revised personal offer is in place and has been communicated to staff.
Personal Offer communication plan launched Q1	A public communication plan for the revised Personal Offer is under development between Neighbourhoods, HSC, and Communications staff for launch in May 2017. This milestone will not roll into the 17/18 Service Improvement Plan, but will be covered through the 17/18 Communications Plan currently in development.
Community Investment and Partnerships	
Milestone	**Delivery Update**
Minimum of four private sector corporate social responsibility partnerships established	Partnerships have been established with 3 corporate partners to date: BP, Rockwell & Deutsche Bourse Group. BP have carried out a redecoration project at one of our community centres, Rockwell have funded a community fun day and Deutsche Bourse Group carried out clearing, planting and a range of other works to one of our community food gardens. We will be working with all 3 to develop other projects, including employment based projects such as work experience, CV & interview skills, etc.
BCI target for local deliverables to be reported	BCIs for local deliverables performance have not been hit while our major works contract winds down. We are

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on monthly	placing a greater emphasis on CSR deliverables in our current round of contract procurement.
Partnership framework established for delivery of ASB youth project Q3	Final commissioning meeting took place on 8th December, with project delivery beginning in Q4.
Partnership framework established for delivery of employment programme Q3	Final commissioning meeting took place on 8th December, with project delivery beginning in Q4.
Partnership framework established for delivery of social isolation programme Q2	We have partnered up with an organisation called the Good Company, a volunteering service run by The Starfish Group registered charity. The Pilot programme launched in Q4.
New Deal for Leaseholders	
Milestone	**Delivery Update**
New Major Works processes in place Q2	New major works processes have been agreed between leasehold services and property services.
New payment options introduced Q1	Revised payment options have been introduced and advertised to leaseholders.
Recommendation made to Client on lease extensions Q1	Recommendation made. Client wishes to retain current arrangements.
Recommendation made to Client on alterations and miscellaneous sales Q2	Recommendation made. Proposed new policy scheduled to go to LBTH cabinet in March 17
Consultation to test market potential for leaseholders to purchase services from THH Q1	Direct consultation with leaseholders took place through a leasehold workshop. Interest was expressed in leaseholders being able to buy services from Mears. Work on the New Deal for Leaseholders continues in the 17/18 Service Improvement Plan.
Customer Offer	
Milestone	**Delivery Update**
Drivers for high volume contacts and customer dissatisfaction identified Q1	Drivers have been identified: leaks, Decent Homes and New Build defects, parking, sheds & garages, insurance claims, district heating failures.
Revised standards / offers drafted Q2	Processes for the above drivers of complaints are being revised. Service standards and customer offer materials will be updated to reflect the new processes in Q1-2 of 17/18 Service Improvement Plan.
Publicise revised key policies that relate to tenant responsibilities Q2	As above, publicity around changed processes and/or policies will follow the completion of these changes.
Review of standards/rights and responsibilities of HouseMark peers complete Q2	Review carried out.

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Appendix 2:
Our Achievements in 2016/17

Future Customer Offer options appraisal complete Q4	Paper on future Customer Offer and Rights & Responsibilities materials went to come to EMT in Q4. Revised Customer Offer and Rights & Responsibilities to be delivered in Q1-2 of 17/18 Service Improvement Plan.

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Appendix 3:
Service Improvement Plan 17/18

Stream	Project	Lead	Milestone		Measure	Quarter	Status (B)RAG
Organisational Excellence	People Strategy	Lara Ashley	1.1	Raising Standards: New Performance Appraisal process embedded	Full launch of competency and objectives based appraisal process-Distribution of MAP ratings reflective of performance	1	
			1.2	Raising Standards: Competency Model live in HR policies	Competencies to be absorbed into remaining HR policies. E.g. Probation	1	
			1.3	Leadership Excellence Implementation of ILM programme	Team leaders and supervisors enrolled on ILM programme	2	
			1.4	Customer-centric learning: Robust Training Needs Analysis	Training needs identified for 90% of Permanent staff and linked to delivering better performance	2	
			1.5	Raising Standards: *Launch of Reward and Recognition programme*	Staff demonstrating competencies will be recognised as part of R&R programme. Corporate Awards in place by Q4	2	
			1.6	Nurturing channels: Graduate Scheme	Graduate scheme in place	3	
			1.7	Nurturing channels: Launch of New Talent Management scheme	Talent within the organisation is identified, development plans in place and succession plans considered. Increase in internal promotion as of Q1 2018	3	
			1.8	Leadership Excellence: 360degree assessment of Management tier	360 degree appraisals trialled in Nov 2017 with full launch in Q1 2018	3	
Homes and Neighbourhoods to be Proud of	Capital Works	John Tunney	2.1	Complete outstanding 2016/17 Decent Homes Programme	6 outstanding blocks completed.	2	
			2.2	Consultation on 2017/18 Better Neighbourhoods Programme	Consultation on 17/18 programme will start in summer 2017 to fit procurement timetable.	2	
			2.3	2017/18 Better Neighbourhoods works procured through LCP framework	Work placed through LCP framework by November 2017.	3	
			2.4	Remaining FRAs completed	Completed by Savills by end of Q2 2017	2	
			2.5	Remaining fire risk works procured through LCP framework	Works arising from Savills FRAs procured through LCP framework	3	
			2.6	Delivery of 2017/18 Better Neighbourhoods programme	Resident satisfaction with work scope and quality. Progress with works, KPIs and cash flow.	3-4	
			2.7	Complete new THH procurement framework	Award new THH framework by end of 17/18-mobilisation to follow.	4	

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Appendix 3:
Service Improvement Plan 17/18

Stream	Project	Lead	Milestone		Measure	Quarter	Status (B)RAG
Excellent Customer Service	ASB	Nicholas Spenceley	3.1	Re-establish ownership and responsibility for ASB across THH	New staff procedures written	1	
					ASB re-launch event		
			3.2	Ability to utilise additional security on THH estates where required	Long-term contract with Parkguard procured, pending LBTH advice.	2	
			3.3	ASB diversionary project complete and future rollout evaluated	Project evaluation completed in liaison with Community Partnership Team	4	
					Pending evaluation, project closed down, renewed, or redesigned for 18/19		
			3.4	THEO SLA renewed	Decision made on contract with LBTH	4	
	Community Partnership	Fokrul Hoque & Sarah Pace	4.1	Further develop relationships with corporate CSR partners to deliver enhanced CSR programme	Delivery programmes agreed	2	
			4.2	Social isolation project complete and future rollout evaluated	Project evaluation completed in liaison with Neighbourhoods Team	3	
					Pending evaluation, project closed down, renewed, or redesigned for 18/19		
			4.3	Design, develop and agree a new co-ordinated CSR programme with THH contractors	Contract let and monitoring system in place to manage delivery.	4	
			4.4	Employability project complete and future rollout evaluated	Project evaluation completed in liaison with ASB Team	4	
					Pending evaluation, project closed down, renewed, or redesigned for 18/19		
			4.5	ASB diversionary project complete and future rollout evaluated	Project evaluation completed in liaison with ASB Team	4	
					Pending evaluation, project closed down, renewed, or redesigned for 18/19		
	New Deal for Leaseholders	Richard Hards	5.1	Mears services to be on offer to leaseholders by April 2017	Leaseholders able to purchase gas servicing and minor repairs service direct	1	
			5.2	Develop and introduce a range of online services for leaseholders	Online service charge, ground rent, and major works statements available	1	
					Searchable 5 year capital programme available		
			5.3	Launch new leasehold offer	Launch event held and new deal publicised	1	
			5.4	Continued development of online services	Online quarterly repairs statements available	2	
			5.5	Deliver Improved management of leasehold portfolio	Implementation of Phase 2 of NHD review supported by revised procedures and staff training	3	
	Customer Offer	Alex Franklin	6.1	Revised service standards drafted	Processes for drivers of complaints revised	1	
			6.2	Rights and Responsibilities re-launch	Online service standards and rights and responsibilities materials updated to reflect process changes and revisions to THH Customer Offer	2	
					Internal and external communications campaigns launched		

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Appendix 4:
Business Critical Indicators 2017/18

[The latest BCI position, reflecting discussions with the Council through BiOp on 21st February and EMT discussion on 22nd February, will be tabled for the Board Meeting on 27th February. Final BCI targets will be included here once agreed with the Client.]

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Board 27th February 2017	Tower Hamlets Homes
Report Authorised by: Neil Isaac **Report Author:** Tony McNamara	**Report type:** For Decision
Title: MANAGEMENT FEE, DELEGATED AND CAPITAL BUDGETS 2017-18	

1. INTRODUCTION

1.1. This report sets out The Tower Hamlets Homes (THH) management fee, delegated budgets and capital budget approved by the London Borough of Tower Hamlets (LBTH) Cabinet on 7th February 2017. This report will be discussed at Finance & Audit Committee on 23rd February 2017.

2. RECOMMENDATION

2.1. That Board approve:

i. The management fee for 2017/18 of £31.946m as summarised in Appendix 1.

ii. The use of reserves of £780,000 to finance:

- An accommodation reserve to facilitate the potential office move;
- A procurement reserve to facilitate the introduction of a capital procurement framework from 2017/18.

2.2. That Board note:

i. Savings Tracker shown in Appendix 2;

ii. The delegated expenditure budgets 2017/18 of £30.953m as summarised in Appendix 3;

iii. The delegated income budgets 2017/18 of £94.647m as summarised in Appendix 3;

iv. The Capital budget 2017/18 of £43.593m.

3. BACKGROUND

3.1. At the 12th December 2016 Board meeting the proposed management fee of £32.726m was approved pending approval by LBTH Cabinet on the 7th February 2017.

3.2. The Board should note that papers presented at the previous Board meeting refer to the proposed management fee being £32.976m. This included an oversight in presentation where this included direct funding of £250,000 from THH therefore reducing the management fee element to £32.726m.

3.3. The Board also recommended delegated expenditure budgets of £30.703m and delegated income budgets of £94.647 to LBTH at the meeting of 12th December 2017.

4. REVISED MANAGEMENT FEE

4.1. LBTH has reviewed THH's proposals and recommended amendments that were incorporated into the budget proposal that was subsequently approved by Cabinet on 7th February 2017. These amendments include:

4.1.1. Costs likely incurred in the move to new accommodation, including fit-out costs, were initially included as growth within the proposed management fee. LBTH has excluded this item and recommended the use of reserves to meet any liabilities incurred in moving to the new accommodation. An estimate of £500,000 has been earmarked against reserves. Board should note that the 5-year savings strategy included growth in 2017/18 and a compensatory saving of £500,000 in 2018/19; as the growth has been removed, the savings in 2018/19 will not be achieved.

4.1.2. Further savings of £750,000, also to be delivered in 2018/19, from the reduced cost of accommodation are still expected to be delivered. However, discussions between parties have indicated that a better outcome may be achievable. It is early in negotiations to be making assumptions however THH should consider whether these additional savings are generated solely for the HRAs benefit or whether consideration should be given to replenishing reserves.

4.1.3. THH is undertaking procurement work next year, particularly on implementing a new framework agreement to support capital delivery. Initially, THH proposed growth within the management fee to meet these costs although also proposed an option to capitalise these costs against the capital programme. LBTH has again taken the view that these costs should be met from THH reserves and so a further £280,000 has been earmarked from reserves to finance specialist procurement services.

4.2. The impact of these adjustments means that the management fee is reduced to £31.946m as shown in the table below. This represents annual real savings of £1.430m to the HRA and a further £250,000 saving to THH as the deficit budget set in 2016/17 is removed in 2017/18. The cost of the accommodation and procurement strategies will be invisible to the HRA as the HRA does not recognise THH reserves as part of HRA balances. This means that costs that would have been borne by the HRA will be met from THH reserves enabling the HRA to forecast a better position from next year of £780,000.

MANAGEMENT FEE 2017/18	
DESCRIPTION	**AMOUNT**
	£000
Management Fee Report to Board @ 12th Dec 2016	32,726
Items Removed by LBTH:	
Accommodation Costs	(500)
Procurement Costs	(280)
Management Fee 2017/18	**31,946**

5. MANAGEMENT FEE SAVINGS TRACKER 2016/17 & 2017/18

5.1. The latest management accounts report an under spend of £511,000 meaning that the savings target will be achieved in 2016/17. However, it is worth noting that there was one material savings target was not delivered. This related to the implementation of the restructure of the capital programme team which did not take effect until mid-way through the year whilst the savings target had assumed this would be delivered from April. This point has been well documented in the management account reports throughout the year including noting that the business contingency budget has been set aside to fund the shortfall.

5.2. Appendix 2 lays out the savings identified in setting the management fee for 2017/18. These total £2.671m with the majority coming from the release of corporate contingencies and corporate retained budgets. A further £600,000 from SLA reductions is delivered from the transfer of the Repairs Contact Centre to THH. Although it should be noted that these are notional savings as additional staffing costs are incurred in THH running the service.

6. DELEGATED INCOME & EXPENDITURE BUDGETS

6.1. The delegated budgets are managed by THH on behalf of LBTH. The delegated income budgets notified to Board remain unchanged whilst there was one amendment to the delegated expenditure budgets. Appendix 3 shows the delegated budgets.

6.2. The delegated expenditure budgets notified to Board included savings on energy costs of £500,000 based on spending patterns in recent years were significant under spends have been achieved. This was in line with reductions in energy costs following plummeting oil and gas wholesale prices in recent years. However, recent energy price increases, notably

from *npower* which has recently notified customers of an average 9.8% increase, cast a large degree of uncertainty on whether these savings can be achieved. LBTH has therefore reduced the savings target to £250,000 and is monitoring wholesale prices to ensure that any further increases can be contained within the budget provision in 2017/18.

7. RESERVES

7.1. The table below summarises THH reserves position following the decisions by LBTH. Currently, general reserves total £4.702m with a forecast £511,000 contribution to reserves this year. The committee should note that as the business transforms over the coming months the surplus of £511,000 may be required to fund contingent liabilities arising from that transformation process. Therefore, as it is difficult to quantify these liabilities at this point, the surplus balance is excluded from the table below.

7.2. Notwithstanding, the decision to use reserves to finance an ICT digital strategy, procurement services and an accommodation strategy means that general reserves will fall to £2.922m by 31st March 2018. These reserves will fall further should the amount of contingent liabilities taken in 2016/17 exceed the surplus currently reported.

THH RESERVES	
DESCRIPTION	**AMOUNT**
	£000
Proposed Use of Reserves	
General Reserves	2,922
ICT Digital Strategy Reserve	1,000
Procurement Reserve	280
Accommodation Strategy Reserve	500
Total Reserves @ 31st March 2018	**4,702**

8. CAPITAL

8.1. The Housing Capital Programme 2017/18 is £43.593m and includes £26.328m of works carried forward from the current year and £17.265m of new works.

APPENDIX 1

COMPANY MANAGEMENT ACCOUNTS 2016/17

DESCRIPTION	BUDGET 2016/17	BUDGET 2017/18	CHANGE
	£000	£000	£000
Income			
Management Fee	-33,376	-31,946	1,430
Rechargeable Salaries	0	-188	-188
Interest	0	-25	-25
Total Income	**-33,376**	**-32,159**	**1,217**
Direct Employees	21,163	21,895	732
Indirect Employees	251	350	99
Transport Related	225	169	-56
Property Related	553	496	-57
Supplies & Services	3,237	2,673	-564
SLA	6,576	6,040	-536
Third Party Pymts	1,546	511	-1,035
Depreciation	75	25	-50
Total Expenditure	**33,626**	**32,159**	**-1,467**
Total	**250**	**0**	**-250**

APPENDIX 2

SAVINGS TRACKER

NOTES	DESCRIPTION	AMOUNT
		£000
a)	Corporate Savings	-1,233
b)	SLA Reductions	-600
c)	Professional Fees	-458
c)	Staff Transport Costs	-52
c)	Depreciation	-50
c)	Rent Charges	-40
c)	Meeting Expenses	-37
c)	Fixtures and Fittings - Leases	-36
c)	Training Expenses	-25
c)	Printing	-21
c)	Tools and Equipment - Purchase	-18
c)	Subscriptions	-16
c)	Third Party Payments	-15
c)	Uniforms	-12
c)	Computing - Purchase of Software	-10
c)	Contract Cleaning	-10
c)	Events & Exhibition Supplies	-10
c)	Catering - Hospitality	-5
c)	Parking Permit/Charges	-4
c)	Service Charges	-4
c)	Community Equipment Supplies	-3
c)	Computing - Consumables	-3
c)	Gas	-3
c)	Non Staff Advertising	-3
c)	Savings up to £1k	-3
	Sub Total Savings	**-2,671**
	Rechargeable Salaries	-188
	Interest on Balances	-25
	Sub Total: Additional Income	**-213**
	SLA Realignment	64
	Additional Agency	119
	Apprenticeship	125
	Business Rates	40
	Communications	30
	OOH & Other	213
	Salary Realignment	613
	Sub Total: Growth	**1,204**
	Total Change in Resources	**-1,680**
	Change in Resources Financed by:	
	Reduction in Management	-1,430
	Reduction in Cont from Reserves	-250
	Total Change in Resources	**-1,680**

Notes:

a) Release of corporate contigency and other corporate budgets not required in 2017/18.

b) Release of SLA following transfer of Repairs Contact Centre in 2016/17. Note this reduction does not deliver a net savings as additional staff costs will be incurred.

c) General service savings

		Notes	**£000**
	Salary Budget 2016/17		20,561
	Establishment Realignment		89
	New Posts	1	822
	Transformation		
	Redirected Growth	2	112
	Business Transformation Target		-711
	Cost of Living Award		301
	Salary Budget 2017/18		**21,174**
	Increase in Establishment Budget		**613**
	Notes:		
1	Largely RTB Team and HSC repairs reporting.		
2	ASB and Void Teams.		

APPENDIX 3

DELEGATED REVENUE ESTIMATES 2017/18

DESCRIPTION	BUDGET 2016/17	CHANGE	ESTIMATE 2017/18
	£000	£000	£000
Repairs & Maintenance	15,763	-46	15,717
Communal Energy	4,200	-250	3,950
Building Insurance	1,330	20	1,350
TMO Allowances	800	100	900
Cleaning Materials	600	0	600
Concierge	430	0	430
Neighbourhood Action	341	0	341
Estate Parking	340	0	340
Water Rates	4,761	80	4,841
Service Charge Payments	200	0	200
NNDR	275	0	275
Estate Capacity	100	0	100
Capital Feasibility	500	0	500
Poplar Baths & Dame Collet	1,113	233	1,346
Rent Payments	63	0	63
Total Expenditure	30,816	137	30,953
Dwelling Rents	-67,166	2,412	-64,754
New Build Tenanted Stock	0	-847	-847
Leasehold Services	-13,230	-385	-13,615
Home Ownership Admin Fee	-580	-200	-780
Water Rates	-4,484	-75	-4,559
Tenant Service Charge	-6,395	-950	-7,345
Garage Rents	-1,275	-25	-1,300
Water Commission	-700	-220	-920
Estate Parking	-360	260	-100
Major Works	-300	0	-300
CDM Fees	-70	0	-70
Drainage Income	-55	0	-55
Mortgage Interest	-2	0	-2
Total Income	-94,617	-30	-94,647
Total	-63,801	107	-63,693

APPENDIX 4

MANAGEMENT FEE SAVINGS 2017-2022

DESCRIPTION	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL
	£000	£000	£000	£000	£000	£000
TARGET EFFICIENCIES						
Release of Contingency & Corp Budgets	-1,233	0	0	0	0	-1,233
Operational Efficiencies	-1,311	-531	-360	0	0	
Sub Total	-2,544	-531	-360	0	0	-1,233
ADDITIONAL INCOME						
Rechargeable Salaries	-188	0	0	0	0	-188
Interest on Income	-25	0	0	0	0	-25
Sub Total	-213	0	0	0	0	-213
GROWTH						
Pay Award, NI & Pension Increase	301	0	0	0	0	301
Operational Costs	844	0	0	0	0	844
HSC Agency Costs	119	0	0	0	0	119
SLA Realignment	63	0	0	0	0	63
Sub Total	1,327	0	0	0	0	1,327
ACCOMMODATION COSTS						
Cost of moving & fit out	0	0	0	0	0	0
Savings from move	0	-750	0	0	0	-750
Sub Total	0	-750	0	0	0	-750
TARGET SAVINGS	-1,430	-1,281	-360	0	0	-3,071

Board of Directors 27th February 2017	Tower Hamlets Homes
Report Authorised by: Neil Isaac **Report Author:** Tony McNamara	**Report type:** For Information
Title: Management accounts, delegated budgets and capital 2016/17 – period 9	

1. INTRODUCTION

1.1. This report sets out The Tower Hamlets Homes (THH) management accounts 2017/18 for period 9.

2. RECOMMENDATIONS

2.1. That Board note:

a. The management accounts at period 9 shows a surplus of £515,000 (appendix 1);

The delegated budgets at period 9 show:

b. An excess of income of £448,000 (appendix 2);
c. An under spend on expenditure of £648,000 (appendix 2);
d. The capital programme is forecast to under spend by £392,000 at period 9 (appendix 3).

3. INTRODUCTION

3.1. Management Accounts Background

3.2. The Tower Hamlets Homes (THH) management accounts for period 9 are shown in Appendix 1. The management accounts represent the position at the end of period 9 for business conducted by THH.

3.3. Annual expenditure this year is budgeted at £33.626m and is funded through the management fee of £33.376m and a contribution from reserves of £250,000.

3.4. In summary, the period 9 position shows the business is projected to under spend to budget by £515,000 (over £8,000 under spend) this year. Note the position reported in the previous period is shown as (*in brackets*). On income, the management fee remains fixed at £33.376m this year although additional income from interest on balances will generate further income of £49,000. On expenditure, an under spend of £466,000 (£8,000) against a budget of £33.626m is forecast.

4. COMPANY ACCOUNTS YEAR TO DATE – PERIOD 9

4.1. In summary, the position at the end of period 9 shows an under spend to budget of £511,000 (£529,000). The table below summarises the month on month change between periods 6 and 9.

MONTH ON MONTH ANALYSIS

DESCRIPTION	VARIANCE PERIOD 6	VARIANCE PERIOD 9	MOVEMENT
	£000	£000	£000
Total Income	**(12)**	**(14)**	**(2)**
Employee Costs	353	288	(65)
SLA	0	1	1
Supplies & Services	(669)	(561)	108
Third Party Payments	(150)	(236)	(86)
Property Costs	25	121	96
Transport Costs	(55)	(81)	(26)
Contingency	0	0	0
Depreciation	(21)	(30)	(9)
Total Expenditure	**(517)**	**(497)**	**20**
Total	**(529)**	**(511)**	**18**

4.2. Employee costs, including agency, continue to over spend at £288,000 (£353,000); although this has reduced since last month, this is due to Asset Management redundancy & severance costs being removed and set against the provision previously set aside. The over spend in this area is largely from Asset Management which is responsible for £244,000; this continues to reflect the cost of the restructure this year which is being met from the business contingency.

4.3. Supplies & services continue to under spend by £561,000 (£669,000) mainly driven by the unused professional fee budgets alongside general running costs across the business that currently remain substantially unused.

4.4. Third Party Payments are underspending by £236,000 (£150,000) mainly due to central budgets not allocated to date. These under spends will be delivered this year and are substantially residual contingency budgets.

4.5. Property related expenditure is over spending by £121,000 (£25,000). This has increased due to security costs incurred following ASB & vandalism at Melwood and Colstead Houses. These costs are committed until May 2017 with 1/3 recharged to LBTH.

5. COMPANY ACCOUNTS PROJECTED OUTTURN

5.1. The management accounts are projected to under spend by £515,000 (over spend £8,000), equivalent to -1.4% (0.0%). This represents an improved position of £523,000 since last month which is summarised in the table below.

MONTH ON MONTH ANALYSIS

DESCRIPTION	VARIANCE PERIOD 6	VARIANCE PERIOD 9	MOVEMENT
	£000	£000	£000
Total Income	**(30)**	**(49)**	**(19)**
Employee Costs	1,170	960	(210)
SLA	(392)	(395)	(3)
Supplies & Services	(34)	(219)	(185)
Third Party Payments	(91)	(356)	(265)
Property Costs	(11)	109	120
Transport Costs	(24)	(82)	(58)
Contingency	(580)	(458)	122
Depreciation	0	(25)	(25)
Total Expenditure	**38**	**(466)**	**(504)**
Total	**8**	**(515)**	**(523)**

5.2. The much improved position this month is driven by the release of unallocated corporate budgets totalling £511,000. These budgets are unlikely to be required this year and therefore it is prudent to release them now. EMT should note that a further £512,000 contingency is held by Finance to mitigate contingent liabilities and provisions that may occur this year. This is particularly relevant on redundancy and severance payments, potential claims against the business and unforeseen items.

5.3. The main points to note include:

5.4. The ongoing pressure from employee costs has reduced to £960,000 (£1.170m) this month as redundancy and severance costs of £242,000 have been identified and set against the provision set aside in 2015/16. The forecast over spend is predominantly salary and agency costs including:

i. Capital programme management (£322,000) which will be funded from the business contingency following the delayed restructure;
ii. Housing advice centre (£193,000) resulting from the transfer of the repairs contact centre which is offset by a reduction in the SLA;
iii. Director of Asset Management (£115,000) following the recruitment of essential procurement and contract expertise;
iv. Human Resources (£146,000) partially due to incorrect salary budgets and the use of essential agency support to deliver service objectives this year;

5.5. There are other under / over spends across the business which are being managed this year due to the generous corporate contingency and central budgets that are now surplus to business requirements. Notwithstanding, Board should recognise the risks associated with salary and agency over spends should these continue into 2017/18. The completed establishment process has set accurate and meaningful budgets for 2017/18 and with the release of surplus central budgets next year to meet saving targets, it is essential that the business starts the year with costs that can be managed by budget holders without the reliance on central contingencies to bail out uncontrolled spend. Finance will engage with Directors and Heads of Service in February to identify potential risks and will assist in identifying options for mitigating any financial risks.

5.6. Service Level Agreements (SLA) are forecast to under spend by £395,000 (£392,000) following the transfer of repairs contact centre and a small saving on the ICT SLA of £13,000.

5.7. Supplies & services forecast under spend has increased to £219,000 (£34,000) due to the release of unallocated corporate budgets that are not required this year.

5.8. Third Party Payments forecast under spend has increased to £356,000 (£91,000) due to the release of unallocated corporate budgets that are not required this year.

5.9. The commitment against the business contingency has decreased to £458,000 (£580,000) as redundancy and severance costs have been charged against the provision set aside in 2015/16 therefore reducing the liability this year. The remaining unallocated contingency of £512,000 is retained to mitigate exceptional costs that may be incurred in the last quarter.

APPENDIX 1

COMPANY MANAGEMENT ACCOUNTS 2016/17

DESCRIPTION	BUDGET	BUDGET TO DATE	SPEND TO DATE	VARIANCE	FORECAST	VARIANCE
	£000	£000	£000	£000	£000	£000
Income						
Management Fee	-33,376	-25,032	-25,032	0	-33,376	0
Interest	0	0	-14	-14	-49	-49
Total Income	**-33,376**	**-25,032**	**-25,046**	**-14**	**-33,425**	**-49**
Asset Mgmt	5,189	3,890	4,171	281	5,828	639
Business Transformation	2,187	1,621	1,594	-27	2,286	99
CEO Office	369	276	263	-14	422	53
Finance	8,107	4,493	3,876	-617	6,961	-1,146
Neighbourhoods	17,775	12,429	12,309	-119	17,664	-111
Total Expenditure	**33,626**	**22,709**	**22,213**	**-497**	**33,160**	**-466**
Total	**250**	**-2,323**	**-2,833**	**-511**	**-265**	**-515**

COMPANY MANAGEMENT ACCOUNTS 2016/17

DESCRIPTION	BUDGET	BUDGET TO DATE	SPEND TO DATE	VARIANCE	FORECAST	VARIANCE
	£000	£000	£000	£000	£000	£000
Income						
Management Fee	-33,376	-25,032	-25,032	0	-33,376	0
Interest	0	0	-14	-14	-49	-49
Total Income	**-33,376**	**-25,032**	**-25,046**	**-14**	**-33,425**	**-49**
Employee Costs	21,413	16,060	16,348	288	22,373	960
SLA	6,576	3,460	3,460	1	6,181	-395
Supplies & Services	3,253	2,346	1,785	-561	3,034	-219
Third Party Payments	561	338	102	-236	205	-356
Property Costs	553	281	403	121	662	109
Transport Costs	225	169	88	-81	143	-82
Contingency	970	0	0	0	512	-458
Depreciation	75	56	27	-30	50	-25
Total Expenditure	**33,626**	**22,709**	**22,213**	**-497**	**33,160**	**-466**
Total	**250**	**-2,323**	**-2,833**	**-511**	**-265**	**-515**

1. INTRODUCTION

1.1. Delegated Budgets Background

1.2. The delegated budgets cover income and expenditure where LBTH retain ownership of the budget but delegate management responsibility to THH. Delegated income budgets total £94.617m and include dwelling rents, tenant & leasehold service charges and non-dwelling rents. Delegated expenditure budgets total £30.816m and include repairs & maintenance, 'rents, rates & taxes' & communal energy.

1.3. Appendix 2 summarises the position at Period 9. In summary, the delegated accounts are projected to under spend on expenditure by £648,000 (£300,000) and generate excess income of £448,000 (£42,000) resulting in a net under spend to budget of £1.096m (£342,000).

2. DELEGATED ACCOUNTS YEAR TO DATE: PERIOD 9

2.1. The overall delegated budget at period 9 is showing expenditure at £6.165m (£6.468m) lower than budget to date. This position is misleading as outstanding charges are significantly distorting the position to date. The main reasons for this position include:

i. Communal energy costs from 2015/16 and 2016/17 remain unposted to the accounts managed by THH. The costs, estimated at £4.5m, currently sit within LBTH accounts and need to be allocated by LBTH. Finance has raised this issue through client meetings and will to seek resolution of this position in the final three months.
ii. TMO allowances to Dennis TMO continue to be retained by LBTH pending settlement of the arbitration process. THH has recently engaged with Dennis TMO and their solicitors to explore options to resolve the dispute amicably. The meeting was constructive and an initial offer has been drawn up for both parties to consider. Notwithstanding, allowances of £338,000 and void recharges of £71,000 are being withheld;
iii. Repairs & Maintenance is currently under spent by £303,000 (£2.211m) which is in line with the forecast outturn;

2.2. Income budgets to date underachieve by £2.036m (£4.135m). This is due to understated rental income of £2.560m which follows IT technical issues that have restricted posting income into Agresso; this is being addressed by LBTH and is not a material issue and will be resolved this year.

3. DELEGATED ACCOUNTS PROJECTED OUTTURN

3.1. The delegated expenditure budgets are forecast to underspend by £648,000 (£300,000) with forecast under spends on repairs & maintenance, cleaning materials, concierge costs, water rates and NNDR costs.

3.2. The only material movement to report this period is an increase in the repairs & maintenance underspend to £327,000 (£55,000).

3.3. The delegated income budgets are forecast to exceed budget by £448,000 (£42,000). During the recent budget setting process, additional unbudgeted income from electricity charged to tenants was identified resulting in an increase of £502,000 in the forecast. This offsets a reduction in rental income which is now forecast to under achieve budget by £460,000 (£385,000) following the continued increase in RTB sales this year.

3.4. There are no other material changes to report this month.

4. OVERVIEW

4.1. The delegated budgets are in a healthy position with a surplus balance of £1.096m (£342,000) forecast this month. There are some areas where a degree of caution is required and these include:

4.1.1. Repairs and maintenance is forecast to under spend this year albeit the most volatile months are usually over the winter period. Therefore, robust contract management is essential during this critical period.

4.1.2. The repairs and maintenance budget also contains the block & communal works budget of £875,000 which is forecast on budget. There are no planned works in this area although small commitments against this budget will be incurred. Nonetheless, this budget will significantly underspend this year and will be released before year-end.

4.1.3. The void capitalisation has been processed for the first and second quarters for £471,000 and £438,000. Asset Management is reviewing void works for the third quarters. It is essential that voids are capitalised regularly throughout the year to ensure that accurate monitoring is available.

4.1.4. The communal energy budget consists of electricity and gas and is forecast on budget due to delays in LBTH posting electricity bills to Agresso accounts. To date gas payments have been processed and are likely to show a significant under spend to budget, although this is difficult to accurately quantify, it is likely to be in the region of £500,000 (although a reduction in recharged costs to leaseholders would occur). Until electricity bills are posted

this under spend is not being shown in the delegated accounts as it is reasonable to look at the full picture before making definitive assumptions.

APPENDIX 2

DELEGATED REVENUE BUDGETS 2016/17

DESCRIPTION	BUDGET	BUDGET YTD	SPEND YTD	VARIANCE	FORECAST	VARIANCE
	£000	£000	£000	£000	£000	£000
R&M	15,763	10,508	10,205	(303)	15,436	(327)
Communal Energy	4,200	3,150	(1,371)	(4,521)	4,200	0
Estate Project	1,713	1,285	1,022	(262)	1,713	0
Building Insurance	1,330	0	0	0	1,330	0
Estate Parking	340	255	393	138	365	25
TMO Allowances	800	600	(107)	(707)	843	43
Cleaning Materials	600	450	294	(156)	462	(139)
Concierge	430	322	315	(8)	401	(30)
Neighbourhood Action	341	256	0	(256)	341	0
Water Rates - Costs	4,761	4,761	4,520	(241)	4,581	(180)
NNDR	275	0	0	0	20	(255)
Rent Payments	63	47	77	30	96	33
Service Charge Payments	200	150	234	84	290	90
GM Contract	0	0	37	37	90	90
Total Expenditure	**30,816**	**21,785**	**15,619**	**(6,165)**	**30,168**	**(648)**
Dwelling Rents	(67,166)	(50,375)	(47,814)	2,560	(66,706)	460
Leasehold Charges	(13,810)	(13,810)	(14,292)	(482)	(14,208)	(398)
Water Rates - Income	(4,484)	(3,363)	(3,323)	40	(4,615)	(131)
Tenant Service Charge	(6,395)	(4,796)	(5,027)	(231)	(6,882)	(487)
Garage Rents	(1,275)	(956)	(926)	30	(1,275)	0
Water Commission	(700)	(700)	(825)	(125)	(825)	(125)
Estate Parking	(360)	(270)	(122)	148	(150)	210
Major Works	(300)	(225)	(173)	52	(300)	0
CDM Fees	(70)	(52)	(30)	23	(70)	0
Drainage Income	(55)	(41)	(22)	19	(35)	20
Mortgage Interest	(2)	(2)	0	2	(0)	2
Total Income	**(94,617)**	**(74,590)**	**(72,554)**	**2,036**	**(95,065)**	**(448)**
Total	**(63,801)**	**(52,805)**	**(56,934)**	**(4,129)**	**(64,897)**	**(1,096)**

1. INTRODUCTION

1.1. Capital Programme Background

1.1.1. The original capital programme budget was set at £50.354m. LBTH Cabinet adopted a revised budget of £23.492m on the 7th February 2017 and adopted the carry-over of the remaining budget into 2017/18.

2. CAPITAL PROGRAMME YEAR TO DATE: PERIOD 10

2.1. The overall delegated budget at period 10 is showing expenditure at £19.156m which is £426,000 lower than budget to date. The main variation on Housing Initiatives relates to the void capitalisation where the 3rd quarter capitalisation is outstanding as this information is subject to financial review.

3. CAPITAL PROGRAMME PROJECTED OUTTURN

3.1. The capital programme revised budget is £23.492m with the forecast currently £23.100m. This represents a under spend of £392,000 which is driven by slow progress on completing the Better Neighbourhoods programme this year.

APPENDIX 3

CAPITAL BUDGETS 2016/17

DESCRIPTION	ORIGINAL BUDGET	REVISED BUDGET	REVISED BUDGET YTD	SPEND YTD	VARIANCE	OUTTURN	VARIANCE
	£000	£000	£000	£000	£000	£000	£000
Housing Capital Programme							
Better Neighbourhoods	28,338	**19,012**	15,843	**15,948**	104	**18,155**	-857
Priorty Blocks	2,000	**6**	6	**6**	0	**6**	0
Mechanical & Electrical inc	10,300	**1,630**	1,358	**1,160**	-198	**1,818**	188
Fire Risk Assessment	4,000	**214**	182	**182**	0	**214**	0
Housing Initiatives	3,900	**2,289**	1,908	**1,422**	-485	**2,430**	141
Contingency Projects	888	**6**	6	**6**	0	**6**	0
Sub Total	**49,426**	**23,157**	**19,303**	**18,724**	**-579**	**22,629**	**-528**
Fuel Poverty Works							
EWI	928	**335**	279	**432**	153	**471**	136
Sub Total	**928**	**335**	**279**	**432**	**153**	**471**	**136**
Total	**50,354**	**23,492**	**19,582**	**19,156**	**-426**	**23,100**	**-392**

Board of Directors 27th February 2017	Tower Hamlets Homes
Report authorised by: Paul Davey, Director of Business Transformation **Report Author:** Ben Schofield, Head of Communications	**Report type:** For decision
Title: Communications Strategy	

1. Introduction

This report sets out the communications strategy for 2017/18.

2. Recommendation

2.1 That Board approve the Communications Strategy as set out in this report.

3. Background

The communications service within Tower Hamlets Homes has historically lacked planning and strategy resulting in key communications channels being underused or ignored and a lack of focus on the aims and outcomes of what good communications can produce.

4. Communications strategy

This plan shows how THH plans to change the current communications service into one that supports THH's strategic priorities.

- Organisational excellence
- Homes and neighbourhoods to be proud of
- Excellent customer services

The concept of value for money is inherent throughout our communications work and this plan. Improved audience targeting, integrated channels and increased efficiencies are paramount.

This plan is based on the core communications required to enhance our reputation - integrated campaign work to elicit behaviour or perception change and evaluation to guide the service.

To enable us to achieve this, the plan presents a significant shift in the way we conduct communications activity. The current service does anything asked of it so long as there is a budget. The impact of this is that core aspects of the service such as the open door residents' magazine and media relations have been neglected.

In 2017 we will design campaigns that support the strategic priorities and also signal our readiness to respond to factors that will affect our organisation and reputation.

There are four key issues that we need to address during 2017.

1. We will build audience-based campaigns around nine specific issues. This will increase the relevance of the information our customers receive and improve how efficiently we communicate with them.

2. We will focus on communicating the transformation programme to customers and employees alongside the business plan.

3. Internal communications function will shape organisational culture and help increase advocacy of THH as an employer by promoting THH behaviours and competencies, recognising excellence and supporting colleagues to have their say.

4. In the face of rapid digital and social media proliferation we will develop our social media channels with customers as the primary audience.

Strategy

This section sets out the strategy that informs our communications activities and explains the factors that drive and shape it.

The communications strategy is to consistently deploy pro-active communications to protect and enhance THH's reputation, recruit and retain good people and drive behaviour change. Central to this is to change the service so that 60 per cent of its work is proactive. The task of the communications team is not simply to write press releases or produce leaflets. Rather it is to improve THH's reputation by designing and delivering two-way communication campaigns that change behaviour or improve perceptions.

To do this we deploy the full range of marketing communication tools:

- Media relations is used to protect and enhance reputation.
- We use internal communications to retain employees, increase productivity and increase understanding of the goals of the executive team and board.
- We deploy marketing communications to inform and increase access to services.

We will deliver our communication work through campaigns - a linked series of activities to achieve a specific goal for a specific audience.

Honest evaluation is central to the approach of the communications team and all campaigns will have defined goals and robust measurement agreed in advance.

The challenge in 2017 is to go from the general to the specific, providing campaigns that are focused at showing key target audiences that THH does enough for people like them.

Why take a campaign-led approach?

The shift to campaigns will benefit our customers and our organisation as it will not only increase the relevance of the information our audiences receive but also improve the efficiency with which we deliver it.

For instance, the campaign to promote financial inclusion services will contain different messages for young and single-parent families than for older people and use different channels.

In addition, we will continue to deepen and refine our knowledge of our audiences so that we can adapt and improve our targeting wherever appropriate.

We define a campaign as a series of communications activities with a common objective and theme where each succeeding element adds to the campaign's effectiveness and changes the target audience's behaviour or perceptions.

Successful campaigns:

- Are backed by senior management
- Have appropriate resources and an imperative to achieve real change
- Happen when measurement and evaluation is part of the process
- Have clear goals and a targeted approach
- Contribute to the delivery of the business plan
- Can win awards by demonstrating a compelling approach and outstanding results

To build our campaigns for 2017/18, we started by liaising with the wider organisation to determine where communications support would be required over the course of the year. We considered how important each project is to our audiences, and how relevant it is to the business plan. We gauged what we could realistically and measurably achieve and whether we have sufficient resource to deliver it.

Campaigns - a summary

Campaign	Strategic priority	Audience	When	Who
Vision and transformation (internal and external)	Organisational Excellence Excellent customer services	Employees Board TUs		
Organisational culture – behaviours and competencies (internal)	Organisational excellence Excellent customer services	Employees Board TUs		
Leaseholders	Excellent customer services Homes and neighbourhoods to be proud of	Leaseholders Councillors Opinion formers Staff Resident associations	Q1	
Financial inclusion/rent	Excellent customer services	Tenants Leaseholders Staff Partners	Q1	
#betterneighbourhoods	Homes and neighbourhoods to be proud of.	Tenants Leaseholders Councillors Resident associations Council Staff		
Rights and responsibilities	Homes and neighbourhoods to be proud of.	Tenants Leaseholders Councillors Resident associations Council Staff		
Self service	Excellent customer services	Tenants Leaseholders Staff Partners Councillors		

Anti-social behaviour	Homes and neighbourhoods to be proud of.	Tenants Leaseholders Staff Partners Councillors		
Fraud	Homes and neighbourhoods to be proud of.	Tenants Leaseholders Staff Partners Councillors		

To make these campaigns work we will need to research our audience and their behaviours to so we understand our key personas and what's will help them engage.

During the year services may require support with straightforward information provision (as distinct from campaign activity). The majority of this type of work should be delivered through our existing channels such as open door and the corporate website.

The subjects will be priorities throughout the year, however the campaigns are periods of intense activity with evaluated impacts.

Unplanned communications work

There will always be more demand for communications support than there is capacity. However, our focus will remain on agreed campaign work and that additional projects should be the exception rather than the norm.

We envisage that around 60 per cent of communications activity should be planned but that new communications activity will be identified by directorates through the business planning process. Where unforeseen projects arise and if there is a clear case for communications support, we aim to absorb them. Unplanned ad-hoc requests will be challenged.

Communications channels

Campaigns form the cornerstone of our efforts to change the behaviour and perceptions of our audiences. They use the right tools to reach the audience in question. They range from social media to the annual report.

We will:

- Operate a 24/7 media relations service
- Deliver targeted media relations as an integral part of campaigns.
- Reach key audiences by employing the most appropriate media either through traditional formats or social media
- Produce four editions of open door

- Achieve 90 per cent favourable tone across all channels.
- Introduce a new employee online magazine
- Introduce a new resident online magazine
- Transform the intranet
- Review our social media channels

Open door magazine:

This is our main communications channel with residents and currently quarterly. The majority of its content will be planned around our key communications campaigns. Content will be based around human interest stories while case studies and quotes from residents and partners will be used to validate our work.

Open door's online presence will be developed with a monthly Open Door extra online.

thh.org.uk

We will continue to develop the new website by:

- Focusing on the areas our customers use most often
- Promoting migration to online services
- Providing training and tools to departments, enabling them to create their own content to the highest possible quality.

Media relations

Through the deployment of targeted messages in the media relevant to our campaigns we will position THH as leaders in the sector to increase confidence in our services.

Media relations is currently so weak that we need an output target to kick-start the service - one press release per week.

Social media

Social media is becoming an increasingly important channel to reach our audiences and generate awareness. During 2017 we will be radically overhauling the way in which we both target and evaluate social media particularly in relation to our campaigns, where social media is more likely to have an impact. Social media will not be used as an end in itself but as a platform to achieve specific campaign objectives. This will also help us develop our social media primarily as a customer channel.

We will use social media to:

- Target residents and within that, groups such as young people who are heavier users and engage with those who may be dissatisfied with THH

- Announce media releases on Facebook and Twitter

- Issue regular Twitter updates and where appropriate engage with comments from stakeholders.

Social media is currently undergoing a review which will inform a separate report.

Thh.org.uk

The website is almost completely neglected. All campaigns will use thh.org.uk as a communications tool.

Local information

The board has asked for local information on estates. This will be the subject of a separate paper.

Evaluation

To evaluate our media coverage (including social media) we will track our success based on a media scoring system that takes into account both the target audience and the tone of coverage,

Points are awarded on a sliding positive/negative scale from +2 to – 2 depending on the tone and whether the coverage is within our target media. This will be checked against automated monitoring systems.

Each campaign will have detailed evaluation including on behaviour change.

Internal communications

This will

- Deliver two staff audience campaigns
- Manage all internal channels
- Deliver events including roadshows
- Introduce an online staff magazine
- Transform the intranet
- Refresh screens fortnightly
- Promote engagement and provide information on what’s happening at THH
- Evaluate with monthly pulse surveys

Objective

Our primary objective is to deliver discretionary effort from employees because they feel engaged in the work and goals of the organisation. In addition we intend to improve satisfaction by supporting the transformation programme, the business plan, embedding behaviours and competencies, celebrating achievement and keeping people informed about the issues that concern them the most.

Strategy

Our approach to employee communications is to provide a high level of information, run campaigns that engage staff and find ways to empower them to deliver better service.

The main focus for internal communications is to improve informed ratings and increase employee advocacy.

As with all our communications work, our internal communications activity is evidence and campaign-based with a main focus on supporting the transformation agenda, helping managers communicate and enabling employees to easily access the information they need to do their jobs.

We will measure our success against specific targets including the employee informed rating and understanding of the business plan.

Evaluating the communications strategy

We will rigorously monitor and evaluate the delivery of this plan and its impact. Essentially we are looking to drive up satisfaction with THH and access to our services through good communication, based on priorities.

Within this context, THH's work has to be communicated pro-actively showing that we deliver to a very high standard in response to customer needs. In this way we will help build and maintain trust.

Success measures

Customer

- Resident satisfaction rating
- Value for money rating
- Resident advocacy rating
- Residents involved rating

Employees

- Advocacy of THH as an employer
- Understanding of corporate aims

Communications

- Media and social media tone, reach and engagement
- Journalist rating
- Open door rating

Campaigns

In addition campaigns will have their own evaluation metrics including behaviour change, such as contacting a service or increased levels of advocacy.

Resources

Detailed campaign planning to deliver this strategy is yet to be done

Reporting

Campaigns will be reviewed at weekly communications team meetings.

Reporting on performance against this strategy will be quarterly with summaries of campaigns and a red, amber, green rating on the status of campaigns and other performance indicators.

Staff development

We have joined the PRCA and all staff are expected to join their CPD programme. None of the communications staff are PR qualified and we need to address this.

Staffing

We currently have a manager, two staff and one vacancy. We have started the process of reviewing job descriptions so that they are fit for purpose and to ensure we have the people we need to deliver this strategy.

5. Financial Implications

5.1 None

6. Legal implications

6.1 None

7. Risk Management Implications

7.1 None

Board of Directors 27th February 2017	Tower Hamlets Homes
Report authorised by: Susmita Sen - CEO **Report Authors:** Paul Davey – Director of Business Transformation Chris Smith – Head of Resources	**Report type:** For decision
Title: Towards a Digital Strategy	

1. Introduction

Tower Hamlets Homes is undertaking a Transformational Change Programme to improve performance to top quartile across London by 2020, to reduce costs by at least £6m over the next five years and to provide better, more varied and efficient access to our services for our customers.

Many strands of this change programme are already well underway. The People Strategy that underpins the cultural change for improvement is beginning to bring about its purpose which is to, 'Deliver the organisation's ambitions through the effective engagement and development of a high performing workforce.'

Organisational change is proceeding through a series of restructures that are designed to clarify lines of accountability for our residents, managers and staff and focus on the resident priorities such as management of antisocial behaviour and delivery of proactive services 'right first time'.

Efficiencies and sustainable budget reductions have been identified that will deliver on the Council requirement of a £2m revenue budget reduction in 2017-18 and further savings thereafter.

However, an essential part of this change programme is still in development. This report seeks to begin the development of a Digital Strategy which can bring together the elements described above and make a considerable contribution in providing a seamless 'right first time' service to customers, give more choice in service access and reduce costs in keeping with our savings requirements.

2. Recommendation

2.1 Approve the direction of travel set out in this report towards a Digital Strategy as part of the overall Transformational Change Programme.

2.2 Agree to receive a Digital Strategy at the next meeting of the Board

3. Background

3.1 Why housing organisations are changing

In a survey recently undertaken by Altair it was found that the majority (65%) of the surveyed housing organisations were currently undertaking a change/transformation programme and that 29% are planning a similar programme. Only 6% of organisations surveyed were not transforming or planning to transform their services.

The key drivers were cited as being increasing efficiency (61%), improving the customer experience (53%) and an organisation's corporate strategy (34%).

Like THH most housing organisations need to make significant savings and efficiencies as a result of rent reduction, government legislation such as the extension of RTB and increasing financial pressures on incomes due to welfare reforms.

At the same time general customer expectations are rising dramatically and housing management companies are not immune to this. This is probably more the case for Councils and ALMOs with large numbers of leaseholders who are more conscious of the commercial aspects of their relationship with their landlord as they can pay large sums for major works and service charges.

Altair found that the majority of organisations are developing their transformation programmes to support digitalisation with 69% including reviews of processes, 66% looking at digitalisation and 61% seeking to transform culture.

The rate of adoption of digital services increases every year reflecting a fast changing behaviour amongst customers in how they access and purchase services.

Our own survey of THH tenants and leaseholders in August 2016 found that:

- 94% of respondents used the internet
- 78% of these used a Smartphone, tablet or other mobile device
- 88% felt very comfortable or comfortable using the internet
- 64% did their banking online most or all of the time
- 63% did some or all of their shopping online

However, when asked how respondents would like to be in contact with THH in the future 81% preferred contact via telephone, 77% by email, 63% face-to-face, 62% via the website, 47% via text message and 45% via a mobile app.

Leaseholders showed a slightly higher preference for modern contact mechanisms compared to tenants.

This suggests that whilst there is little in the way of self-service and other means of online or digital contact on offer from THH that is proven to work residents will want to contact us in the way they always have despite their capability and experience in doing so digitally with other services.

3.2 Customer Access Strategy

In July 2016 the Executive Management Team received a report that set out data to underpin the rationale and necessity for a customer access strategy.

Comparing ourselves with other similar organisations it was clear that the number of telephone calls we received was substantially more than our peer group.

Fig. 1

Organisation	No of Calls	Tenancies	L/hold	Total	Calls per unit
Homes for Haringey	133,890	16000	4500	20,500	6.5
LB Hammersmith	107,755	12479	4851	17,330	6.2
LB Southwark	306,888	38000	13000	51,000	6.0
Southern Housing	178,023	17180	2306	19,486	9.1
LB Enfield	150,704	9700	4700	14.400	10.5
TH Homes/ LBTH Call Centre*	235,000	11000	9,500	21,500	10.9

- These figures combined services from THH and the Councils Call Centre which handled repair requests at the time of writing

Footfall too at THH offices was deemed to also be high but the comparator in the report was a single London ALMO as these numbers were harder to ascertain.

Transactional costs for these forms of contact vary enormously. The Customer Access report provided the following information:

Fig. 2

	Action	Cost £s
Inbound	Cost per call	9.24
	Cost per call per minute	1.17
Outbound	Cost per call	1.12
	Cost per call per minute	0.47
Front counter	Cost per visit	12.26
	Cost per visit per minute	2.03
E-mails	Cost per e-mail	1.26

Against this, the average cost of an online transaction is an estimated 56p although this varies across sectors. It is clear that a significant take-up of a digital offer for self-serve and contact would provide substantial savings.

The Digital Strategy will form part of an overall Customer Access and Digital Strategy for THH later in 2017-18.

3.3 ICT Roadmap

THH's ICT Roadmap 2016-19 started the process of developing a digital strategy. The vision for where we want ICT to be by 2018-19 is:

'Integrated solutions supporting a digitally enabled workforce that works flexibly and effectively to provide consistent and excellent customer service to residents across a range of channels where residents increasingly choose to self-serve online.'

In the operating model that THH is developing ICT will be far more central to service delivery than is currently the case. To meet the vision the ICT Roadmap set out three key aims:

1. Re-establish Northgate Housing as the integrated housing system and invest in it as the contact management solution to ensure THH has a single view of its customers;

2. Implement mobile working solutions across the business to improve efficiency and embed a culture of knowledge sharing;

3. Support the refreshed Customer Access Strategy and Digital Strategy through the development of online services.

The ICT Roadmap recognises that to achieve our strategic objectives there is a need for effective and coordinated systems to be the foundation for the new operating model. When the ICT Roadmap was developed the ICT architecture was principally split between two line of business systems, NPS Housing with specialist functionality for tenancy management, repairs, rent accounting and so on and Comino (Civica W2), a separate system for document management that was also used for contact management and workflow.

This split meant that at the first point of customer contact staff had a limited view of recent engagements. For instance when a resident rang to request a repair to be raised via Northgate the call agent had no visibility of recent contacts or correspondence recorded on Comino. Thus the HSC staff using Comino to record the contact needed to check Northgate for information such as current balance or recently reported repairs. The use of two different systems in this way risked not realising the full benefits of other organisational changes, such as the new single contact centre and online self-service within the new operating model.

It is important that customers receive accurate information and advice when they require a service from THH and get their enquiry resolved as quickly as possible. To this end the ICT Roadmap was developed to refocus how the organisation uses technology, making its integrated housing management system, Northgate Housing, the principal system and reducing or eliminating the use of satellite systems that rely upon complex interfaces or data-load. In October 2016 THH moved customer contact management from Comino to NPS Housing with the implementation of the Customer Services module in the HSC; this was aligned with the transfer of repairs calls from the council to THH to ensured that call agents would principally be using one system, NPS Housing, to answer resident queries and log customer contacts.

The ICT Roadmap objectives were shared with Northgate Public Services (NPS) and discussions started in the autumn of 2016 in relation to purchasing additional modules to deliver THH's ambitions. The NPS proposal reflects key Roadmap objectives (customer service improvements, efficiency/standardisation/performance management, channel shift) and maximising income. The modules included in this proposal work together with the

existing NPS Housing implementation to allow THH to work smarter. The following modules were purchased in October 2016 to support delivery of the new Digital Strategy.

Module	Summary Description
Self-Serve	The full suite of self-service functions which can be deployed in a phased approach. This includes the viewing or rent and service charge accounts, property and communal repairs history and other functionality including the ability to log contacts directly in the Customer Services module.
Task Manager	The NPS Housing workflow engine to allow THH to automatically and proactively manage tasks and events.
My Portal	Provides a single view of data from multiple parts of the whole system. A 'vanilla' version of ClientView is available to users at 6.13 and the full module offers improvements to this functionality.
Communication Suite	The upgraded version of DTI (Desk Top Integration) which enables SMS and emails to be produced in addition to printed documents.
Key Details	Key Details regions appear on screens across NPS Housing and allow key information to which the user may want easy access to be displayed in an intuitive format.
Payment Arrangements	This module provides a more proactive way to monitor payments, understand payment behaviour and enable early action to be taken.
Housing Options	Provides scripted dialogues to guide staff through the provision of advice to customers, and can also be deployed via Self-Serve for customer to access 24/7.
Direct Debits (DDs)	THH already uses paperless DDs in Northgate, this module includes more recent developments in DD processing
Customer Activity	This module provides a view of recent customer activity across the system and allows users to enter new instances of customer activity quickly and easily.

Building on the implementation of the Customer Services module for use as the customer contact management solution a new workflow engine, Task Manager, will integrate with existing Northgate Housing processes, such as tenancy creation or arrears management, and allow managers to monitor work more effectively. The use of these with the MyPortal product allow the Housing Service Centre to access up-to-date information more easily, record customer requests and initiate workflow requests to colleagues across THH, thereby reducing the number of hand offs and improving the quality and accuracy of information provided to customers.

These improvements, alongside appropriate business process changes, will support the implementation of a new online self-service portal that will provide real-time information for

customers whilst allowing them to carry out a number of service transactions from booking a repair to requesting a home visit or exploring their welfare options through an interactive advice tool.

The ICT Roadmap will also improve the way THH contacts its customers, streamlining account management processes and proactively text messaging or emailing residents for repair appointments or payment reminders.

As THH responds to tougher financial conditions in the public and housing sectors the new solutions being implemented as part of the ICT Roadmap can help drive down overheads such as accommodation costs by allowing staff to work more flexibly.

Together these modules will form the basis of the ICT changes that will support THH on its transformation journey from 2016-2019.

The first major implementation of these new modules is of the Self-Serve product, which will facilitate online access to THH services for residents and support the rollout of online statements for leaseholders as part of the New Deal.

Another key project in 2016/17 has been the configuration of NPS to support the reintroduction of Rechargeable Repairs by THH. Progress on this project has been dependent upon the implementation of the Private Leasing module by LBTH Housing Options to replace a bespoke piece of software that had hitherto inhibited the system functionality for recharging repair costs. The Private Leasing module is planned to go-live by the end of the financial year and will enable THH to commence recharging of repairs in 2017/18 as part of its new approach to right and responsibilities.

One of the next projects to be progressed will be the setup of the NPS Housing Communication Suite which will allow THH to send individual or bulk SMS text messages and emails to customers, for example automatically texting customers a reminder when their rent is due and potentially including a link to the self-service payment facility. Other deployment options include sending repairs appointment bookings as a text message or messaging all residents in a block to notify them of a lift outage and when the service has been recovered. Any resident communications which are currently posted out could potentially be sent via email instead, although there is likely to be a requirement to send certain communications such as notification of new rent charges by post for some time yet.

THH has also been working with its principal general build repairs contractor, Mears, to implement the Mears Appoint scheduling tool for use in the Housing Service Centre. This will allow call agents to select appointment slots for residents that have the best availability, subject to the urgency of the repair, to reduce the number of rearranged appointments.

In preparation for the 2017/18 Estimates cycle the functionality around the generation of Major Works Invoices has been reviewed and is being used to generate the Major Works Estimates, which will be included with the Service Charge estimates for the first time.

THH has been working closely with LBTH, through the ICT Strategy & Commissioning Board and the Monthly Operational Meetings, on a number of key infrastructure projects including the rollout of the new Telephony solution, which will be in use from April 2017.

3.4 2017-18 Roadmap Timeline

The key projects which will form the central core of the ICT work plan for 2017/18 are set out in Figure 1 below.

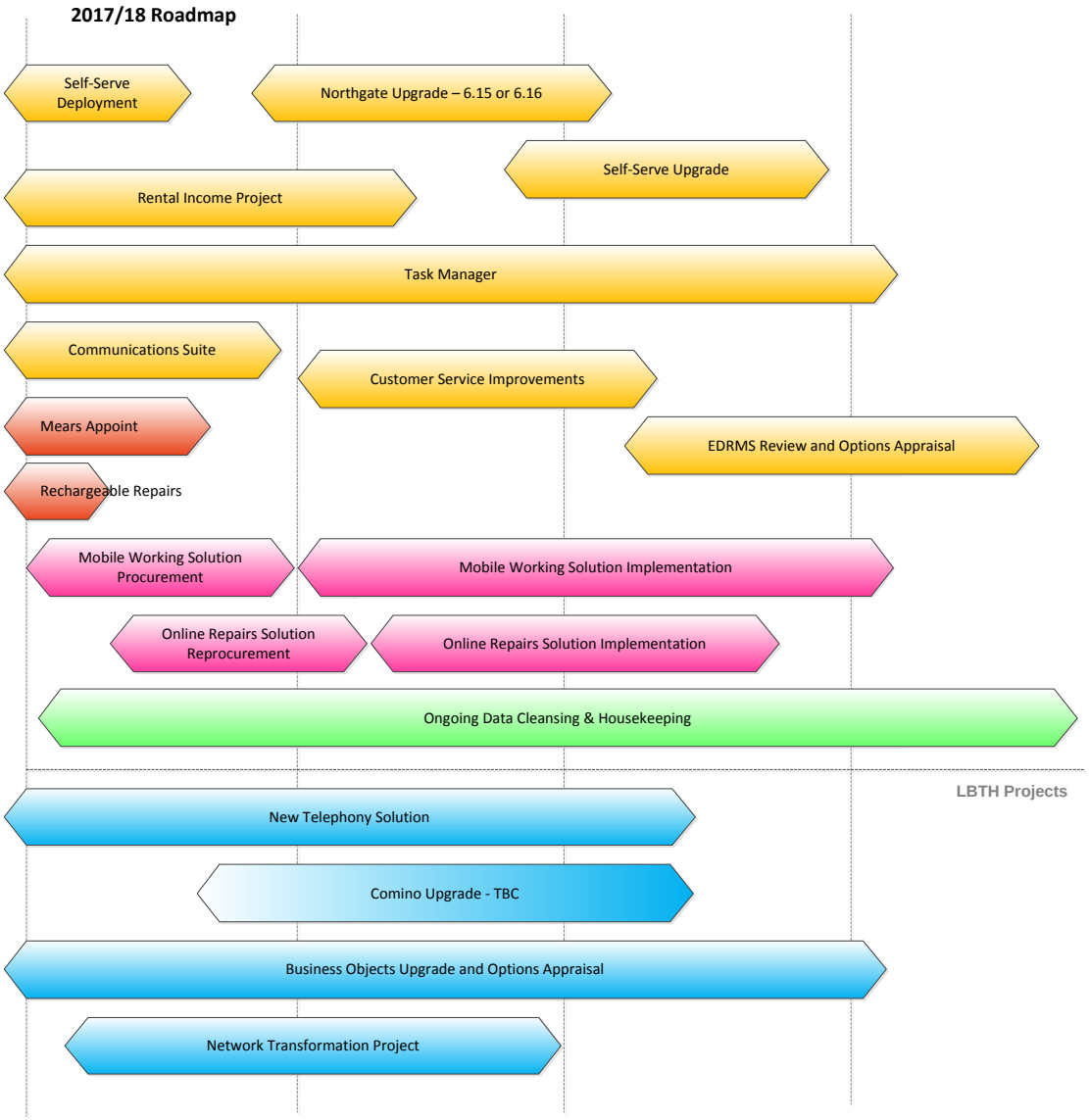

Figure 1

Mobile Working will be a key project in 2017/18 to give THH staff the tools to deliver services, access data and update systems whilst out and about in the borough working with residents. A market testing exercise will be carried out initially in Quarter 1 to determine whether an upgrade of THH's legacy mobile working system, Kirona Mobile, to the new version, Job Manager, offers the best solution for THH or whether an alternative product may be more suitable. This will be followed by a phased implementation and deployment service area by service area taking into account local business processes and working practices.

The Self-Serve system that THH is preparing to launch will continue to be expanded and integrated with business processes through the Task Manager product. The online repairs reporting solution, Interfinder, will be fully reviewed and market tested with the aim of implementing a fully integrated online repairs ordering service for customers.

The key dates for these initiatives will be as follows:

Project Title	Description	Start Date	End Date
Self-Serve Deployment	Deploy NPS Self-Serve to allow residents to access account information and initiate service requests online.	Dec 2016	May 2017
Rental Income Project	Configure Payment Arrangements, Expected Payments and Any Day Direct Debits to support rental income collection.	March 2017	Aug 2017
Task Manager	Implement workflow on NPS Housing and replace Comino as corporate workflow solution.	March 2017	Q4
Communications Suite	Implement email and SMS communication from NPS Housing.	Feb 2017	June 2017
Customer Service Improvements	Implementation of Customer Activity, configuration of upgraded version of MyPortal and Key Details.	Q2	Q3
Mears Appoint	Implement the Mears Appoint appointment booking and resource scheduling system for use by HSC staff.	Oct 2016	May 2017
Rechargeable Repairs	Enable rechargeable repair accounts to collect fees for repair jobs that are the resident's responsibility.	Aug 2016	Apr 2017
Mobile Working Solution Procurement	Market testing of compatible mobile working solution to procure most suitable tool for use by THH staff.	Apr 2017	June 2017
Mobile Working Solution Implementation	Implementation of a suitable mobile working solution for use by THH staff	Q2	Q3
Online Repairs Reporting Solution Procurement	Market testing of compatible repairs reporting solution to procure most suitable tool for use by residents.	May 2017	July 2017
Online Repairs Reporting Solution Implementation	Implementation of a suitable repairs reporting solution for use by residents.	Q2	Q3
Northgate Upgrade	Annual upgrade of NPS Housing	Q2	Q2
Self-Serve Upgrade	Upgrade of NPS Self-Serve in line with upgrade of core system.	Q2	Q3
EDRMS Review	Review of Comino as EDRMS solution and consideration of other options	Q3	Q4

Ongoing Data Cleansing & Housekeeping	Ongoing improvements to core person and property data to improve data quality and to system functionality to improve business use.	Ongoing	

4. Beyond 2017 – THH's vision for a digital future

Embracing digital technology can help Tower Hamlets Homes to deliver its vision of:

Thriving, safe, and sustainable neighbourhoods where residents can be proud of their homes, respect one another, and realise their potential.

Digital transformation is an enabling change which can directly support Tower Hamlets Homes' in achieving its strategic priorities, rather than being a goal or outcome in itself. As part of the wider transformation programme there is an opportunity for THH to make the most of technology to deliver its mission to:

- Provide excellent customer service;
- Maintain homes and neighbourhoods to be proud of
- Deliver organisational excellence

We have consulted with staff and residents in forming the following views and vision for a digital THH. More consultation with these groups and other key stakeholders will be conducted in shaping a digital strategy for the ALMO.

In many ways the preceding sections of this report outline a plan to catch up to where many housing organisations have already reached. However, there is potential for Tower Hamlets Homes to go further and make the best use of digitalisation to help protect its income and deliver some of the efficiency savings it requires, whilst providing an excellent customer experience.

Broadly, digitalisation can help transform how Tower Hamlets Homes operates; moving valuable resources away from low value interactions such as avoidable calls, administration and manual processes to higher value engagement such as resolving complex enquiries and preventative work. Becoming a fully digital enterprise could support completely new ways of working, removing internal barriers and joining up services with LBTH (see section 6).

Digital enablement on any scale will require resources, planning and evidence-based prioritisation. The Board will want to consider what approach to digital will work best for the organisation and how this aligns with any plans for the operating model.

4.1 Customers

For customers, digital opens up the possibility of 24/7 access to services seven days a week from any device.

Digital can provide customers with far greater access to services while removing bureaucracy. Well-designed digital processes can cut out unnecessary steps, making services simpler and faster for customers.

THH customers currently submitting a housing application to move home are required to search online and download the form (or visit an office), then print it, fill it in and post the completed application form. A digital service could involve simply filling in the form and submitting it; connecting customers directly to the choice based lettings service once the application has been approved.

There is an opportunity to move far beyond basic online forms, where a customer makes a request and waits, to end-to-end digital services where every step is completed online.

Example: Richmond Housing Partnership offers a digital-only housing service from tenancy sign up to moving out. RHP offers a cash incentive to tenants who only use their 24/7 online services and their digital services include online employment advice and support.

In some circumstances, digital can be used to provide customers with decisions instantly, for example a low value repair could potentially be booked without a human interaction or the customer having to wait for a decision.

This creates potential for improved customer experiences, as customers gain more time for themselves while receiving the information and services they require. The ability to report and book a repair from the comfort of a living room over the weekend is likely to be far more convenient for most customers than having to wait until Monday morning to get things done.

The opportunity for customers to choose the method and frequency that they receive automated updates, text messages and emails means that customers can be more in control.

The number of social media channels available for direct customer communication has grown and now includes web chat and a variety of social media offers. THH could make use of these to provide customers with greater choice; delivering services on the platform most convenient to them.

Greater integration with social media providers means that it is now possible for customer services to manage a variety of platforms using a single system. Genuine omni-channel services that involve a transition between channels without any human interference are still in their infancy however, it is possible to provide customers with a seamless experience that does not require them having to switch device or channel.

Example: Northwards Housing offer whatsapp as one of its contact channels, encouraging customers to use it to get in touch during weekdays. This is managed via one platform within their customer contact centre.

The THH staff focus group suggested that digital should be used to provide a greater range of customer access options, rather than limiting THH's offer to certain types of interaction. They agreed that where possible digital channels should be encouraged over phone use, particularly where the enquiry is uncomplicated or avoidable.

How digital services could work at Tower Hamlets Homes: Paying rent

Sandra is living on a low and unsteady income; she is worried about paying bills, along with her rent. Sandra typically pays her rent monthly in arrears. Because of her uneven income payments she doesn't want to set up a direct debit in case it bounces. She has set up regular text reminders to keep her informed of her balance and uses her smart phone to go online to make payments. While online she is able to calculate how much rent she needs to pay before her daughter's birthday which helps her to budget.

How digital services could work at Tower Hamlets Homes: Major works
Amir is living in a block that is receiving major structural works. A few weeks before the work starts he sees a sign up about the work; this contains a QR code and text message option to sign up for updates. He uses the QR code to request regular communication via email to his work account. When the works start, he receives a message telling him that scaffolding will be going up. Throughout the works he receives occasional messages with information about what is happening on site and advanced notice of the water being switched off for a few hours. Once the works are complete he is sent a link to a survey about the contractors, this feeds back to the major works team so they can understand how their contractors are working.

4.2 Staff

Digital technology can significantly improve the working environment for staff, from equipping them with the right information and tools to fulfil their roles, to creating opportunities to work remotely.

Giving colleagues the information they need in the format most useful to them can save time, prevent unnecessary emails and enable better customer service. While specialist advice may require a specific team member, it is likely that a large number of basic customer requests can be completed by any staff member as long as they have the necessary means.

The THH focus group and staff in the call centre raised the fact that customers very much view THH as one organisation, and many view LBTH and THH as being the same thing. They highlighted customers' frustrations with staff not being fully equipped with the information and tools to provide a full service; giving examples of having to transfer a call, email another department or ask a customer to call back. Digital technology could be used for greater information sharing without compromising data protection, automated processes and workflows could also support staff in fulfilling customer requests.

There is an opportunity to use digital to enable staff to work from anywhere. While THH provides access for staff to login from home, plans are underway to deliver mobile working. This could be used to transform how staff plan their day and expand the access for all staff who go out on site to be able to complete any basic service request. Mobile working solutions can also be used to prove staff safety, The THH focus group suggested that lone workers could sign out letting their teams know that they were finished for the day and returning home.

Digital workplace initiatives can be used to improve communication and collaboration, breaking down organisational silos and enabling staff to work together to improve services. Internal social media channels such as yammer or workplace can be used to share ideas, ask for help or put project teams together. In large organisations, internal social media can be used to create virtual communities of practice based on skills or interests. THH may want to consider how it uses digital to support the new People Strategy, particularly the 'working together' strand.

Digital can also improve internal administration such as requesting annual leave, recruiting a new employee or requesting a mobile phone. The administration around these tasks has a cost attached and these types of activities were raised as a source of frustration by the THH focus group.

How a digital workplace could look for Tower Hamlets Homes: Mobile working

Melanie, a housing officer, is completing an estate inspection. While on site she notices that a contractor has left some outdated signage. She uses her tablet to let the maintenance team know about the issue, she also notices a damaged communal door and raises a repair request. Through using her tablet, she is able to take photos of the door showing the type of door and the level of damage; this means the repairs person knows what tools to bring and can deliver a first-time fix. Juan, a resident on the estate, asks about parking licenses; Melanie is able to provide Juan with the information he requires without asking him to make a phone call. During the visit, she has collected and submitted all of the information she needed for her inspection report. This means she is able to go straight home without the need to complete any paperwork or updating any systems.

5. Working with LBTH towards digitalisation

In drawing up a digital strategy for THH we will have to consider the degree of collaboration with the Council that we may wish to have. THH will want to work with LBTH to ensure that it is properly empowered to make the changes that it requires in terms of systems.

The previous dynamic between the Tower Hamlets Homes, LBTH and Agilisys appears to have been a barrier to improving IT systems and developing digital services.

Staff at THH cited examples of systems being brought online by the council with little or no collaboration with THH, including a lack of consultation on what THH's requirements were. This included direction from the council on specific dates that THH should start to use systems.

This has resulted in some IT which does not quite meet the needs of THH and therefore has not produced the desired outcomes. In addition to this some very basic requests are required to go through Agilisys, resulting in actions being delayed.

LBTH has recently changed its relationship with Agilisys by removing the exclusivity agreement that was in place. This creates a lot more freedom in terms of who LBTH and THH can work with. While THH and LBTH have regular meetings currently, there may be an opportunity for far greater collaboration on transformation.

THH could 'go it alone' and develop its digital services in isolation; however, this approach is more likely to cause issues with integration further down the line and create issues for services that have touch-points across both organisations (e.g. housing applications).

There is potential for THH to become far more of a collaboration partner that is a driving force for digital transformation. Tower Hamlets Homes could become an early adopter of some of the planned digital capabilities outlined in LBTH's draft digital strategy. These could support digital transformation at THH and potentially lead to THH becoming an example of best practice if it moves back into LBTH.

Section 6 of this document looks at LBTH's draft digital strategy and how this could align with a future digital strategy for THH.

6. LBTH's digital strategy and the potential for collaboration

London Borough of Tower Hamlets (LBTH) are currently finalising their draft digital strategy; this has a newly developed vision for digital:

"Tower Hamlets will be an organisation that uses digital technology to continue reducing our costs whilst delivering faster, smarter and more effective services for the benefit of our customers and staff. To this extent we see ourselves being an exemplar digital enterprise." Tower Hamlets Homes' transformation programme also highlights the need to reduce costs while improving customer experience; in terms of high-level strategic aims for digital it appears that both organisations want to move in similar directions.

While LBTH's supporting action plans and programme management are in the early stages of development, Tower Hamlets Homes has an opportunity to work with the council to create a shared approach to delivering digital transformation. LBTH's digital strategy is very ambitious and is likely to benefit from partnership support; Tower Hamlets Homes could become a highly engaged collaboration partner that is an equal driving digital transformation.

The focus group and conversations with THH highlighted the importance of the relationship with the council, both strategically and at an operational level. LBTH's digital strategy states that:

'Rather than procuring or developing vertical solutions in silos, the concept of 'government as a platform' will be applied, whereby a set of common digital service components are combined in different ways to address different borough needs, thus leveraging familiarity and minimising cost.'

Tower Hamlets Homes could potentially develop digital service capabilities in partnership with the council, these could be utilised while ensuring that Tower Hamlets Homes prioritises on its own vision, mission and measures of success through its own digital strategy.

5. Conclusion

The internet has transformed the way goods and services are delivered; shifting customer interactions from 9-5pm telephone calls and visits, to 24/7 online and automated transactions.

Housing and local government organisations are exploring how they can use digital to help transform the services they deliver; with many exploring how they can deliver a high-quality customer experience online with limited resources. A large proportion of housing and local government organisations are also supporting digital inclusion initiatives to ensure that everyone capable of using the internet is given the opportunity to do so.

THH has good grounds to also explore the level of digitalisation that would be appropriate for the ALMO. This would provide 'Channel Choice' for customers who would want to access services in this way. Done well more and more customers will want to go online for transactions with THH. This will provide simpler transactions from home for customers improving satisfaction.

Cost too would be driven down and this should form an essential element of the efficiency drive required to meet LBTH's savings target of £6m.

If this approach is approved by Board then a Digital Strategy will be developed in agreement with LBTH with whom a strong element of collaboration would be beneficial to ensure systems that are future proofed should the ALMO be brought back under direct Council control.

There will be a financial upfront cost in terms of systems and resources and expertise required to implement a digital strategy for which £1m has been set aside in reserves over three years. However, savings on other forms of service access, though they need to be quantified as part of the strategy development, are likely to be substantial.

Board forward plan – 2016-17

Month	Meeting format	Main items
26 April 2016	Board Discussion	Leasehold billing, Performance Reporting Framework, Operating Model Update
16 May 2016	Formal meeting	Health & Safety Policy Review Governance Action Plan Asset Management Strategy
~~15 June 2016~~ 29 June 2016	Board Away afternoon	Operating model review, Customer Access - Repairs & Non-Repairs Call Handling Review, ICT Roadshow
1 September 2016	Formal meeting	Operating Model
19 September 2016	Formal meeting	Company financial statements, Health & Safety Policy, Risk
12 October 2016	Board Discussion	Operating Model/Savings
12 December 2016	Formal meeting & AGM	Governance Action Plan, Risk Management Strategy and policy statement, Transformational Change Programme
16 January 2017	Board Away afternoon (Joint with RP)	Business Plan Development
27 February 2017	Formal meeting	Business Plan approval Budget approval, Transformational change programme
11 April 2017	Board Discussion	Training on Risk Management Digital software solution for paperless Board

November 2016 Revision