

Title: Chief Executive's Report	Meeting: Board	
Report authorised by: Chris Creegan, Chair	Date of the meeting: 9 November 2010	Item No. 8
Report author: Gavin Cansfield, Chief Executive	Classification Open	Report type: Discussion/Decision
<p>Business Plan Objective</p> <p>The 2010-11 Business Plan sets out four key deliverable categories:</p> <ul style="list-style-type: none"> ▪ Residents first: insight, diversity, engagement and influence ▪ Excellence first: delivering great customer care ▪ Homes first: delivering decent homes and neighbourhoods ▪ THH first: building partnerships, capability and spending wisely 		
<p>Financial Implications</p> <p>There are no specific financial implications of any of the decisions that the Board is being asked to make in this paper.</p>		
<p>Risk Management</p> <p>This Strategy relates to a number of items on the strategic risk register, and forms part of the mitigation plan for them. They are:</p> <p>3. Making a Difference</p> <p>6. Organisational Coherence</p>		
<p>Linkages to Strategies</p> <ul style="list-style-type: none"> ▪ Customer Access Strategy; ▪ People Strategy; ▪ Resident Engagement Strategy; ▪ Financial Inclusion Strategy. 		
<p>Summary</p> <p>This report updates Board members on:</p> <ul style="list-style-type: none"> ▪ Update on Performance; ▪ Progress on Being Resident Led; ▪ Tackling the Recession Locally; ▪ Work on the Business Model for 2011/12; ▪ Update on Financial Matters ▪ A note on a funding application. 		
<p>Recommendations</p> <p>Board members are asked to:</p> <ul style="list-style-type: none"> ▪ note the contents of this report; ▪ approve the Business Model; and ▪ approve the once-off transfer of £263k from core to delegated budgets as part of the HRA Action Plan discussed in para 5.2 		

1. Performance

- 1.1 The report to the July Board meeting included the performance figures for the first quarter of this financial year. The table below provides Board members with an update on performance to the end of quarter 2. It should be noted that those items in green mean the target is being met; those in blue denote performance that is more than 5% above target; the two in red that target is not met.

Monthly Digest September 2010

Indicator	Target	August	September
Repairs			
All repairs in target (BC)	98%	97.98%	98.21%
Emergency (24 hours)		98.48%	98.53%
Urgent (7 days)		97.62%	97.90%
Routine (20 days)		98.53%	98.75%
% rating repairs as: excellent & good (BC)	83%	83.40%	84.48%
Repairs right first visit (BC)	88%	87.98%	88.58%
Appointments made & kept of possible	92%	94.41%	94.11%
Valid CP12s (BC)	100%	99.98%	100%
RHC average wait (secs)	30	31	25
Leaseholders			
Service Charge Debt (£m)		£16.5m	£15.8m
Service Charge collected (BC)	£11.5m	£977k	£824k
Major Works Debt		£5.4m	£5.3m
Major Works collected		£177k	£176k
Average debt per leaseholder (£)		£2,441	£2,349
Housing Management			
% of Voids (Total)	3%	1.28%	1.30%
Number of Voids (Total)		160	163
% of Voids (Short term)	1%	0.35%	0.36%
Number of Voids (Short term)		44	45
% of voids (Long term)	2%	0.93%	0.94%
Number of voids (Long term)		116	118
Number squatted		14	18
% squatted		0.11%	0.14%
% residents seen at THH receptions within 10 min. (BC)	85%	77%	80%
% of calls answered (new combined BC)	95%	93%	95%
Average relet time (Days) (BC)	26	25.13	20.00
Rent Collection			
Rent collected (BC)	100.1%	99.45%	98.57%
Average arrears per tenant	£160.00	£148.61	£148.74
Former Tenant Arrears owing (£m)		£1.31m	£1.33m
No. of tenants with 7 weeks+ arrears	6.60%	5.30%	5.40%
Complaints and Member Enquiries			
Complaints received (all stages)		77	77

- 1.2 Overall this represents some very good solid performance, a marked improvement on 12 months ago with a clear trajectory of improvement. That improvement reflects the leadership from SMT, focus of the Operational Management Team and the emphasis from the Staff Forum on ensuring staff engagement. There are, however, 2 areas of concern.
- 1.3 September's performance on residents seen at THH reception within 10 minutes was 80%, bringing the year to date figure up to over 71% but still well short of the 85% target, despite the provision of a second desk at the Bethnal Green office. Daily performance reports have been requested from the Council to improve resource management but it remains unlikely, given the poor performance at the beginning of the year, that this indicator can now meet target for the year as a whole – a situation that would not have arisen had there been two desks from April. The service aims is to be as close to the 85% standard as possible in the remaining months of 2010/11.
- 1.3 A number of factors appear to be impacting on rent collection performance including: rigorous enforcement of the notice period on voids; delays in the legal processes; a late assignment in July adding to the rent debit figure. All aspects of the collection process are being scrutinised for efficiencies, work continues to seek payment to clear the assignment arrears and to seek permission to write off any irrecoverable debt; Saturday working continues and there is a new focus on cases of payment shortfall in partial Housing Benefit cases.

2. Further Developing the Resident-Board Relationship

- 2.1 At the Board Forum on 12 October 2010 we discussed the Campbell Tickell commissioned paper on "Being a Resident-led Organisation" and subsequently decided to establish 3 small working groups to take up some of the challenges posed by the report. Each working group comprises 2 Board members and is supported by a member of the Executive Team. The working groups are set out in the table below:

Name of group	Area it will examine	Board Members	Executive Team member
Scrutiny	<ul style="list-style-type: none"> ▪ What 'effective scrutiny' by residents means in the THH context ▪ What kind of capacity building will value? ▪ What should the relationship be between the Residents' Panel 	Sukkanya Siva and Iain Lawson	Jamie Carswell

	<p>and the Board, and between the Residents' Panel and the remainder of the resident involvement structure?</p> <ul style="list-style-type: none"> ▪ What safeguards and support can be engineered to ensure that the Residents' Panel translates and interprets the wider resident voice? 		
Customer insight	<ul style="list-style-type: none"> ▪ Understanding the existing means through which the composition, needs and priorities of residents are assessed, and whether these are adequate ▪ How residents can influence the organisation's purpose and priorities and have their views taken into account without necessarily wishing to become 'involved' residents 	Abdool Kara and Judith Gardiner	Barbara Brownlee
The Board reaching outwards	<ul style="list-style-type: none"> ▪ How the Board leads a culture that listens to residents ▪ Whether THH's identity and purpose translates into the organisation's relationship with residents ▪ How the Board connects with customers 	Amy Whitelock and Shahanara Begum	Sayeed Kadir

- 2.2 Each 'team' can recruit other members as required and should, in any case, be ensuring that other Board Members have the opportunity to contribute.
- 2.3 At the meeting of the Residents' Panel (RP) on 21 October 2010, the idea was floated and welcomed that members of the RP might also team up with Board members and help to shape ideas around the themes. This in itself would be an important step in beginning to build a bridge of accountability between Board members and the resident involvement framework of THH, and a test run for the kind of collaborative working that is desirable between both groups.
- 2.4 One to two different RP members could join each working group, and the results of all of the working groups could be jointly considered at a strategic workshop in March to which all Board members and all Residents' Panel members would be invited and expected to attend. In the interim period between now and March members of working groups would be expected to keep their respective structures informed of progress.

- 2.5 The membership of the groups is inclusive of anyone who wants to get involved, but it is intended that the two Board members and at least one RP member form a core element of each group. It is expected that the work of the groups, culminating in the joint workshop, would produce some milestones for a work programme for the next 12 months.
- 2.6 The only criteria for the recommendations arising from the working groups are that they should:
- focus on our future vision;
 - be shaped by what will make a difference to residents;
 - be achievable and realistic;
 - take account of the time commitment required of all parties; and
 - have a clear understanding of what 'success' looks like.

3. Tackling the recession: for residents, for partners, for the community

3.1 Current Context for THH

In response to the recession, THH developed a Financial Inclusion strategy approved by the Board in November 2009. It set out how the organisation would ensure a more focused and pro-active approach to promoting financial inclusion and support to residents as a key priority for the organisation.

The current National Government has prioritised reducing the size of the budget deficit over the life of the current parliament. Widespread cuts to public sector expenditure have been announced, including to benefits and social housing budgets.

Research recently carried out for the New Policy Institute reveals that there has been a dramatic increase in in-work poverty across London. Over 300,000 more Londoners are now living in poverty in working households than was the case a decade ago. The increase in poverty in working households means London still has the highest rates of child, working-age and pensioner poverty of any English region (London's Poverty Profile 2010).

Around 7 per cent of London's working age population is now unemployed and young people have been hit hardest. The unemployment rate among young adults is disproportionately high, with one in three of unemployed Londoners aged under 25.

In inner London, unemployment has risen by 25 per cent since 2007. Tower Hamlets - together with Hackney - has the highest level of people receiving Job Seeker's Allowance (JSA) in the capital. Levels of mortgage repossessions are also a significant issue for the Borough, though are currently lower than neighboring boroughs including Newham, Lewisham and Greenwich. The Government's Multiple Deprivation Index ranks much of the Borough within the worst 5% of the country. 1 in 4 people are deemed to have skills too low for business use. For Black, Asian

and Minority Ethnic women, economic inactivity is as high as 70% in the Borough.

A number of key changes have been announced by the Government which will affect residents in receipt of Housing Benefit (HB). The majority currently detailed affect the Local Housing Allowance for those in receipt of benefit in the private rented sector.

3.2 Changes to Housing Benefit

From 2013/14, working age people in social housing will no longer be able to claim HB on a property deemed bigger than their needs and any claimant on JSA for over a year will have their HB entitlement cut by 10%. This may force potentially vulnerable residents to move away from their area to downsize and avoid rent arrears; this could further result in other forms of hardship where tenants move away from social and family networks.

We will carry out further analysis in due course to identify who is likely to be impacted negatively by the reform of housing benefit as outlined.

The pressure on those in receipt of HB in the private rented sector may increase the demand for social housing in the Borough, pending further details of reforms of the social housing sector announced in the Comprehensive Spending Review. Table (a) shows how across sectors and property sizes, housing benefit/LHA losses are likely to be felt by housing benefits claimants.

Table (a)

Estimated average loss per notional loser (£ per week – all sectors)	(Source: Crisis)					
	Shared room	1-bed	2-bed	3-bed	4-bed	5-bed
Local authority						
Tower Hamlets	-	-19	-29	-27	-19	-55
Greenwich	-10	-8	-13	-13	-22	-51
Hackney	-13	-21	-27	-26	-23	-125
Lewisham	-9	-13	-20	-20	-24	-64

3.3 Paying Rent – Managing Arrears

For THH, rent collected as a percentage of rent due rose to 99.97% for 2009-10, but to date has since fallen to 99.45% for 2010-11. To better understand how we can provide help and advice for our residents, we have carried out an in depth-analysis on rent arrears (attached). The analysis sought to explore, based on our own evidence, the profile of our residents in arrears according to six

characteristics - ethnicity, gender, disability, age, religion and belief and sexual orientation.

As a result, we have found age to be the most indicative factor of a tenant being in arrears - the younger a tenant, the more likely they are to be in arrears. For example, tenants between 20-29 are three times more likely to be in arrears than those over 70. There is also significant inequality of arrears on the basis of ethnicity; Somali tenants are twice as likely to be in arrears compared to white British tenants. Across nearly all ethnic groups, more younger tenants are in arrears compared to older tenants. However, for some ethnic groups a majority of tenants are in arrears irrespective of age. Finally, we identified that some ethnic groups in particular are much less likely to be in receipt of housing benefit than others. Work has already commenced with partners to deliver positive outcomes for disproportionately affected groups, as detailed later.

Through the "All about you" and "Getting to know you" processes, we are constantly striving to ensure that customer insight guides the organisation's strategic and operational improvement, helping us to identify diverse needs that we need to consider in delivering financial support in a way that is accessible, inclusive and fair.

Many of our partners and contractors have also been affected by the recession, and we have a role to play in ensuring that the risk of receiverships and job losses is reduced by continuing to be a responsible stakeholder in our relationships with local organisations.

3.4 What we have done and will continue to do

For residents

- We increasingly balance recovery actions with the aim of sustaining tenancies through early intervention, and by providing "Money help and advice" to tenants and leaseholders. Since August 2010, we have referred 36 leaseholders to such agencies and 31 tenants have received face to face advice.
- We have developed community partnerships with 13 groups so far who specifically focus on socio-economic issues and financial inclusion. We are continuing to found and develop partnerships in this area. These groups have so far included:
 - Tower Hamlets Community Credit Union, who support our financial inclusion strategy and help to increase the number of tenants who have a basic bank account;
 - The Financial Services Authority have provided free "Money Made Clear" training for staff and residents to improve financial literacy;
 - The Limehouse Project provides benefits and money advice and especially focus on engaging BME women; and
 - Account3 also provide our residents in arrears with advice to help them get out of debt, and again engage with BME women in particular. They have also provided various training programmes accessible to our residents and supplied 5 trainees as part of the Future Jobs Fund.

- Financial difficulties often impact on mental health, and we have developed partnerships with several borough-wide and community organisations to provide floating support for those with low and complex needs as necessary. Identifying vulnerability has been mainstreamed across the organisation through training and improving processes.
- We have refreshed our rent and service charge handbooks to make them clearer and ensured that information, advice and enforcement messages are regularly published in *Open Door* and *Leasehold Focus*. Local rent and leasehold arrears performance is published in neighbourhood newsletters.
- Our website provides a comprehensive range of information on rents and financial inclusion to tenants, who can now view their account balances on-line using *SeeMyData*.
- Rent officers hold weekly neighbourhood drop-in sessions and attend Neighbourhood Action Days to provide advice and referrals as required.
- We check with support agencies for any knowledge of vulnerability prior to issuing an enforcement notice. We identify when elderly/disabled residents are in hospital to ensure that they continue to receive housing benefit where eligible, and are looking to raise awareness in this area.

For partners

- Continue to monitor how quickly we pay invoices to ensure that we do not negatively impact the cash flow of small and medium enterprises who we procure goods and services from.
- We are working with CompeteFor to increase access for local businesses to our tenders. They provide a free system and consortium mechanism for all medium contracts (between £5,000 and £25,000).
- We have entered a partnership with the East London Business Place and will now have free access to their database system (BORIS) for all non-construction contracts under £5,000, which provides key information on local business, including the diversity characteristics of the organisation. This will enable us to carry out positive action to ensure that groups hit hardest by the recession are less disadvantaged.

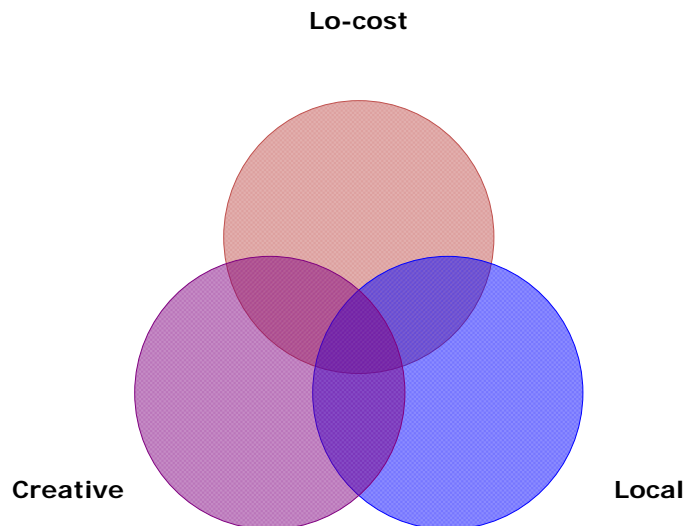
For the community

- Through the SkillsMatch Graduate Trainee scheme, we have appointed four new members of staff in the last six months.
- We are carrying out a more thorough analysis of our workforce profile to identify where we can carry out positive action to support under-represented groups.

4. Business Model for 2010/11

- 4.1 Preparatory work is already underway for the business plan and budget for 2011/12 [see the note below] including early discussions with staff about the likely impact on the organisation. That work has included identifying the business model for the organisation

post inspection to ensure that THH is fit for purpose and has a developed and robust response to the challenge set down by the current Government's austerity measures. There remain legacy costs within the business that we need to address, we know that we have much more to do to deliver value for money for all our customers and we know that every penny we spend is, quite rightly, scrutinised. The model outlined below is designed to ensure that we have an operational compass that establishes some very clear principles for addressing these issues.



4.2 Three principles

The proposed principles going forward are:

Lo-cost

- Ensuring that the operation is 'lean' – building on the 'systems thinking' work we have been doing on caretaking and the repairs service;
- Co-produced – focusing on behaviour change with residents to both reduce the number of 'problems' and encourage residents to work together to tackle the issues they face in their neighbourhoods;
- Standardised – ensuring that we drive down cost through the standardisation of ways of working.

Local

- Insightful – knowing our customers means that we can get things right first time, anticipate their needs and deliver the value that they are looking for;
- Personalised – using that knowledge we also need to ensure that at the 'front end' the service feels individual;

- Close to customer – we are a local service and we should ‘feel’ local, be visible, know our customers and make them feel valued;
- Devolved – ensuring that decisions get taken at the right level and as close to the frontline as possible to drive out bureaucracy and needless checking.

Creative

- Radical when required – not being afraid to do things in a different way and ensuring that we have the courage to respond to the agenda set by the Government and by residents;
- Innovative – we know that in the next few years we will need to be creative in our solutions to some of the challenges facing residents and neighbourhoods; we need to unleash the creativity of our staff to help meet those challenges;
- Entrepreneurial – being business like in the way we think about risk, cost and benefit.

5. Financial Matters

- 5.1 Management accounts to the end of September 2010 have been prepared and reviewed by SMT and the Finance & Audit Committee. They disclose an in-year position similar to that reported to Board in September 2010. Expenditure within core [or company] budgets has been well controlled and a modest surplus for the year of £300k is currently forecast.
- 5.2 Pressures of almost £1m remain within the HRA delegated budgets. However, an action plan, agreed by the Council, is being implemented and will bring the HRA delegated budget back in line with the approved cash limit by the end of the financial year. The action plan includes a proposal to make a once-off contribution of £263k from the forecast in-year core surplus to ameliorate the HRA delegated pressures.
- 5.3 The capital programme spend to date is £7.713m, the full year forecast outturn is £25.054m and the reported spend rate of 30.7% is lower than profile. This is largely as a result of an exercise jointly undertaken with the Council over the summer months to re-evaluate new scheme starts in light of expected reductions in capital resources for 2011-12.
- 5.4 Looking forward to 2011-12, a preliminary management fee savings target has been advised by the Council of £2.625m based on the HRA Medium Term Financial Plan (MTFP). This represents a net savings of around 7% and is, therefore, comparable to average expenditure reductions expected in the local and central government sectors. However, it is worth pointing out that there will be additional budget impacts for THH arising from expected reductions in capital resources for 2011-12.

- 5.5 In addition, although the Comprehensive Spending Review announcements provided some clarity around overall spending limits, further announcements and determinations are awaited from the Department of Communities & Local Government which will spell out financial implications for the Tower Hamlets HRA more precisely.

6. Funding Application

- 6.1 Board members may be aware that work has already started on developing orchards on the land that we manage – the Everyone Loves Orchards project. Working with East London Business Alliance we were able to recruit one of their graduate trainees for a year, helping them with their development, to work on this project which is currently focused on the Ocean Neighbourhood. Last month we submitted an application to HACT – the Housing Action Charitable Trust – as part of their Golden Jubilee programme. The title of the project is - Tower Hamlets Homes: *growing communities together*.

6.2 Project Summary:

“Whether we live in towns and cities, small villages or open countryside, we rely on natural systems for our food, our water, the very air we breathe. Our land, seas, rivers, woods and fields, parks and open spaces provide us with benefits so fundamental that they are often overlooked. These natural assets have an enormous collective value and as a nation we are, rightly, passionate about the places where we live and the landscapes that surround us.”
An Invitation to Shape the Nature of England, Defra, 2010

The proposal builds on the work we have been doing around allotments and is premised on the fact that Tower Hamlets is home to the oldest purpose-built social housing in England; a densely-populated Borough dominated by the built environment; the youngest Borough in London that has one of the highest proportions of fast food outlets per capita anywhere in the UK. At the same time Tower Hamlets contains the highest proportion of open green space in London – a potential asset which, we believe, has not yet been fully realised for the benefit of the community.

We suggest in the application the need to radically re-frame the relationship between residents of all generations and the environment in which they live by utilising Tower Hamlets’ untapped green assets to improve the health, quality of life and life chances of our residents, leaving a lasting legacy for future generations. This would be achieved through the creation of a network of sustainable, accessible and cohesive green spaces across Tower Hamlets, where food is produced by and for local people.

The envisaged outcomes are:

- benefiting approximately 4,550 people (including those who benefit directly through participation and those who benefit through proximity to the “green shadow”);
- supporting and establishing a local food economy;
- increased social cohesion and cultural exchange through diverse groups working together;
- many benefits for residents including increased employability, reduced anti-social behaviour and crime, improved health and diet, increased exercise, decreased isolation and vulnerability;
- a network of green assets for residents and the whole community;
- a new model for asset management and urban design, where residents play a more active role – a model that can be replicated elsewhere; and
- a multi-disciplinary network of professional and civilian partners working together to improve Tower Hamlets.

6.3 Obviously we very much hope that this application is successful but the process of developing it alone has helped our thinking around some of the issues of neighbourhood, public/private space, health and a sense of community. We want it to provide a stimulus for future thinking and further initiatives in this area.