

Ashfield DC: Ashfield Homes Ltd

Arms Length Management Organisation
(ALMO)

November 2002

Improving public services

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

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

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

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

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

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

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

Arms Length Management Organisations (ALMOs)

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

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

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

To access this additional funding an authority must:

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

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

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

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

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Summary and recommendations

Summary

- 1 Ashfield Council is a district authority, just north of Nottingham City in the East Midlands region of England. The population is 107,900 of which 0.7 per cent are from ethnic minority communities.
- 2 The Council is Labour led with 31 of the 33 seats and employs 630 staff across all services.
- 3 On 1st April 2002, Ashfield District Council created a new wholly owned company, Ashfield Homes Ltd, to undertake the landlord functions of its housing service, with 182 staff transferring from the Council to the new company. Such companies are collectively known as Arms Length Management Organisations (ALMOs).
- 4 The company is managed by a board of Non-Executive Directors, which is made up of four tenant representatives, four Council nominees and four independent representatives from the business community.
- 5 A previous inspection, following a best value review of housing services was reported in July 2001 and concluded that the Council then delivered a good, two star housing service, which had promising prospects for improvement.
- 6 This inspection focuses on the current standards of housing management services delivered by Ashfield Homes Ltd, its relationship with the Council and the governance arrangements in place. Obtaining a good two-star rating from this inspection is the minimum required in order to access £46.1 million additional funding, which the Government has allocated the company following a successful bid for ALMO status in September 2001.

Scoring the Service

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

Scoring chart²: Ashfield DC: Ashfield Homes Ltd – Arms Length Management Organisation (ALMO)



'an excellent service that has promising prospects for improvement'

- 8 The service is excellent because:
- ◆ there is a comprehensive range of service standards and customer feedback is regularly obtained and used to inform service development;
 - ◆ access to the service is good and customer satisfaction has improved in all areas;
 - ◆ there is good emphasis on diversity and active promotion of participation opportunities for hard to reach groups;
 - ◆ partnership work has improved and is focused on tackling agreed local priorities;
 - ◆ top performance has been achieved against key national indicators;
 - ◆ most repairs are carried out by appointment and there is a dedicated Call Centre for reporting repairs;

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

- ◆ there is a clear strategic approach to investment, targeted on meeting the Decent Homes Standard and customers priorities for improvement;
- ◆ Egan compliant partnering arrangements have been established with a strong emphasis on securing customer care commitments and facilitating local employment and training initiatives;
- ◆ there is greater emphasis on debt advice and improved Housing Benefit performance which is positively impacting on rents performance;
- ◆ services for older people are focused on the 'independence' agenda and further support for vulnerable people is being developed in partnership with other agencies, including tenancy support officers and extra care provision;
- ◆ pro-active estate management and effective caretaking staff, with regular estate inspections and resources earmarked to tackle tenant identified environmental improvements; and
- ◆ there is effective marketing of difficult to let homes, a fast track procedure for voids requiring minimal repairs and a comprehensive welcome pack for new tenants. A void repair standard is also in place, though in need of review.

9 There is further scope for improvement which we found the ALMO is aware of and actively seeking to address:

- ◆ too many older people are living in bed-sit accommodation with shared facilities;
- ◆ the antisocial behaviour policy is not yet consistently applied or effectively monitored;
- ◆ the allocations points system is over complex and some variation in allocation practices between offices was found; and
- ◆ the percentage of work carried out on a planned basis is too low, gas servicing is behind schedule and the Schedule of Rates for responsive repairs is in need of review.

10 The service has promising prospects for improvement because:

- ◆ there is a well embedded performance culture and an effective performance management regime in place;
- ◆ all of the areas for improvement identified in our previous inspection have been progressed;
- ◆ Ashfield Homes Ltd has been able not only to maintain, but to improve upon its high levels of performance during a time of substantial change, and customers and partners perceive a positive improvement since the establishment of the ALMO; and
- ◆ there is a commitment and enthusiasm at all levels to continually improve services for customers and Board Members and senior managers are effectively focused on business aims.

11 However:

- ◆ incompatible IT systems are unsuited to the needs of the ALMO and Service Level Agreements are poorly defined;
- ◆ there is a need for the ALMO to establish a separate identity and for the Council to develop its new role which is less controlling;
- ◆ further training and capacity building is needed to fully equip Board Members, senior staff and tenant activists for the demands and responsibilities of their new roles; and
- ◆ the Council has not yet developed discrete monitoring systems to check upon the ALMOs financial performance and trigger action in the event of under performance.

12 Whilst these areas are of concern, we acknowledge that it is early days for the organisations involved and that both the Council and the ALMO are taking steps to resolve these issues, most of which were identified for action prior to our inspection.

Recommendations

13 To rise to the challenge of continuous improvement Councils need inspection reports that offer practical pointers for improvement. In this context, the inspection team feels that the Council and Ashfield Homes Ltd should now take action to resolve a number of general, political, managerial and partnership issues.

14 We recommend that the Council should:

- ◆ ensure timely decisions are taken on proposals to further improve the quality of life for tenants in bed-sit sheltered accommodation and that tenants affected are sensitively and timely consulted on identified proposals;
- ◆ develop future planning scenarios to identify the Council's strategic aims and objectives for the ALMO for the remainder of the 25 year contract and ensure the ALMO is allowed to develop appropriate independence to fully realise the benefits that this new status affords;
- ◆ undertake training for elected Members to bring them fully up to speed on the roles and responsibilities of Ashfield Homes Ltd;
- ◆ consider simplifying the current points system used in allocating homes;
- ◆ develop discrete monitoring systems of ALMO financial and activity performance, ensuring appropriate systems of financial control and checks;
- ◆ ensure rent re-structuring is in place by April 2003;
- ◆ take action to address all other weaknesses identified in this report and produce a detailed action plan of proposals; and
- ◆ report this report to the Council's Executive Committee.

- 15 We recommend that Ashfield Homes Ltd should:
- ◆ ensure full compliance with the provisions of the new Homelessness Act in allocating homes;
 - ◆ ensure customers receive a consistent response to reports of antisocial behaviour;
 - ◆ ensure all new staff receive a comprehensive induction which includes attention to diversity issues;
 - ◆ review the existing Schedule of Rates and the void repair standard;
 - ◆ secure access to Housing Benefit IT systems and Verification Framework training for appropriate front line staff; and
 - ◆ ensure criteria for the appointment of all Board Members is put in place.
- 16 Also ensure that planned improvements are effectively delivered, including:
- ◆ removing the back-log of gas servicing by 31st March 2003, in accordance with the existing 'catch-up plan';
 - ◆ ensure the effective introduction of a comprehensive IT system that meets service and business needs by 2004, within the agreed budget;
 - ◆ ensure Service Level Agreements are comprehensive, cost effective and focused on customer requirements;
 - ◆ ensure customers can access ALMO Board meetings on a regular basis;
 - ◆ complete a review of existing office provision in 2003/04 to ensure the most effective and efficient use of resources is obtained;
 - ◆ ensure annual increases in the percentage of planned work carried out achieve 60 per cent by 2005/06;
 - ◆ further training and capacity building to fully equip Board Members, senior staff and tenant activists for the demands of their new roles;
 - ◆ take action to address all other weaknesses identified in this report and produce a detailed action plan of proposals; and
 - ◆ report this report to the ALMO Board.
- 17 We would like to thank the staff of Ashfield Homes Ltd and Ashfield District Council, who made us welcome and who met our requests efficiently and courteously.

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Report

Context

The locality

- 18 Ashfield is just north of Nottingham City in the East Midlands region of England. It is largely urban with three major towns: Hucknall, Kirkby-in-Ashfield and Sutton-in-Ashfield and rural villages. The total population is 107,900, with 0.7 per cent from ethnic minority communities. There are over 48,000 homes, of which 8,190 (17 per cent) are Council owned.
- 19 The area had a thriving deep coal mining industry but following the closure of the mines, Ashfield faces the enormous challenge of creating a new economically sound and sustainable base for its long term future. It is ranked as the 31st most deprived district in the country with poor income levels, low educational achievement, high teenage pregnancy rates and generally poor health statistics. In Ashfield, many homes are in poor condition, with around 2,600 unfit private sector homes, almost 25 per cent, compared to a national average of 19 per cent. 64 per cent of Council homes also currently fail the Governments Decent Homes Standard.

The Council

- 20 The Council is Labour controlled and made up of 33 Members. A code of conduct for Members has recently been adopted. The Council is organised along cabinet lines with a Leader, Deputy Leader and eight Portfolio Members. Four Area Consultative Groups also operate, giving local citizens a greater say in Council affairs, which have a mix of decision making powers and consultative roles.
- 21 The Council's overall net revenue budget for the year 2002/03 is £12.45 million, £1.55 million of which relates to the retained strategic housing function. The annual fixed management fee which it pays to Ashfield Homes Ltd from the Housing Revenue Account (HRA) is £4.47 million. A repairs allowance, estimated at £5.25 million is also paid annually to the ALMO from the HRA.
- 22 The HRA is monitored monthly by Council finance staff using the Council's own computer systems. This will continue when the ALMO implement a new comprehensive IT system, budgeted for 2003/04, when it is envisaged that monthly reports will also then be submitted by the ALMO to the Council.
- 23 Total housing capital expenditure for 2002/03 is estimated at £13.3 million. All housing capital expenditure remains the responsibility of the Council and is monitored 'in house' by the Council. In 2002/03 almost all of the housing capital spend was used for private sector housing, with additional resources for Council homes being anticipated subject to a satisfactory outcome from this inspection. This approach was specified in the initial ALMO bid and aims to secure the comprehensive regeneration of public and private sector homes in the District.
- 24 The Council's mission is to achieve, by 2005, a performance level in the top 25 per cent of local authorities nationally and to ensure the provision of the

comprehensive range of services which will regenerate Ashfield as a richer, healthier, fairer community. This mission covers four broad areas of activity and has the following strategic aims:

- ◆ Economic - to develop a prosperous, dynamic, competitive economy staffed by a skilled and motivated workforce.
- ◆ Environmental - to make Ashfield a more environmentally sustainable and attractive place to live, work and visit.
- ◆ Social - to help our communities thrive in a spirit of dynamism, tolerance and respect.
- ◆ Personal - empower all individuals to live longer, lead healthier and more fulfilling lives.

- 25 Ashfield has developed a strong, strategic partnership to develop and implement its community plan, which is tackling issues of multiple deprivation and responsible for delivering a range of regeneration initiatives, including a Neighbourhood Renewal Fund of over £2 million and piloting neighbourhood management as a Neighbourhood Management Pathfinder. The Ashfield Partnership has a broad range of partners and activities - partners include: local authority, individual businesses and employers' associations, police, fire and probation services, health authorities and primary care groups, colleges and schools, local residents and a wide range of voluntary and community organisations.

The Arms Length Management Organisation (ALMO)

- 26 Ashfield Homes Ltd, was created on 1st April 2002, by Ashfield District Council to undertake the landlord functions of its housing service. The initial agreement with the ALMO is for 25 years, with 5 year break clauses. The functions delegated to Ashfield Homes Ltd, as set out in their section 27 application are:

- ◆ Arrears management and debt counselling.
- ◆ Tenant participation, information and consultation.
- ◆ Enforcement of tenancy conditions.
- ◆ Similar functions for leaseholders.
- ◆ Stock investment and repairs ordering.
- ◆ Managing lettings, voids and under occupation.
- ◆ Estate management, caretaking and support services under Supporting People.
- ◆ Antisocial behaviour policy (involving the Council).
- ◆ Environmental protection and improvement.

- 27 The functions retained by the Council include:

- ◆ Rent collection.
 - ◆ Homelessness and housing advice.
 - ◆ Housing strategy and enabling.
 - ◆ Lettings policy (involving the ALMO).
- 28 There is no legal requirement to ballot tenants before establishing an ALMO. Ashfield Council did, however, appoint an independent consultant to advise tenants on the proposals and commissioned MORI to undertake a survey of tenant views, as well as consulting with all tenants via individual letters and a free phone line. The response indicates positive support from tenants, with the MORI survey finding 58 per cent of respondents supporting and only 6 per cent opposed to the ALMO proposals and in feedback via the free phone line, over 96 per cent of callers were in favour.
- 29 The company is managed by a board of Non-Executive Directors, which is made up of four tenant representatives, four Council nominees and four independent representatives from the business community. The day to day running of the company is delegated to a senior management team, headed by a Chief Executive. 202 staff are currently employed by the company, with 182 staff transferring from the Council in April 2002. Services are delivered from staff based at the Head Office, three District Offices, four Neighbourhood Offices, an Estate Office, a Call Centre for Older People and a repairs depot.
- 30 In addition to the annual housing expenditure outlined above, the ALMO will access £24 million to 31st March 2004, and have bid for a further £22.1 million for the period 1st April 2004 to 31st March 2006, which will not only ensure that all Council homes meet the Governments Decent Homes Standard, but will also make a significant impact on the regeneration of Ashfield.
- 31 Ashfield's Housing Strategy is judged to be 'well above average' by the Government Office and the housing service undertaken by the ALMO has obtained the Chartermark award for excellence, has ISO 9002 certification and is in the process of seeking Investors in People accreditation.

The Best Value Review

- 32 The Council completed a best value review of the corporate strategic objective of Housing in 2000. We inspected the best value review in February 2001 and reported upon our findings in July 2001. The review covered most of the housing functions, consisting of the following areas of work:
- ◆ tenancy management;
 - ◆ allocations, re-lets and voids;
 - ◆ intervention in private sector housing;
 - ◆ repairs and maintenance;
 - ◆ rent setting and arrears recovery;

- ◆ right to buy and right to improve;
 - ◆ strategy and enabling;
 - ◆ asset management; and
 - ◆ tenant consultation and involvement.
- 33 It did not include housing for older people or those with special needs, adaptations to Council housing, homelessness and the Care and Repair agency, all of which will be considered in the review of the corporate objective entitled Social Inclusion. Energy efficiency is to be covered at a later date within the corporate objective of the Environment.
- 34 The review piloted the Council's in-house developed methodology designed for use on all subsequent reviews and involved a substantial number of employees from all levels of the organisation as well as service users, alternative providers and representatives from other authorities. It was overseen by a Corporate Steering Group of Service Heads.
- 35 In 1999 the Council commissioned a leading market research company to carry out face to face interviews with a representative sample of residents to find out the major issues that could improve residents' quality of life. This particular method was chosen to ensure that 'hard-to-reach' groups were contacted. This has been used in the review as well as feeding in to the preparation of the Community Strategy.
- 36 From this larger topic area consultation, more specific housing topic face-to-face interviews were carried out with a representative sample of residents as part of the review prior to 'activity area groups' being set up to examine each aspect of the services under review. The methodology covered the '4C's' and led to the preparation of a number of alternatives for improving the activities undertaken.
- 37 The Council's Corporate Steering Group evaluated all alternatives against a set of criteria covering local and national issues using decision conferencing techniques and decision support software to model all scenarios. The evaluated recommendations for reshaping services were subject to further consultation with stakeholders before being presented to Members for approval as an action plan.
- 38 The Housing Inspectorate report on Ashfield District Council's Housing Service was published in July 2001 and the service was judged good (2 star) with promising prospects for improvement.
- 39 It is against this background that the current inspection has taken place and therefore the overall assessment of housing management services in this report draws on evidence from the previous inspection and covers services delivered by the ALMO not included within the previous review, as well as concentrating on the new organisation's governance arrangements and the quality of its strategic leadership.

How good is the Service?

Are the aims clear and challenging?

- 40 Inspectors look to see how the key aims for the service being inspected have been agreed, how clear these aims are to the people that receive the service and whether these reflect the corporate aims of the organisation as a whole.
- 41 Challenge is the key to achieving significant improvements in performance and targets set by the Council and Government. Without challenge best value will be ineffective. It requires the Council to consider and demonstrate how a service contributes to its wider corporate aims and community plans.
- 42 The Council has nine strategic aims which include:
- ◆ Housing - To ensure the adequate provision of well maintained and affordable housing for all sections of the community.
 - ◆ Economic Development - To encourage the development of the economy of Ashfield through the creation of new, and protection of existing, industrial and commercial activity in order to develop job opportunities.
 - ◆ Community Safety - To work for a general reduction in crime and towards removing the fear of crime.
- 43 The aims of Ashfield Homes Ltd are clearly set out in their delivery plan, correspond with the challenging objectives identified in the jointly produced Housing Strategy Statement and Business Plan and are focused on the delivery of:
- ◆ Decent Homes.
 - ◆ Excellent Housing Management Services.
 - ◆ Continual Improvement.
 - ◆ Tenant Involvement.
- 44 Ashfield Homes Ltd is clearly contributing to the corporate aims of the Council, e.g. prioritising investment to ensure all Council homes meet the Decent Homes Standard by 2006, facilitating, through partnerships, a range of local employment and training initiatives and close working with the police.
- 45 In our previous inspection, we found that Ashfield as a Council had a clear mission statement, strategic aims, corporate objectives and core values and played an active and powerful role in the Ashfield Partnership which is committed to the regeneration of the area. Housing services were committed to the Ashfield Partnership, seeing it as a way of developing the integration of the corporate housing strategy to other regional and district based strategies.
- 46 In undertaking this inspection, we found that Ashfield Homes Ltd has continued and enhanced its linkages with partnerships supporting wider corporate aims and has a clear and challenging delivery plan, setting out key local and national

performance targets, which customers and staff have helped to develop and prioritise.

- 47 Some key corporate strategies already reflect the new arrangements, including the Council's new Procurement Strategy and progress is being made on revisions to others, including Ashfield Partnership action plans, to take into account how the work of Ashfield Homes Ltd will fit in with the aims and objectives of the Partnership.

Does the Service meet these aims?

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

Access to services

- 51 In our previous inspection, we found an accessible, customer focused service, with positive aspects including:
- ◆ decentralised housing offices providing a comprehensive local housing service, which were well located, popular with tenants and accessible for people with disabilities (see picture below);
 - ◆ a wide range of useful information provided to customers, including comprehensive service standards which were being implemented;
 - ◆ regular customer feedback is sought across the range of services provided and is actively used to inform future developments to the service; and

- ◆ an effective complaints policy, which includes an option to report complaints by e-mail.

One of the easily accessible, decentralised housing offices



52 We did not identify any areas as being in particular need of improvement, but have looked at the impact of further developments since our previous inspection, including the introduction of a Call Centre for reporting repairs.

53 We found that Ashfield Homes Ltd has continued to build upon an impressive range of published service standards covering all aspects of its work, which are regularly reviewed, monitored and adhered to, for example:

- ◆ Customer Service which includes among other things 'staff will wear name badges', 'we will answer all telephone calls within 5 rings', 'we will answer all letters within 5 working days', 'we provide an interpretation service for customers who don't speak English'.
- ◆ Tenancy Management, which includes 'mutual exchanges application decisions to be made within 28 days', 'respond within 24 hours to reports of abandoned properties and take appropriate action to make them safe'.
- ◆ Housing Register which includes 'we will register your application within 5 working days of receiving it', 'we will send you a review application form each year within a month of the anniversary of your application', 'we will explain how your points have been worked out and give you information about how long it may take before an offer of accommodation can be made'.
- ◆ Housing Repairs, which includes 'we will leave the property clean and tidy', 'provide proof of identity before entering your home', 'inspect at least 15 per cent of work carried out to ensure quality is maintained'.
- ◆ Equality in Housing which includes 'we will use plain English in our letters and leaflets', 'our offices have access for wheelchair users', 'remove racial graffiti and repair any damage to your property as a priority'.
- ◆ Empty properties which includes 'we will ensure as a minimum all health and safety repairs are carried out to our properties before they are let', 'where properties are in a poor state of decoration we will offer you vouchers to help you with decoration materials', 'when signing-up for a property we will make

arrangements for the testing of your heating system to make sure it is working fully’.

- ◆ Standing up to antisocial behaviour which details the Council’s response to residents who are suffering antisocial behaviour and a commitment including prompt investigation, protection of witnesses, working with the police.

- 54 Ashfield’s approach to ‘Communicating Service Standards’ has also been identified as an example of good practice by ‘Housemark’. A comprehensive web-site has also been developed in consultation with tenants and already allows for the reporting of complaints. We tested this facility prior to our on-site inspection and received a personal acknowledgement to our complaint within the hour.
- 55 The wide range of customer surveys have been further expanded and responses show continued improvement to the high levels of satisfaction we found previously. For example, in 1999, 81 per cent of customers were satisfied with the speed at which repairs were carried out. In 2002, this has increased to 89 per cent. Feedback continues to be used to inform future service developments. A dedicated member of staff has been appointed to ensure timely attention is given to follow up and resolve any dissatisfaction expressed via ‘rectification notices’.
- 56 A repair reporting Call Centre was introduced in August 2001. Customers now have a single contact number to report repairs 24 hours a day, seven days a week. The Call Centre is fully staffed between 8am to 6pm, Monday to Friday. Calls outside these hours are dealt with by the older persons Call Centre staff, who have access to a specified duty officer. Free phone access is provided from all decentralised offices and we found a good customer care response during reality checks undertaken and targets for telephone answering times being exceeded. One customer told us:

‘Repair reporting is brilliant’.

- 57 Most repair work is now done by appointment, with top performance achieved in the number of appointments made and kept in comparison to all district councils. Appointments are also offered for pre-inspections and tenants we spoke to confirmed that ‘appointments are kept to’ and surveys undertaken by the ALMO show that 80 per cent of customers had noted an improvement in the repairs service over the last year.
- 58 ‘Re-branding’ of Ashfield Homes Ltd has been swiftly achieved, with all correspondence personalised and customer information and service personnel being easily identifiable, with name badges worn by all and new livery and uniforms ensuring repair personnel are easily identifiable.

Easily identifiable repair personnel



Stock investment and repair

- 59 The Council has certain legal responsibilities, as a landlord, including keeping in a good repair the structure and exterior of dwellings, and any installations provided for heating, sanitation and supply of services (Section 11, Landlord and Tenant Act 1985) and contributing to the Home Energy Conservation Act Strategy (HECA). The Governments 'Decent Homes' target also requires local authority landlords to bring their stock up to a defined standard by 2010, with a third of its homes reaching this standard by April 2004. Ashfield Homes Ltd is responsible for ensuring the day to day delivery of services to meet these requirements and for procuring all refurbishment work, acting as an agent on behalf of Ashfield District Council.
- 60 In our previous inspection, we found evidence of an effective and efficient repairs service that is responsive to tenants, with many positive features, including:
- ◆ an effective out of hours emergency service;
 - ◆ competitive costs in commissioning, procurement and schedule of rates;
 - ◆ well motivated staff and management teams;
 - ◆ well documented procedures and comprehensive risk assessments; and
 - ◆ well managed stores with demonstrable competition for procurement.
- 61 Other than the low percentage of planned work discussed earlier, we did not identify any aspect of the service as being in particular need of improvement and the achievements in the development of the responsive repair service have been recognised by 'Housemark' as an example of good practice in 'From bad to good: Managing Change in the Repair Service'.
- 62 We looked in more detail at areas of the service not previously subject to a full inspection, including stock investment decisions and environmental protection and improvement.

Stock investment decisions and repairs ordering

- 63 A stock condition survey of 10 per cent of Council homes was carried out by independent consultants in 2001. This identified that 64 per cent of Council homes currently failed the Governments Decent Homes Standard. A further 10 per cent survey has recently been carried out by the ALMO and its construction partners to build upon the earlier work undertaken and develop detailed improvement proposals for all house types, and plan a prioritised programme of work. Work has already commenced with three show homes established to enable tenants to view the range of improvement work (pictured below) and mechanisms are in place to ensure delivery of the Decent Homes Standard within agreed timescales. Contractors told us:

'By Christmas we will know all schemes down to individual addresses for the next four years and can work through uninterrupted'.

One of the show homes, demonstrating range of improvements planned



- 64 The Council also has good information on local housing need and demand, this together with the ALMO has determined an appropriate response to deal with localised acute low demand for some of its homes, including working with local registered social landlords to replace unpopular sheltered bed-sit accommodation with more popular bungalows for older people. Proposals to deal with an area containing homes of non-traditional construction have also recently been put forward by the ALMO for a decision to be made by the Council on their long term future.
- 65 Despite the progress made to date, much of the sheltered accommodation for older people remains below accepted modern standards, with too many bed-sits and shared bathing facilities. The Council needs to ensure urgent attention is given to determine the options available to improve these conditions and that tenants affected are sensitively and timely consulted on proposals identified.
- 66 The additional resources secured via the ALMO will ensure that all non-decent Council homes are brought up to standard by 2006 and also ensure, via targeted

investment, that no other homes fall below standard in that time. An asset management plan has been produced which details how this will be achieved.

- 67 To help deliver the major improvement programme, Ashfield Homes Ltd has employed Egan compliant procurement methods, entering into a four year partnership agreements with three well established specialists in social housing refurbishment. The basis for these partnerships is in line with the Egan principles of good practice and the process of selection involved tenants and placed a strong emphasis on securing customer care commitments and facilitating local employment and training initiatives. Targets have been set against key performance indicators and a framework is being established for promoting innovation and the sharing of any costs and savings resulting from their introduction. A full review of the partnership is scheduled in March 2004.
- 68 We were impressed at the progress and commitment of the construction Partnership which has been facilitated by Ashfield Homes Ltd. Work has already commenced, using the £5 million Major Repairs Allowance, to complete the rolling programme of replacement windows and re-roofing. The contractors told us:

'We've not worked as collaboratively elsewhere'. 'We're all working as a team here, there's less bureaucracy, that's why things are moving quicker. Decisions are being made'.

- 69 Comprehensive preparation has been undertaken by the ALMO to ensure that the substantial additional resources anticipated will be fully utilised. The contractors are ensuring procurement of materials from a range of suppliers so as not to swamp the market and there is sufficient local labour to supplement the contractors' available labour force. A detailed programme of work covering the next four years should be finalised within the next month.
- 70 Tenants' priorities for improvement have been obtained via a range of consultation, which highlighted community safety, including high security replacement windows, doors, kitchens bathrooms, energy efficiency and estate remodelling as key requirements. Ashfield Homes Ltd and the Council are confident that most tenant requirements will be able to be incorporated within the planned programme of works.
- 71 In undertaking this inspection, we found evidence of improved performance and increased customer satisfaction with the responsive repairs service, with top quartile performance achieved in all key indicators and regular surveys undertaken by Ashfield Homes Ltd now recording that 93 per cent of customers are fairly or very satisfied with the service, compared with 80 per cent two years ago. A formalised appointment system and a dedicated Call Centre are also now firmly established, both of which were proposals identified within the BVR improvement plan and have proved successful and popular with customers.
- 72 The working hours of operatives has also been extended and as well as providing cover for emergencies 24 hours a day, 7 days a week, there is now the flexibility to attend to non-urgent responsive repairs between 7.30am and 7pm Monday to Friday and 8am to 12.30pm Saturday mornings. Targets for pre- and post-inspections are in place, but not formally monitored and we found there was too much emphasis on pre-inspection at the expense of post-inspection. In

response to our concerns the ALMO is reviewing its monitoring arrangements and has set new targets of '50 per cent and reducing' for pre-inspections and 20 per cent post-inspections, which combined with the 150 monthly telephone surveys and the 600 quarterly satisfaction surveys carried out should ensure an increased emphasis on quality considerations.

- 73 Gas servicing is improving following the introduction of new procedures and the appointment of a specialist external contractor. An inspection carried out by CORGI (The Council for Registered Gas Installers) in July 2002 produced positive feedback, recording:

'That changes and improvements have been made following previous inspection visits'.

Appointments are now made for all gas servicing work and a Heating and Electrical Team Leader liaises regularly with the contractor and formally monitors performance each month, involving District Housing Managers in pursuing problems of no access, including taking formal legal action, if required. In 2001/02, only 87 per cent of homes received an annual service. The ALMO has a catch-up plan in place which will deal with the backlog by 31st March 2003. At the time of inspection, around half of the outstanding services had been completed and the success rate for gas servicing since April 2002 had improved to 93 per cent, although the ALMO recognise that further improvement is still required.

- 74 The ALMO carry out repairs to around 1,200 empty homes a year. A re-letting standard for empty homes was introduced in 1993 and revised in 1995. Early responses from customer satisfaction surveys undertaken by the ALMO this year record some dissatisfaction with the standard of decoration, state of garden and standard of cleanliness and repair. While some new tenants we spoke to were pleased with their new home, others expressed concern over the lack of cleanliness and redecoration. We understand that subsequent to our inspection, the ALMO has produced a revised draft Void Standard which is to be presented to the next Tenant Forum for consultation, with a view to immediate implementation.

Environmental protection and improvement

- 75 Environmental protection and improvement are specific responsibilities which have been delegated to the ALMO. Many of the day to day functions, such as removal of graffiti and abandoned cars are dealt with under the auspices of estate management and specific service standards for response times are in place. There is also a dedicated Estate Officer Team who visit sites around the District on a rota basis and we found the appearance of estates maintained to a high standard. One problem highlighted by tenants was dissatisfaction with grounds maintenance, which is carried out by the Council under a Service Level Agreement (SLA). The ALMO are reviewing all existing SLA's and the grounds maintenance service has already been identified as one which will involve tenants and be subject to early review.
- 76 Ashfield District Council has retained responsibility for delivering its obligations under the Home Energy Conservation Act (HECA). A champion for energy matters is based within the ALMO to retain links to the HECA strategy. The Council's HECA strategy, in line with Government requirements, aims to reduce

energy consumption and CO₂ emissions, eliminate fuel poverty in vulnerable households by 2010 and significantly improve energy efficiency of homes.

- 77 An energy efficiency stock profiling system has been in use since 1998 and enables the ALMO to target investment at homes that would benefit most from the measures available, as well as accurately monitoring the SAP of stock which, at 59 in 2002, is well above the average for local authority dwellings. Overall, the Council expect to meet the Governments target of a 30 per cent reduction in home energy use by 2011.
- 78 We found good investment in energy efficiency works, including a programme of replacement of solid fuel boilers with gas combi boilers and a pilot scheme using condensing boilers. In partnership with Powergen, the ALMO is also supplying older people with free energy efficient light bulbs, which it hopes will provide an incentive for energy assessments. The planned programme of major improvements to Council homes over the next four years will incorporate further energy efficiency works.
- 79 The ALMO's Asset Management Plan 2002-2006 sets out to maximise wider benefits in undertaking work and in procuring services. The three construction partners being specifically required to display how their audited working practices achieve the following:
- ◆ reduce usage/consumption and minimise waste;
 - ◆ give consideration to recycling and the use of previously recycled materials;
 - ◆ consider fair trade products where appropriate;
 - ◆ balance costs and benefits and justifying higher costs products on the grounds of environmental, social and local economic gain; and
 - ◆ ensure the supply chain and sub-contractors share the commitment of Ashfield Homes Ltd and its partners.
- 80 The Council's procurement strategy, August 2002, records that a guide to sustainable purchasing is being developed and in conjunction with a number of partners is also carrying out a wide range of energy efficiency initiatives to target vulnerable households and improve the energy efficiency in private sector homes in the District.

Rent collection, arrears recovery and debt counselling

- 81 In our previous inspection, we found an effective and pro-active approach to the collection of rent arrears, with positive aspects including:
- ◆ a 'firm but fair' approach to court action and eviction supported by officers, Members and tenants;
 - ◆ arrears letters were written in plain English;
 - ◆ clear policy and procedures in place and adhered to; and
 - ◆ wide range of payment methods.

- 82 The main areas needing improvement were mechanisms for referral for debt advice and housing benefit performance, the latter which, while not the responsibility of the housing service, was adversely affecting arrears, with around 58 per cent of tenants being in receipt of Housing Benefit.
- 83 We also looked in more detail at areas of the service not previously subject to a full inspection, including progress made in terms of rent restructuring.
- 84 Rent setting had not been reviewed in Ashfield since 1974 and prompted by the Governments rent restructuring requirements and Supporting People initiative, Ashfield recognised that the current rent structure was in need of revision. Work is progressing to meet these requirements, which aims to secure a convergence in rent levels across the social housing sector in the long term and to separate out support costs from rent in the short term. Changes must be implemented by April 2003.
- 85 Rent setting remains the Council's responsibility and it is also the Council's duty to ensure that tenants are informed and consulted on the proposals. We found that Members are scheduled to consider firm proposals in November 2002 and the ALMO is fully involved in discussions for implementation, with its Tenant Participation Officer identified to facilitate consultation on behalf of the Council.
- 86 We found evidence of increased emphasis on debt advice and arrears prevention, including improved liaison with the Citizens Advice Bureau (CAB). A new referral procedure has been established and staff from the CAB have had joint training with ALMO staff and were very positive about the new joint working, commenting:

'We have much more open relationship with Ashfield Homes Ltd, than before'.

- 87 A very helpful booklet is widely available on 'Money advice - a self-help guide', and better 'in-house' pre-tenancy advice and support procedures had also been introduced. There has been further improvement in performance on rent collection and arrears recovery, aided by improvement in the average time taken to process housing benefit claims, which at 37.9 days is now above average of that achieved by other district councils in 2000/01. Payment methods have also been extended to include Direct Debit and quarterly rent statements are issued to all tenants. An external agency is used to assist with the collection of former tenant arrears and a clear policy for writing off arrears, which are not collectable, is in place with good performance achieved, as detailed in later comparisons.
- 88 ALMO staff reported '100 per cent improvement' in the liaison with housing benefit staff, with regular meetings now taking place to resolve any problems and to agree processes and priorities. Staff are also aided by new software, 'SQ Factor', which is used by housing officers to calculate tenants' entitlement to benefits. We witnessed staff using this to advise a new tenant, who thought she was not entitled to benefit, but learned that she would be eligible for some housing benefit and council tax rebate.
- 89 However, not all staff have access to the Housing Benefit IT system and none are accredited under the Verification Framework, which means that tenants are not always able to get a comprehensive service. We also found the arrears process

to be very time consuming and over reliant on paper based records, with no automatic escalation possible on the current IT system. The ALMO is well aware of these issues, and has already begun a review of IT needs, which is discussed in more detail later in this report.

Estate management and allocations

- 90 In our previous inspection, we found a proactive, customer focused service, with positive aspects including:
- ◆ 'joined up' services to deliver improvements on a range of issues including crime, health, education, employment and housing, complementing work at a strategic level within the Ashfield Partnership;
 - ◆ effective marketing of low demand homes including 'estate agent' type adverts on display in the different offices;
 - ◆ well documented procedures for allocating properties to prospective tenants, which are regularly audited;
 - ◆ a consistent and equitable rehousing service, with comprehensive information and choice down to street level; and
 - ◆ high satisfaction levels among those that had exercised their right to buy and adherence to government guidelines.
- 91 The main area needing improvement was the lack of a written antisocial behaviour strategy. The Council were also reviewing their allocation policy and introduced a revised policy in July 2002.
- 92 We also looked in more detail at areas of the service not previously subject to a full inspection, including services for older people, caretaking and support services under Supporting People.

Estate management, caretaking and support services under supporting people

- 93 Services for older people are an important aspect of work of the ALMO, with around 44 per cent of current tenants aged 60 years or above, and over 21 per cent of homes specially designated for older people. In 1996, prior to the best value regime, the Council's Housing Department began a review of its services to older people implementing major changes to service delivery in 1999. In many ways, pre-empting the current focus on 'supporting independence' regardless of tenure. The resident warden service was replaced by mobile care co-ordinators and extended to all tenants 60 years plus, who would benefit from additional support. A dedicated Emergency Alarm service and Call Centre was established and the development of social committees and activities promoting independence and well-being of older people was led by the Council Leisure Development Officer and is now part of the Councils Leisure and Cultural Strategy. A Sheltered Premises Officer manages all aspects of the buildings and community centres.
- 94 We found services for older people to be good. Tenants we visited were 'extremely pleased' with the support provided by care co-ordinators, who maximise the take up of welfare benefits, report repairs and carry out regular checks on alarm equipment in addition to their 'good neighbour' role. We found

communal facilities to be good and while the high proportion of bed-sits (over 50 per cent of all sheltered homes) was of concern, tenants we visited in this type of accommodation were very happy and felt that it met their needs.

- 95 Annual consultation meetings are held at each sheltered scheme and in addition to scheme residents all tenants in the locality aged 50 or over receive a personal invite to attend. A regular newsletter, 'Sheltered Times' is also sent to customers.
- 96 In 2001/02, the ALMO carried out a 'Supporting People' survey to assess customer satisfaction with its services for older people. 597 interviews were carried out on a one-to-one basis. This showed high levels of satisfaction with:
- ◆ 98 per cent very or fairly satisfied with the overall emergency alarm service;
 - ◆ 95 per cent very or fairly satisfied with the visiting service; and
 - ◆ 46 per cent reporting a notable improvement in the past two years.
- 97 The Council has identified that there is a need to develop 'extra care' provision in the District and the ALMO is working in partnership with Nottingham Social Services and Primary Care Trust to develop a pilot care direct project which will be operational from October 2002 and aim to pilot the provision of extra care in an existing sheltered scheme by January 2003.
- 98 The ALMO is to begin a best value review of services to older people later this year, which should further improve services. One area we identified as in need of improvement was the limited range of customer information currently available, although we saw evidence that the ALMO has already identified this gap and has an action plan in place to develop this, with a draft handbook already subject to customer consultation.
- 99 The ALMO is a member of the Association of Social Alarm Providers (ASAP), and part of the action plan is to work towards meeting ASAP targets, one target is to answer calls in 60 seconds, already introduced as a local performance indicator with current performance averaging 95 per cent.
- 100 Ashfield Homes Ltd is further developing its support services for vulnerable people under the Supporting People regime and have recently introduced Tenancy Support Officers, one specifically dedicated to supporting young families in partnership with Sure Start. We witnessed the Tenancy Support Officers providing intensive support for new, vulnerable tenants, including helping them access furniture, community care grants and college courses. One 16 year old ex-rough sleeper told us:

'The staff have been absolutely brilliant'.

- 101 Partners in adult care reported an improved working and much enthusiasm from ALMO staff in areas of Supporting People, vulnerable adults and Better Care, Higher Standards. We spoke to the County Council lead officer for Supporting People, who reported that Ashfield were more advanced than some authorities in preparing for the implementation of Supporting People in April 2003 and Members are scheduled to consider firm proposals in November 2002. The

ALMO is fully involved in discussions for implementation and its Tenant Participation Officer will be facilitating consultation on behalf of the Council.

- 102 The Tenant Participation Officer, together with tenants and residents attends a 'Better Estates' group, where estate management issues and suggested improvements are discussed. Tenants are also invited to attend quarterly 'Estate Evaluations', where tenants, staff and Members inspect the area and identify any issues needing attention. Feedback from these is provided to local Tenant and Resident Groups. A tenant focus group also meets monthly to consider environmental improvement issues and the ALMO has earmarked £1.2 million from its repair and maintenance budget in 2003/04 to progress identified work.
- 103 Many of the estates we visited were very clean and tidy, although we also saw localised problem estates, where particular 'hotspots' had been identified in liaison with the police. As in our previous inspection, we saw evidence of good multi-agency working in targeting resources to tackle the issues identified and partners reported improvements since the ALMO was established:

'Innovation and joint working has developed since April'.

- 104 We also attended with caretaking staff who appeared to be effective at helping to maintain a good environment in areas visited. We found their role to be flexible and responsive, carrying out handyman duties in addition to traditional caretaking duties and the staff themselves to be appropriately trained and well motivated.

Managing lettings, voids and under-occupation

- 105 We found improved performance in the management of empty homes, with void levels and turnaround time reducing. There is a fast-track procedure for 'back to back' letting of homes where minimal repairs are required. All empty homes are pre-allocated and there is a sign-up check list in place and comprehensive welcome pack for new tenants. One new tenant, who had been advised on aspects of her new tenancy at sign-up told us how helpful staff had been and commented:

'I couldn't fault them'.

- 106 The ALMO has recently introduced a 'New Occupier' survey and responses to date indicate high satisfaction with the helpfulness of staff, choice of accommodation and advice given at sign-up. 100 per cent of respondents judged the latter to be good to excellent.
- 107 Information for applicants and marketing of difficult to-let homes remains impressive, with 'Housemark' also highlighting Ashfield's 'Informing Housing Applicants' as an example of good practice. Under occupation is, to a large extent, addressed through the allocations policy by the award of additional points. In most parts of the Ashfield District, the supply of family accommodation is healthy and the need to encourage people to move from under occupied properties is not a priority.
- 108 Determining the allocations policy and dealing with Homelessness applicants remains the responsibility of the Council. We found that the revised allocations policy appears to give appropriate priority to people in housing need. However,

we found the pointing system remained too complex and would benefit from further simplification, although we understand that this was not raised as a concern by tenants in consultation undertaken prior to the introduction of the new policy. We also identified a need to review the new policy in relation to its impact on Homelessness, which appears to have dramatically increased; Council statistics recording almost as many presentations in the first 3 months of 2002/03 than in the whole of the previous year, although it is accepted that implementation of the new Homelessness Act will have had some impact on these figures.

- 109 We also found some variance in the process of allocations carried out by staff at different offices and manual recording of reasons for bypassing applicants, which should ideally be automatically prompted and recorded on the IT system. There is also a need to ensure that all staff are fully complying with the provisions of the Homelessness Act in terms of allocations to homeless families, which we understand is an action now included in the service delivery action plan.

Enforcement of tenancy conditions

- 110 As previously identified, the ALMO adopts a 'firm but fair' approach in dealing with breaches of tenancy for non-payment of rent, taking timely and sensitive court action when appropriate.
- 111 The other main enforcement activity undertaken is in response to complaints of antisocial behaviour. We found that since our previous inspection, a written antisocial behaviour strategy has been introduced, which staff, tenants and Members have all received training in. Comprehensive guidance notes and procedures for staff are in place and service standards have been provided for customers, which include a five working day response to complainants, reduced to a 24 hour response in serious cases, such as racial harassment.
- 112 Enhanced working with the police has also been facilitated by the 'Safer Streets agreement' which sets out the protocol for the formal exchange of information. We found effective partnership working at both a strategic and operational level, to tackle identified 'hotspots' and individual cases, with both Police Officers and ALMO staff enthusiastic about the mutual benefits and outcomes of multi-agency work.
- 113 A staff 'Champion Group' has also been introduced for a number of service areas, including arrears and antisocial behaviour, providing a forum for staff to get together with colleagues to network and discuss areas for improvement, legislative changes and best practice in their chosen specialism.
- 114 A customer satisfaction survey for tenants who have had their complaints of antisocial behaviour investigated has also recently been introduced, although, at the time of inspection there were too few returns to draw any meaningful conclusions.
- 115 However, in reality checks undertaken we found that the new policy was not yet consistently applied and performance against service standards was not effectively being monitored. The ALMO has informed us that these matters are being addressed and will be subject to regular monitoring through Champion Group meetings in the future.

Similar functions for leaseholders

- 116 In our previous inspection we found that the Council has well documented policies and Right to Buy procedures and high levels of satisfaction amongst those who had exercised their Right to Buy.
- 117 The ALMO has two officers who, as part of their duties, have responsibility for services to approximately 115 leaseholders and work in close liaison with the Council's Legal Department.
- 118 Since the establishment of the ALMO, we found an increasing emphasis on leaseholder issues. The first annual meeting of leaseholders was held in June 2002 and a Leaseholder Forum has subsequently been established. Members of the Forum are currently working with the Tenant Participation Officer to develop a Leaseholder Compact and a draft handbook is in the final stages of consultation. It is planned to invite members from the Leaseholders Forum to future meetings of the Tenant Forum.
- 119 Service standards are already publicised and include information on the types of repair which remain the responsibility of the ALMO and the timetable for invoicing of annual service charges. A welcome pack for new leaseholders has recently been introduced as a direct consequence of this inspection.
- 120 We examined files and found that service charge accounts were up to date and audited, with sundry debts being raised to pursue outstanding balances. In 2001/02 service charges invoiced totalled around £22,000 and just over 20 per cent (£4,500) currently remains outstanding.

Tenant participation and user involvement

- 121 In our previous inspection, we found an increasing emphasis and commitment to tenant participation, with positive aspects including:
- ◆ a regular Tenant Forum meeting of the Chairs of tenant groups and Council officers;
 - ◆ good use of section 16 tenant participation grant funding for consultation, training and empowerment;
 - ◆ a jointly agreed tenants compact, which was the first to be produced in Nottinghamshire; and
 - ◆ the majority of tenants felt that the Council kept them informed about things that might affect them as tenants.
- 122 We did not identify any areas as being in particular need of improvement, but have looked in more detail at areas of the service not previously subject to a full inspection, including tenant consultation on matters which are the responsibility of the company.

Tenant participation, including involvement in monitoring and review of service standards

- 123 In undertaking this inspection, we found evidence of further developments and achievement in tenant participation, including 100 per cent increase in the number of active tenant and resident groups, the development of a 'tenant voices' initiative for tenants who do not want to be part of the formal structure and the establishment of a new post of Tenant Liaison Officer, to complement the work carried out by the Tenant Participation Officer. The Tenant Compact was revised in September 2002 and the ALMO is attempting to develop consultation mechanisms with hard to reach groups, including single parents and black and minority ethnic (BME) groups.
- 124 We also carried out a series of reality checks and found a continued adherence to stated service standards, most of which have been recently reviewed in consultation with staff and customers. 'Mystery Shopping' has also been introduced, using tenants to review the service and feedback on any areas in need of improvement.

Tenant information and consultation on matters which are the responsibility of the ALMO

- 125 Prior to going on-site, we carried out a telephone survey with representatives from all active tenant and resident groups and 'tenant voices' representatives. Feedback we received from the 15 respondents was very positive. All felt they were provided with information to help them understand why the ALMO was set up and the majority reported a noticeable difference since it was established, particularly citing improvements to the repairs service, better information and a quicker response. All reported that they were kept informed of how the ALMO is performing and three quarters felt that they were involved in making decisions about future priorities and service improvements. Comments included:

'It's the best thing that's happened to Ashfield'. 'Our views are taken into consideration and used if possible'.

- 126 Annual consultation is carried out with tenants each January to get their priorities for improvement and suggestions for relevant performance indicators. ALMO Board Members attend the Tenants Forum and standing agenda items at both the Forum and the Board meetings ensuring two way communication is formally maintained. In our observations and interviews it was clear that tenant consultation is a standard part of day-to-day working.
- 127 Formal communication and consultation has been agreed with tenant activists and is detailed in the tenants compact, which includes an annual Housing Strategy Consultation Forum, twice yearly housing reports to all tenants, service specific focus groups and quarterly postal surveys, with a quarter of all tenants to be surveyed each year. Tenants and Board Members have received joint training, e.g. on antisocial behaviour and performance monitoring, and tenants continue to be involved in monitoring performance via the monthly Forum.
- 128 We found wide and varied tenant involvement in the major improvements planned. Ashfield Homes has established tenant priorities for home

improvements, which include high security replacement windows and doors, new kitchens and bathrooms, and is confident that:

'All tenant requirements will be met by the additional resources provided by Arms Length Management Organisation'.

- 129 Tenants were also involved in the selection of construction Partners and have influenced the choice of materials to be used in the major improvements, which will offer tenant choice down to individual layout of kitchens, to fit existing white goods.
- 130 A summary of Board Meeting decisions from 3rd September 2002, are available on the Ashfield Homes Ltd website and we found contact details and background information on Board Members is well publicised. However, tenants generally have not yet had the opportunity to access Board meetings directly and with the first AGM not scheduled until October 2003, the ALMO needs to consider how it can facilitate more open and transparent events in the meantime, which any tenant can attend.

Value for money and cost effectiveness

- 131 In our previous inspection, we found evidence of good attention to value for money, with positive aspects including:
- ◆ CIPFA Benchmarking showing below average costs for 'baskets of jobs' in certain repair trades;
 - ◆ peaks in responsive repair work carried out by contractors who have competed for work through competitive tendering;
 - ◆ planned and cyclical maintenance procured through competitive tendering with commission costing of 11 per cent which compared favourably to an average of 16 per cent for others within the CIPFA nearest neighbour group; and
 - ◆ the lowest average weekly management costs per dwelling in both 1998/99 (£6.53) and 1999/00 (£7.16).
- 132 The main area needing improvement was the low percentage of planned work carried out, at 44 per cent in 2000/01. In the 2002 'Learning from Inspection, Housing Repairs and Maintenance' publication, the Audit Commission advocates a split of 60 per cent planned, 40 per cent response revenue spend on repairs as good practice to secure maximum value for money whilst maintaining an immediate capacity to respond.
- 133 We also looked at how the Council and the ALMO are ensuring value for money is obtained and cost effectiveness secured within the new arrangements.
- 134 We found a clear, strategic approach to investment, focused on meeting the Government's Decent Homes Standard and tenant priorities for improvement. The Egan compliant partnering arrangements were already cited by staff as securing good value for money. Staff told us:

'The rates are more competitive than we were getting in the market place'.

- 135 Initial rates tendered are being held for 12 months, whilst an open book agreement on costs is being developed, and economies of scale in procurement and work organisation as well as benefits in terms of shorter lead in times are already having a positive impact. The work of the three partners is being organised based upon three geographical areas and whilst the ALMO will retain overall responsibility for managing the partnering scheme, the Council's Design and Construction Team will directly manage one contract area, charging an annual management fee of £300,000. The efficiency and effectiveness of this arrangement is yet to be demonstrated.
- 136 Sub contractors are effectively managed and monitored by a dedicated Team Leader and rates are tendered annually and work is allocated via a 'matrix' system which ensures value for money is obtained down to individual Schedule of Rates items. The cost of work carried out to empty homes is also relatively low averaging £480 per property, although the rates for void work are the same as for responsive repairs.
- 137 We found that the percentage of emergency work carried out, at around 16 per cent is above the 10 per cent maximum recommended by the Audit Commission. However, this figure includes all emergency standby work and qualifying repairs prioritised as requiring a three day response. The ALMO does not have a three day priority time, so customers actually get these qualifying repairs carried out within 24 hours. The ALMO is also among the top performers of the CIPFA Housing Repairs Benchmarking Club in keeping the percentage of emergency repairs to a minimum.
- 138 The current performance information on the split between planned and responsive maintenance expenditure, based upon the Audit Commission's 70:30 ratio of all maintenance spend, including Capital (MRA) expenditure is 61:39. However, with regard to revenue funded maintenance, where a 60:40 ratio of planned to responsive is recommended, Ashfield Homes Ltd fares less well (see table below) and has significantly worsened since our previous inspection. The ALMO contend that:

'The percentage of planned work undertaken has been significantly reduced this year as a result of suspending the painting programme to allow the programmes of major works to proceed without hindrance',

and we accept that Ashfield Homes Ltd has realistic, achievable targets in place to annually increase the percentage of planned maintenance work to 60 per cent by 2005/06, to coincide with the conclusion of the major works programme.

The split of revenue expenditure between planned and responsive repairs over the next four years

Year	Planned/Cyclical	Per cent	Responsive Repairs (excluding voids)	Per cent
2002/03	£336,000	7.5%	£3,470,500	92.5%
2003/04	£1,336,000	35%	£2,470,500	65%
2004/05	£1,806,500	47%	£2,000,000	53%
2005/06	£2,283,900	60%	£1,522,600	40%

- 139 The ALMO is also currently in negotiations with trade unions to change the current bonus system for operatives, with the aim to move all personnel to a salaried basis by April 2003 and move towards a greater degree of multi-skilling. We found operatives generally supportive of this development, which may also aid the move from response to planned work, as any financial incentive for the operative to carry out excessive work on a responsive basis will be removed.
- 140 Management costs have increased from £6.64 in 2000/01 to an estimated £8.97 in 2002/03, but remain well below the average of all districts councils in 2000/01.
- 141 Effective budgetary monitoring is in place, although the ALMO is not paying enough attention to Variation Orders and needs to improve its approach in estimating costs of works orders, to ensure a more accurately committed expenditure is obtained. The current Schedule of Rates for responsive repairs is also too complex and in need of review.
- 142 The ALMO share some decentralised offices with other organisations which affords some economies of scale and is planning to undertake a fundamental review of all of its offices in 2003/04. We consider that the review of office provision is urgent, as we found evidence that the costs of overheads and rental at some locations may not be providing the most effective and efficient use of resources, although we acknowledge that this must be considered alongside their popularity with tenants and Members.
- 143 Currently, the ALMO obtain most of their support services, such as legal, IT and finance from the Council, on the basis of Service Level Agreements. We found the existing Service Level Agreements are poorly defined and both parties acknowledge that they were prepared in haste and do not fully meet either parties requirements. Most are only in place until 2003 and reviews have begun and are programmed to finish well in advance of this date, which should result it them being more meaningful and capable of effective monitoring. We were also concerned that operational mechanisms for monitoring capital spend, which remains the responsibility of the Council, were ill defined, although we understand that this matter has been subsequently resolved.

Performance management

144 In our previous inspection, we found a well embedded performance culture within housing, with positive aspects including:

- ◆ an effective performance management regime, including weekly reporting and monthly performance review meetings;
- ◆ annually reviewed performance targets which feed into service plans and the Council wide performance plan; and
- ◆ tenants and Members regularly informed of performance against targets.

145 We did not identify any areas as being in particular need of improvement, but have looked at progress made in terms of Investors In People (IIP) and additional requirements resulting from the establishment of ALMO status. Ashfield's 'Performance Management Process' has already been identified as an example of good practice by 'Housemark'.

146 We found that Personal Development Reviews had been effectively introduced and were being cascaded to all staff, with staff reporting positive two way discussions. These had been used to set individual targets relating directly in achieving the aims and objectives of the ALMO Delivery Plan. Staff welcomed this approach as providing:

'A specific action plan which gives us a clear direction to go'.

147 Mechanisms for reporting performance to the Council and the ALMO Board have been established and include quarterly reports on performance indicators, with commentary on any variance off target. Other aspects of reporting and communication between the ALMO and the Council are discussed in more detail in the second part of this report.

Diversity

148 Whilst Ashfield has a relatively low percentage of BME residents, in our previous inspection, we found the housing service demonstrated a strong commitment to equality, with positive aspects including:

- ◆ good emphasis on equalities, with adherence to the Commission for Racial Equality's Code of Practice in relation to rented housing; and
- ◆ good interpretation and translation facilities.

149 The main area needing improvement was the lack of a support mechanism for people experiencing racial harassment. We also looked in more detail at areas of the service not previously subject to a full inspection, including progress against latest Government requirements.

150 We found that Ashfield Homes Ltd had developed further strategies, enhancing its approach to diversity and meeting the latest Government requirements. This includes the adoption of a published Race Equality Scheme, specifying how the ALMO aims to meet the specific and general duties set out in the Race Relations

(Amendment) Act 2000 and an equalities policy for service delivery, produced in partnership with Nottingham and the District Racial Equality Council. Specific service standards have also been introduced covering equality and racial harassment, policy and procedures have been revised to reflect these standards, which now ensure a timely and supportive response.

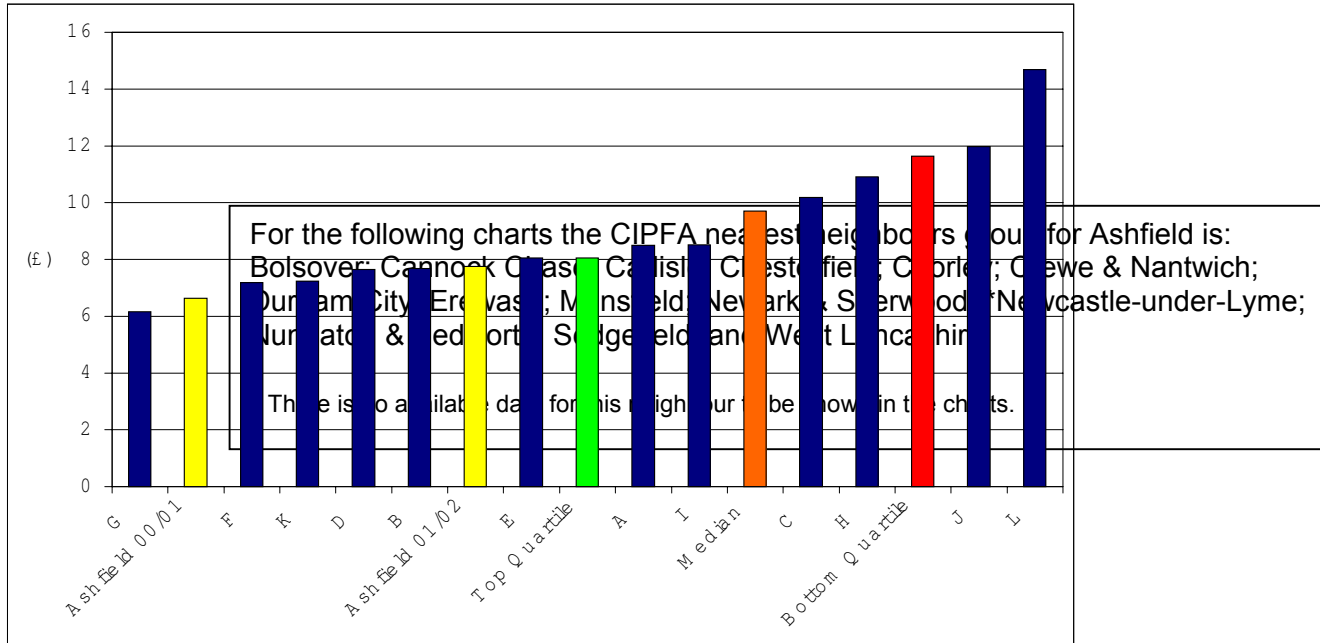
- 151 Ashfield Homes Ltd, has also become an active member of a multi-agency partnership which aims to reduce racial attacks and harassment in Nottinghamshire and is a registered reporting centre for a common monitoring system operated by the partnership. We saw posters promoting the reporting of incidents to housing offices and the regular monitoring and reporting of incidents carried out as part of the ALMOs comprehensive performance management regime.
- 152 Ethnicity is captured on all customer surveys undertaken and positive promotion of opportunities for BME customers to become more involved in the housing service was found. Posters in community languages were on display at all decentralised offices and the Tenant Participation Officer is targeting one-to-one meetings with BME customers who have expressed an interest in involvement via the regular customer surveys undertaken. Despite these attempts there are currently no BME representatives on either the Tenant Forum or ALMO Board and a joint approach to promote participation of under represented groups is currently being planned with the Ashfield Partnership as part of their revised communications strategy.
- 153 Board Member training has specifically included equal opportunities training, covering legislative requirements and operational developments and an equal opportunities policy on employment is in place. The ALMO is also targeting employment and training opportunities for disadvantaged groups via partnership work with its construction partners, local colleges and employment services.
- 154 Whilst the ALMO subscribes to Language Line, a service that can provide those who have difficulty in speaking or understanding English with an interpreter, not all new staff had been trained to access it, and we witnessed an interview which would have benefited from access to an interpreter. Equality issues and in particular, Language Line training needs to be included within the ALMOs induction programme for new staff. Subsequent to our inspection, the ALMO has developed an action plan to ensure all new staff receive a comprehensive training and induction programme.
- 155 We also found that not all service standard leaflets promoted their availability in alternative formats or community languages, although the ALMO took swift action to address this whilst we were on-site.

How does the performance compare?

- 156 In order to judge the quality of a service, it is important to compare the performance of that service against other suppliers across a range of sectors. The aim is not exact comparison, but an exploration of how similar services (or elements of services) perform in order to identify significant differences, the reasons for them and the extent to which improvements are required.

- 157 In our previous inspection, we found the housing service compared well against other district councils across a range of performance indicators, although needing to improve in some aspects, in particular in the management of empty homes.

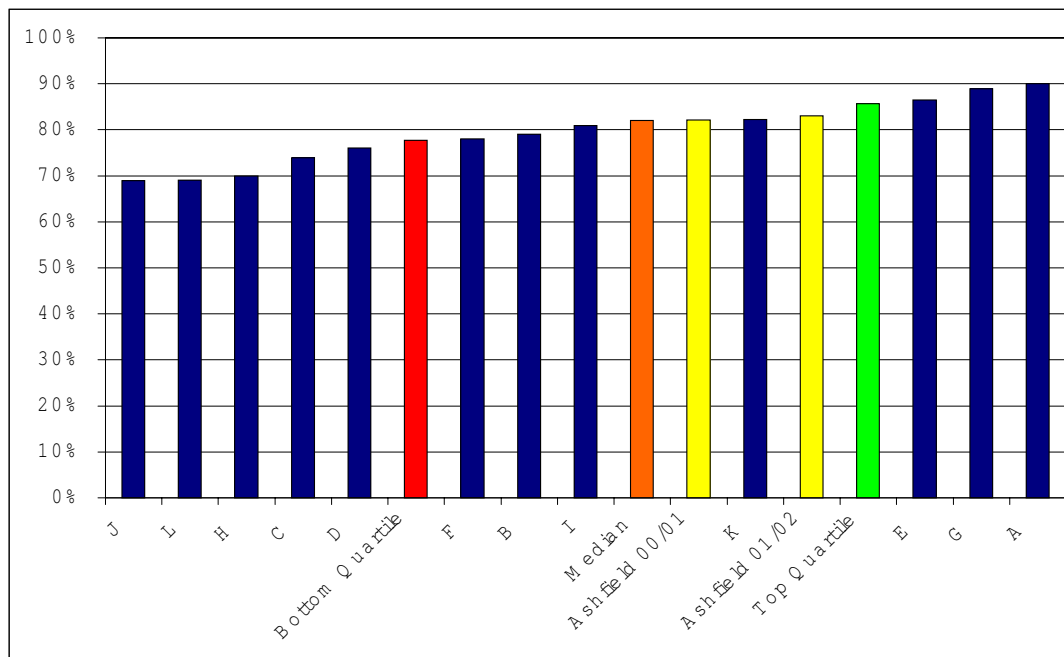
BVPI 65a – Weekly management costs (£) in 2000/01 v all districts (2001/02 are not audited figures)



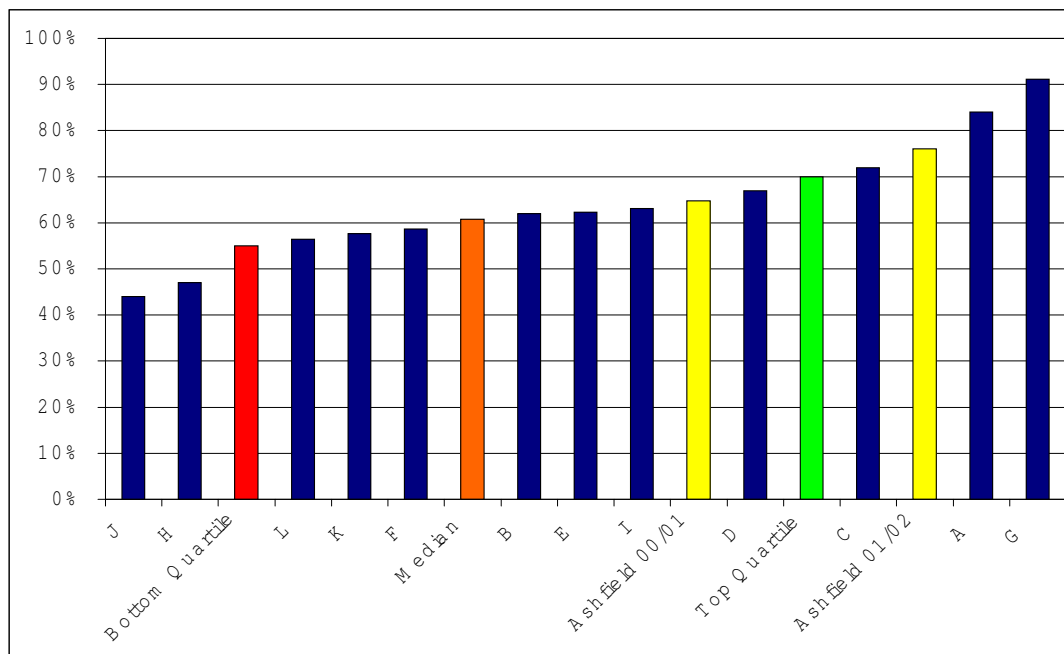
- 158 During this inspection, we found evidence of top performance being maintained in a number of areas and of continual improvement being made in other areas. Of particular note is the increasing levels of customer satisfaction across all areas:

- ◆ tenant satisfaction with the overall service provided by the landlord above average of all district councils rising from 82 per cent in 2000/01 to 83 per cent in 2001/02;
- ◆ notable improvement in tenant satisfaction with opportunities for participation, rising from 65 per cent (average) in 200/01 to 76 per cent (top performance) in 2001/02; and
- ◆ the annual STATUS survey of tenants finding in 2001/02 improved levels of customer satisfaction 'in every area without exception'.

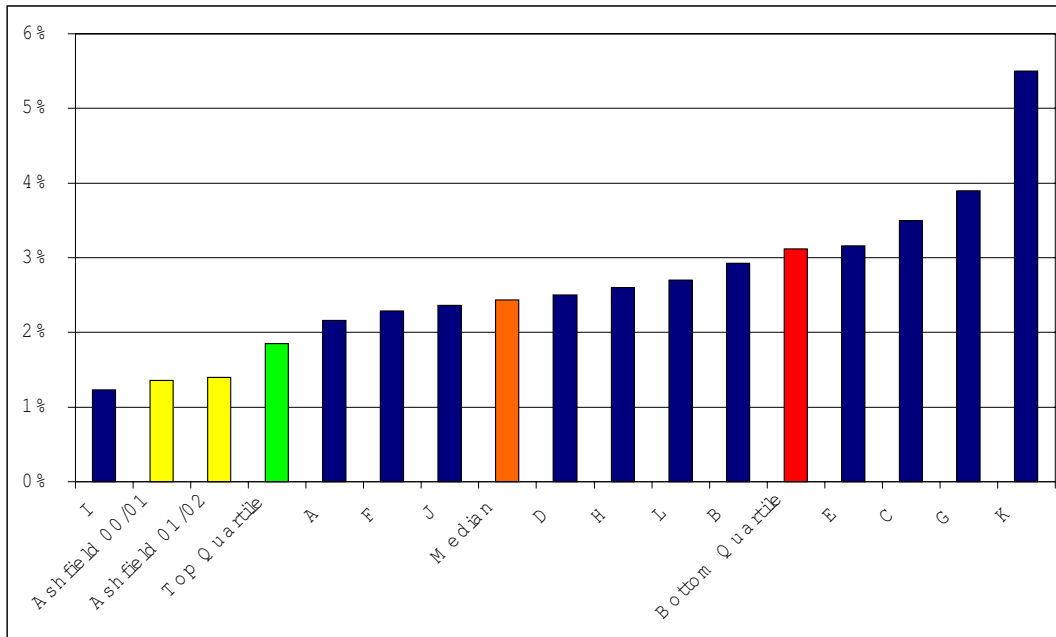
BVPI 74 – Tenant satisfaction, overall service by landlord in 2000/01 v all districts (2001/02 are not audited figures)



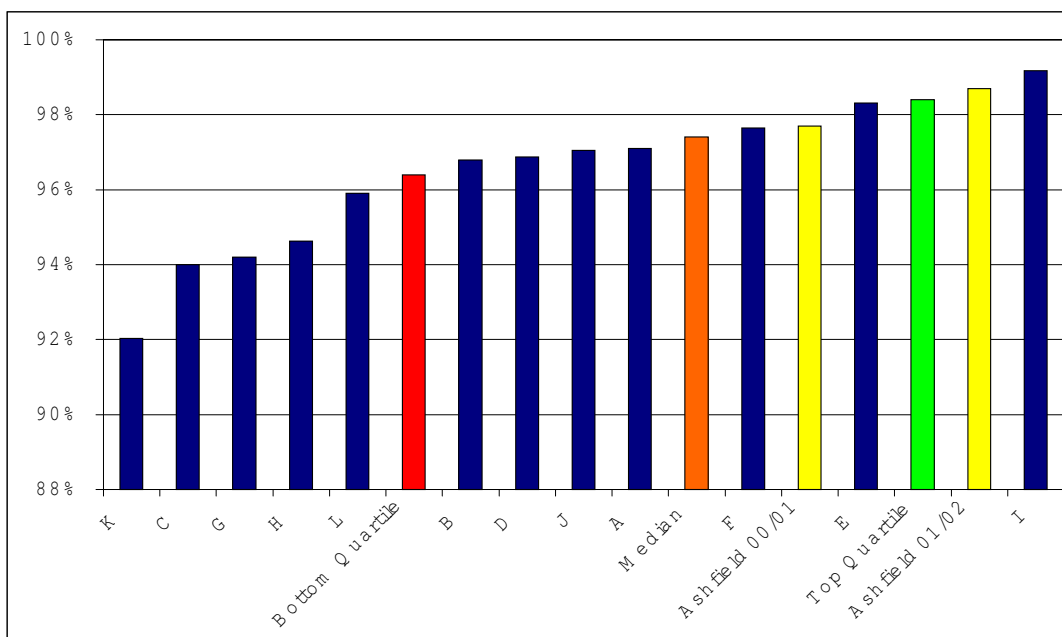
BVPI 75 – Tenant satisfaction with the overall opportunities for participation in 2000/01 v all districts (2001/02 are not audited figures)



159 In 2001/02 Ashfield demonstrated top performance in all areas of rent collection and arrears recovery in comparison with all other district councils and with their CIPFA nearest neighbour set, a number of other authorities judged to be most similar to Ashfield.

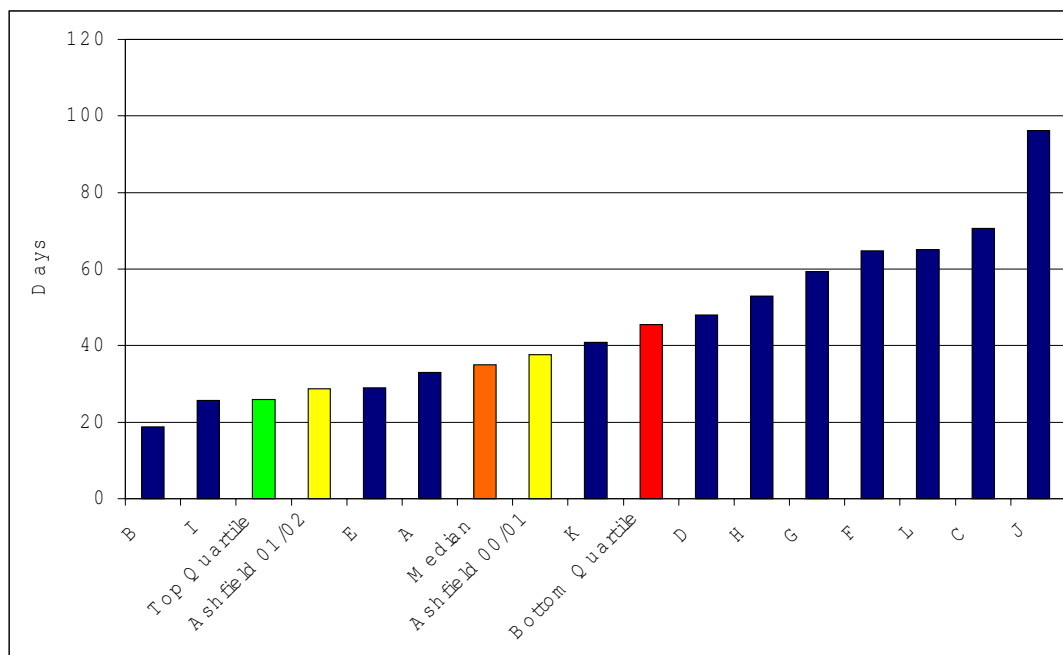
BVPI 66b - Percentage of rent arrears in 2000/01 v all districts (2001/02 are not audited figures)

160 This was achieved by maintaining top performance in the percentage of rent arrears (1.4 per cent in 2000/01 and in 2001/02) and in the percentage of tenants owing over 13 weeks rent (1.5 per cent in 2000/01 and in 2001/02). Performance was also improved in rent written off as not collectable, from 0.6 per cent in 2000/01 to 0.2 per cent in 2001/02 and the percentage of rent collected, from 97.7 per cent in 2000/01 (then above average, as shown in the graph below) to 98.7 per cent in 2001/02.

BVPI 66a - Percentage of rent collected in 2000/01 v all districts (2001/02 are not audited figures)

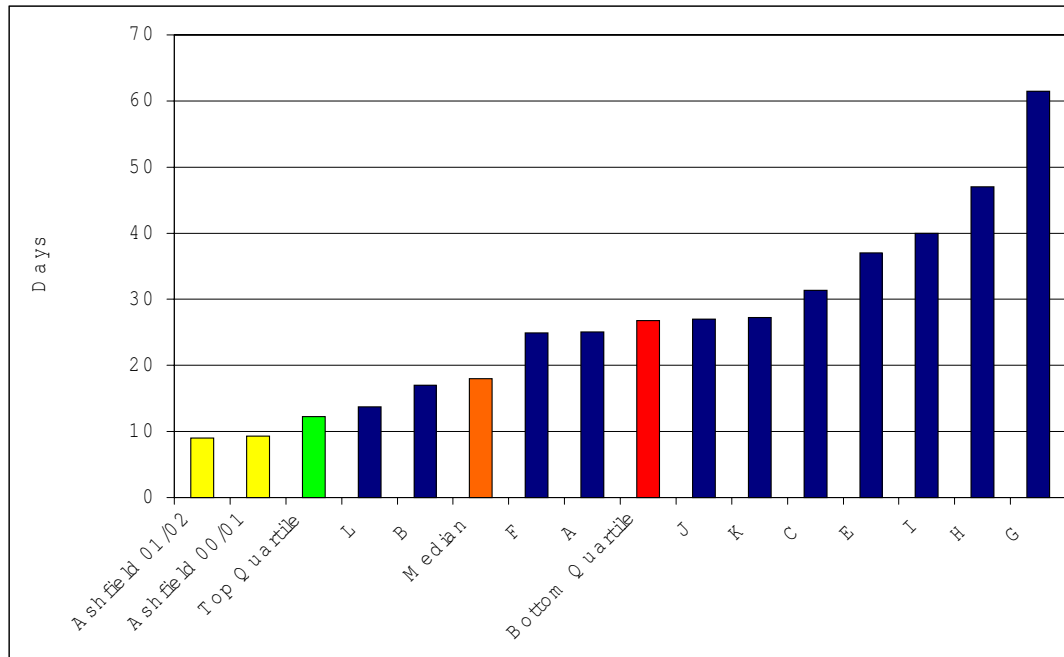
- 161 A notable improvement in performance has also been achieved in the management of empty homes.
- 162 The percentage of rent loss due to properties being empty has fallen from 2.5 per cent in 2000/01 to 1.2 per cent in 2001/02, in comparison with all other district councils, taking performance from poor to well above average. Below average performance on the average time to re-let empty homes (38 days in 2000/01, as shown in the graph below) has also improved to top performance (29 days in 2001/02).

BVPI 68 - Average number of days taken to re-let empty properties in 2000/01 v all districts (2001/02 are not audited figures)

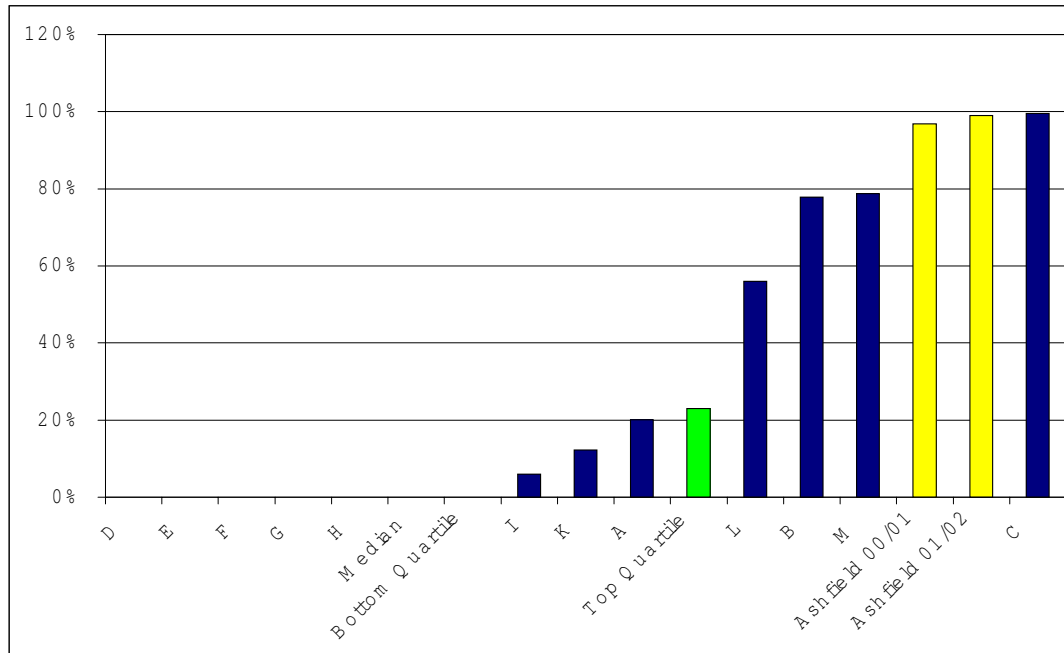


- 163 Weekly repair costs are just above the average of all district councils at £12.39 in 2000/01. However, top performance has been maintained and continual improvement made in comparison with all other district councils in respect of repairs.
- 164 Ashfield maintained an average of nine days to complete non-urgent repairs throughout 2000/01 and in 2001/02. 97 per cent of repair appointments were made and kept in 2000/01 and urgent repairs completed on time has risen from 98 per cent (top performance in 2000/01 as shown in the graph below) to 99 per cent in 2001/02.

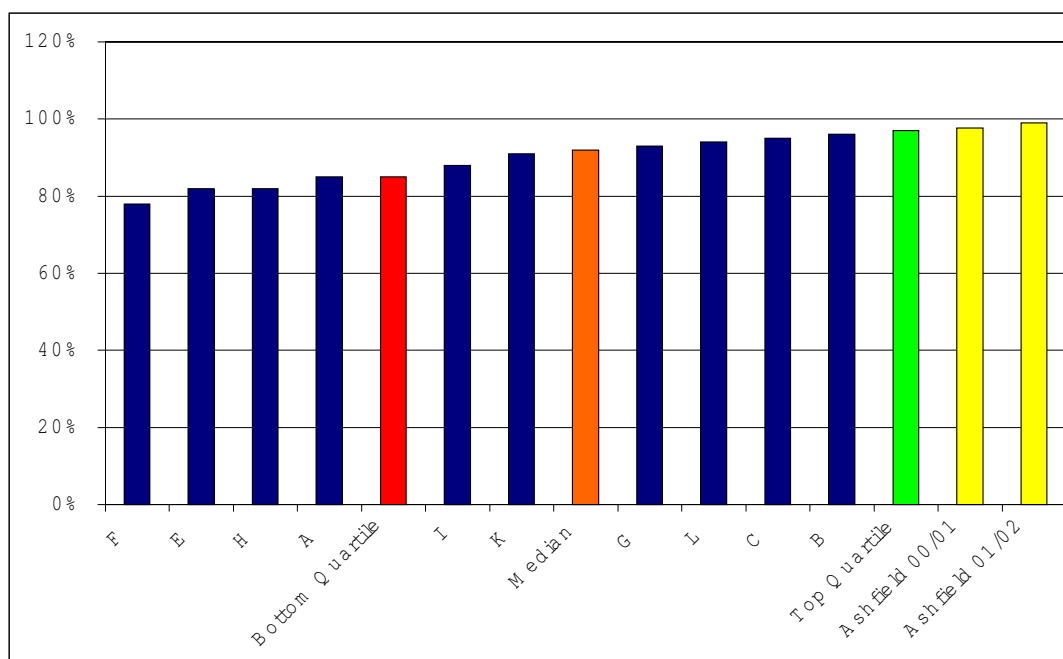
BVPI 73 – Average time in days to complete non-urgent repairs in 2000/01 v all districts (2001/02 are not audited figures)



ACD2 (B6) – The percentage of repair jobs for which an appointment was both made and kept in 2000/01 v all districts (2001/02 are not audited figures)



BVPI 72 - Percentage of urgent repairs completed within government time limits in 2000/01 v all districts (2001/02 are not audited figures)



- 165 Energy efficiency indicators are also good, with an average SAP of 57 (above average) and an average increase of four (top performance) in 2000/01.

Summary

- 166 We were impressed that Ashfield Homes Ltd has been able not only to maintain, but to improve upon its high levels of performance during a time of substantial change. Performance against local and national indicators has improved and top performance has been secured in most areas. Customer satisfaction is high and has risen in all service areas. All of the areas for improvement identified in our previous inspection have been progressed and customers and partners perceive a positive improvement since the establishment of ALMO.
- 167 Service areas not subject to a previous inspection were found to be excellent and the continued development of tenant participation and major new initiatives in Partnering and in support services for vulnerable people are to be particularly commended.

What are the prospects for improvement to the Service?

Does the best value review drive improvements?

- 168 The best value review is the mechanism for ensuring councils deliver continuous improvement to the services they provide.
- 169 In our previous inspection of Ashfield's housing service, reported in July 2001, we judged the service to have promising prospects for improvement. The best value review was scoped around strategic objectives, giving a good chance of effecting

meaningful change. An extensive range of options were identified and customers and staff were thoroughly involved in that first stage of the review. Lessons were also learnt from this early review to benefit future reviews, particularly around the need for an improved transparency in decision making.

- 170 We found that the housing service had demonstrated the capacity and commitment to improve and had clear proposals to resolve areas of weakness it had identified.
- 171 During this inspection, we found that Ashfield Homes Ltd, has subsequently tackled the weaknesses identified and progressed many of the recommendations put forward by the Housing Inspectorate to further improve the service, including:
- ◆ achieving notable improvements to the management of empty homes;
 - ◆ adopting a formal appointment system for repairs;
 - ◆ specified realistic, achievable targets to annually increase the percentage of planned maintenance work to 60 per cent by 2005/06; and
 - ◆ adopted a more inclusive and transparent decision making process.
- 172 All services delivered by the ALMO, apart from services for older people, were formally reviewed in the previous best value review. As discussed earlier in this report, services for older people were subject to a comprehensive review, just prior to the introduction of the duty of best value, and we are satisfied that the ALMO is commencing a formal best value review of services for older people later this year.
- 173 Ashfield District Council has always taken a thematic approach to best value reviews, grouping them around the Council's corporate objectives and are committed to continuing to undertake a programme of challenging best value reviews. The current year's programme (mid 2002 - mid 2003) picks up the Social Inclusion Objective and includes Housing and Council Tax Benefits, of primary concern to the Council. Services to Older People, which the ALMO is prioritising for review, is to form part of the overarching Social Inclusion Review in due course, but has not been identified as an immediate issue by the Council. The ALMO is also prioritising Financial Management for early best value review and has already established its review programme, covering all services to 2005/06. The majority of Support Services are programmed for review in 2003/04.
- 174 The Council report that:

'This inspection has highlighted the difficulty of how to co-ordinate reviews between Ashfield Homes Ltd and Ashfield District Council',

who may have different imperatives and order of priority. However, we found a pragmatic approach already adopted. Ashfield Homes Ltd provides regular input on the Council's review team, while the Council has agreed to provide best value review process facilitation and validation to the ALMOs review of Older People Services and ensure that the recommendations from that review are integrated into any review the Council wishes to undertake at a later date.

How good is the improvement plan?

- 175 A best value review should produce an improvement plan that sets out what needs to improve, why, and how that improvement will be delivered. It should contain targets which are not only challenging but also designed to demonstrate and ensure the continuous improvement necessary to put the service among the top 25 per cent of councils within five years.
- 176 During our previous inspection, a revised best value review improvement plan for the housing service was produced which was comprehensive and costed, detailing specific tasks with timescales and allocating individual responsibility for achievement. As reported above, we found Ashfield Homes Ltd had made good progress against the specified actions, which has resulted in continued improvement.
- 177 The Council's bid for ALMO status was submitted and approved subsequent to our previous inspection and required the submission of a detailed delivery plan for 2002/03 geared towards annual assessments of performance against targets and continuous review of service delivery. The plan incorporates:
- ◆ a financial plan - setting out annual revenue budgets and 30 year cashflow projections;
 - ◆ an asset management plan - setting out capital spend and procurement proposals;
 - ◆ a performance plan - setting out key tasks and performance targets, incorporating corporate objectives and previous BVR improvement plans;
 - ◆ a service delivery plan - setting out contractual and regulatory commitments; and
 - ◆ a resourcing plan - setting out quality procedures for customer care and operation of offices.
- 178 We found this plan set a solid foundation for continued improvement and that an updated delivery plan, setting out key tasks, targets and performance indicators to 2007/08 was being produced in close consultation with staff, customers and Board Members. This plan also reflects the commitments and aims specified in the 2002 Housing Revenue Business Plan, which was jointly produced by officers of the Council and Ashfield Homes Ltd and incorporates the continuing commitment to achieve top 25 per cent performance in all areas by 2005.

Will the Council and the ALMO deliver the improvements?

- 179 Inspectors look for evidence that a council will deliver what it has set out in the improvement plan. We look for a track record of managing change within the council and within the service itself. The plan should also have sufficient support from Councillors, management, staff, service users and other stakeholders, particularly those responsible for delivering it. It is essential to establish that the organisational changes following the creation of the ALMO have not and will not adversely affect service delivery.

- 180 In our previous inspection, we found clear evidence to demonstrate the capacity of the Council's housing service to achieve service improvements, including:
- ◆ the identification of Housing as a corporate objective and a clear commitment among both officers and Members to improve services;
 - ◆ a strong performance culture, with effective performance monitoring arrangements in place and evidence of continuous improvement;
 - ◆ customer involvement in determining the improvements required and a commitment to enhance and further develop their involvement; and
 - ◆ the effective management of change by staff at all levels and flexible team working and ongoing training to help equip staff for their changing roles and responsibilities.

- 181 During this inspection, we found the ALMO had built upon these strengths. Senior Managers are focused on the aims of the ALMO, to deliver:

- ◆ Decent Homes.
- ◆ Excellent Housing Management Services.
- ◆ Continual Improvement.
- ◆ Tenant Involvement.

- 182 ALMO Managers have adapted well to their changing roles and provide a strong lead, with the emphasis on customer care. Managers told us:

'We support staff to support the tenants'.

- 183 We found staff well motivated, enthusiastic and capable, with a clear commitment to continually improve services for tenants and residents. Staff told us:

*'Ashfield Homes has an ethos of wanting to do things and wanting to keep improving'.
'Business is performance driven and the culture is now to continue to get better at what we do'.*

- 184 ALMO Board Members are very committed and focused on business priorities and local authority Councillors told us they were:

'100 per cent committed to the ALMO',

citing that it will be better able to manage the service with more freedom and flexibilities from Council control.

- 185 We focused further on examining the new Governance arrangements, as set out in the 'ALMO inspections' advice note, issued in June 2002, which focuses on two aspects:

- ◆ the relationship between the local housing authority and the ALMO; and

- ◆ strategic management of the ALMO, including user involvement, organisational and performance management and risk management.

The relationship between the local housing authority and the ALMO

- 186 As discussed earlier in this report, corporate strategies are being revised to reflect the new arrangements and a draft Communications strategy has recently been produced with the aim of making the mutual sharing of information easy to achieve. The Housing Strategy was fully revised in 2002 and Ashfield Homes Ltd is identified as central to delivering the strategy. The Strategy identifies how the targets set for the ALMO will contribute to strategic housing objectives. Ashfield Homes Ltd is also recognised as a key partner in the Ashfield Partnership, the Council's Neighbourhood Renewal Strategy and the Crime and Disorder Partnership.
- 187 The respective responsibilities between the Council and the ALMO for strategic and operational matters have been clearly defined within contractual arrangements and the jointly produced HRA Business Plan and Strategy Statement sets out key tasks, targets and performance indicators for the ALMO to achieve annually up to 2007/08. Overall responsibility for maintaining the HRA remains with the Council which is also responsible for informing the ALMO of any inaccuracy in their Delivery Plan assumptions. Our interviews with managers from the Council and Ashfield Homes Ltd demonstrated a clear understanding of responsibilities and mechanisms are in place to ensure issues regarding the delegated functions and activities are discussed on an ongoing basis via regular liaison meetings, which include:
- ◆ Quarterly Performance Management Reviews - involving Chair of ALMO, Leader of the Council and invited senior officers.
 - ◆ Monthly Performance Monitoring Meetings between senior management staff of the ALMO and the Council.
 - ◆ Monthly Housing Strategy Liaison Meetings - involving the Council's Housing Strategy Manager and the ALMOs Director of Housing Services.
 - ◆ Annual consultation on the development of the Delivery Plan - initially at officer level prior to the Cabinet.
- 188 We found good day-to-day liaison between officers which enhances these formal arrangements and a joint approach to respond and progress any issues of uncertainty we identified in undertaking this inspection. For example, we found operational mechanisms for monitoring capital spend, which remains the ill defined responsibility of the Council, a matter which we understand has been subsequently resolved.
- 189 We observed the Tenants Forum meeting which took place whilst we were on site and felt it was positive that Council representatives as well as ALMO staff attend, allowing the Council to maintain a direct link with tenants representatives. The Forum was well attended by tenant representatives, although, no leaseholders were present. Future training opportunities were highlighted and a range of performance information was discussed, including an update on the capital programme, although we were concerned that the latter consisted of a

verbal update and a more suitable format of presentation which promotes greater understanding and challenge is to be considered in future.

- 190 There has been no training for local authority Councillors to bring them fully up to speed on the roles and responsibilities of Ashfield Homes Ltd, although it is anticipated this will take place in November 2002. Despite this, the Council has taken a view of what it seeks to achieve initially through the ALMO and performance indicators are expressly included within the contract to measure achievements. We found the Council's imperative has been to secure the ALMO funding in the first instance, but once this is achieved, there is a need to further develop future planning and strategic thinking for the remainder of the contract.
- 191 While the Council receives regular reports from the ALMO on key performance indicators and the contract specifies appropriate mechanisms for dealing with non-performance and disputes, we found the Council has not yet developed the discrete monitoring of financial and activity performance measures to build in control systems and trigger action. The Council has undertaken to address this matter and auditors are currently working with both the ALMO and the Council to develop and implement appropriate internal systems of financial control and checks.
- 192 The 2002/03 management fee paid by the Council to the ALMO is over £3.5 million, paid monthly in advance. The fee was based on the ALMOs element of the already agreed HRA budget, plus a £604,000 capital grant to cover set up costs. The fee is specified in the annual Delivery Plan and will be subject to annual variation, reflecting any changes in services, stock numbers and an annual increase for inflation.
- 193 The contract stipulates that the ALMO Delivery Plan will include actions to improve services and gives Ashfield Homes Ltd the right to use any surpluses created if it out performs the Delivery Plan. However, any proposals to utilise surpluses must be agreed with the Council. The ALMO is currently aiming to make 'zero' profit, but has yet to determine what to do in the event of a surplus, although we saw evidence that various options are currently being considered.
- 194 Partners expressed some concern that decision routes are complex and that the ALMO is having difficulty in 'breaking away from Council control'. It is important for all ALMO Board Members to act in the best interests of the organisation and some ALMO Board Members told us they felt that local authority Councillors still have cultural changes to make, and must put the ALMO first, although others appeared more positive about progress made. Overall we found there is a need for the ALMO to establish a separate identity and for the Council to develop its new role which is less controlling, whilst ensuring that robust monitoring mechanisms are formally established.

Strategic management of the ALMO

- 195 Ashfield has followed the outlines of the template constitution and legal agreement for ALMOs, with only slight variations to take into account local circumstances, e.g. Ashfield have opted for 4 - 4 - 4 split of Board Members, based on securing tenant representation from the four geographical management areas, rather than 5 - 5 - 5 split. Ashfield Homes Ltd has produced a document detailing its Governance arrangements which clearly sets out the responsibilities

and powers of the Board and those delegated to the Director and specified Senior Managers. A code of conduct has also been adopted by ALMO Board Members and a separate code of conduct has also recently been adopted by all local authority Councillors.

- 196 Ashfield Homes Ltd has both a contractual and cultural commitment to continuous improvement and the housing service has a track record of effective performance management and achievement. The Board receive performance monitoring information at every meeting and while ALMO Board Members report some reliance on officers, they also reported that challenges and requests for further information occur regularly.
- 197 The initial selection and recruitment of ALMO Board Members was carried out in 2001, with the Shadow Board being established in January 2002. The Council nominated four representatives from the Labour group, selecting those with a commitment to the housing service who did not currently hold portfolios or committee responsibilities. We expect Council nominees to be appointed on a basis that reflects the political balance of the Council, which at Ashfield is predominantly Labour.
- 198 Tenant representatives were nominated by the Tenants Federation with the process of selection being managed by an independent consultant. All tenant representatives are to stand down in 2003, when a broader selection process will be facilitated by independent consultants, which will involve seeking nominations from all Council tenants, who will then be asked to vote for a representative from each of the four geographical areas, based on a 'manifesto' provided by each of the candidates.
- 199 A comprehensive publicity campaign was carried out seeking independent representatives for the Board from the local business community, including newspaper advertisements and direct targeting of local solicitors and estate agents. Despite this, the ALMO experienced difficulties in securing interest and whilst all four positions were eventually filled, there is no one with legal skills currently on the Board, although otherwise, a good mix of skills has been secured. The ALMO has also retained the services of the independent legal advisers used during the establishment of the company to provide specialist legal advice when required.
- 200 At the time of our inspection a vacancy for an independent representative had arisen due to the work commitments of one Member which necessitated their geographical relocation. The ALMO is considering further promotional activities to seek an appropriate replacement with a view to filling the skills gap, including discussions with the local Chamber of Commerce and the Rotary. A draft criteria for the appointment of independent ALMO Board Members has recently been devised to assist in the selection process, which now needs extending to all Members, with criteria appropriately weighted.
- 201 We found the existing ALMO Board is generally representative of the local community, with a mix of gender, and some representation of minority interests, including disabilities and youth issues. Board Members have already benefited from a series of initial training, which has included Governance issues, finance, best value and equal opportunities. The Tenant Chair has also received individual coaching sessions which have demonstratively enhanced their skills

and effectiveness. It is recognised that further training and capacity building is needed to fully equip ALMO Board Members, senior staff and tenant activists for the demands of their new roles, and the next programme of training began in October 2002.

- 202 Board Members have also formally committed to undertaking an annual performance development review, utilising the format promoted in the Community Housing Task Force Guidance. The ALMOs independent training consultant will train Board Members in the self assessment techniques, and review identified development needs on a one-to-one basis, before constructing a further series of training tailored to meet general and individual requirements.
- 203 As no Board meeting was scheduled during our inspection, we were unable to observe a meeting in progress, although we did review minutes of previous meetings, carry out telephone interviews and hold a focus group with ALMO Board Members. We found a strong focus and commitment among the Board to the success of the ALMO, although some Board Members felt that training was not undertaken early enough to help them make truly informed decisions. We were told that one of the hardest decisions the Board had to make was determining the salary of the ALMOs Chief Executive. Consultants provided recommendations on a salary increase based on benchmarking against the salary range of Chief Executives of Registered Social Landlords (RSLs). However, we feel that ALMO Board needs to give careful consideration to this issue, given the difference in responsibilities between RSLs and ALMOs.
- 204 Only one sub committee has been established to date, on Finance and Remuneration, as Board Members feel it is important at this early stage, to retain a broad overview and involvement in all aspects of the ALMOs business. Whilst Board Members are currently at different levels in terms of the skills and knowledge, we believe there is sufficient capacity and overall capability to lead the organisation and direct it's affairs.
- 205 The range of comprehensive information and effective tenant consultation on matters which are the responsibility of Ashfield Homes Ltd, described earlier in this report, provide a comprehensive framework for involvement which enables tenants to effectively monitor performance and influence policy and procedures.
- 206 An experienced company secretary is in post, and the ALMO have appointed external auditors who are currently facilitating risk management workshops to identify and establish mechanisms to manage the high-risk areas for the company and help devise a set of internal controls. Already identified as a potential risk is the declining stock base, which is already detailed in the HRA business plan and the ALMOs delivery plan, indicating that areas of possible expansion will be identified where possible to offset any stock reduction. Staff and tenants have been consulted about this potential risk through the Employee and Tenant Conferences and an organisational review of the company is planned in September 2003, when this issue will be covered in depth.
- 207 A corporate risk management group is in place and the Council's internal audit staff have already completed a separate risk assessment for the ALMO and are looking to develop systems for checking spend, accounting practices and controls. A protocol for agreeing the ALMOs audit reports is being finalised. District Audit have also confirmed that their appointed auditor will assess the risk

associated with the ALMO and work with Council staff to address the issues, including undertaking specific audit work in future audit plans where appropriate.

- 208 Operationally, health and safety issues were found to be prominent, with risk assessments revised, posters on display in all offices and leaflets relating to specific risks and raising awareness provided to staff along with ongoing training.
- 209 Whilst the ALMOs performance management process is good, it is currently coping with disparate IT systems, not entirely suited to either business or service needs. There are also problems in networking existing systems to decentralised offices. The ALMO has identified budget provision for IT investment in 2003/04 and managers have begun discussions with a consultant to advise them on specification and procurement. However, the timescale may be dictated by the Council's contractual obligations for the IT systems currently utilised by the ALMO and may delay implementation until 2004/05. The ALMO is progressing interim arrangements to improve current systems in the meantime.

Summary

- 210 We previously judged the best value review carried out by the Council to have promising prospects for improvement. Ashfield Homes Ltd has subsequently tackled the weaknesses identified by the Council and progressed many of the recommendations put forward by the Housing Inspectorate which has resulted in not only maintaining, but improving upon high levels of performance during a time of substantial change. Customers and partners perceive a positive improvement since the establishment of the ALMO, and there is a commitment and enthusiasm at all levels to continually improve services for customers and ALMO Board Members and senior managers are effectively focused on business aims.
- 211 The new governance arrangements are clearly defined in formal documentation, although, we found that the Council and the ALMO had yet to develop and implement appropriate internal systems of financial control and checks. Incompatible IT systems are unsuited to the needs of the ALMO and Service Level Agreements are poorly defined. Further training and capacity building is needed to fully equip Board Members, senior staff and tenant activists for the demands of their new roles and there is a need for the ALMO to establish a separate identity and for the Council to develop its new role which is less controlling, whilst ensuring that robust monitoring mechanisms are formally established. While these areas are of concern, we acknowledge that it is early days for the organisations involved and that both the Council and the ALMO are taking steps to resolve these issues, most of which were identified for action prior to our inspection.

Appendices

What the inspectors did

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

Documents reviewed

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

- ◆ ALMO Service Delivery Plans and Action Plans.
- ◆ ALMO documentation, including Board Agenda and Minutes, training plans and Section 27 application.
- ◆ Housing Strategy Statement and Housing Investment Plan.
- ◆ Corporate strategies, including Local Neighbourhood Renewal and Community Strategies.
- ◆ Service Standards and other information for customers.
- ◆ Quality manuals and policy and procedures.
- ◆ Performance information and customer survey results.

Reality checks undertaken

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

- ◆ Visits to decentralised Housing Offices.
- ◆ Focus groups with tenants, staff, Board Members and Councillors.
- ◆ Interviews with Council and ALMO staff.
- ◆ Visits to new tenants and tenants who had recently had repairs carried out.
- ◆ Visits to Sheltered Housing schemes.
- ◆ Observation of estate based staff, office interviews and the Tenant Forum.

- ◆ Telephone interviews with tenant activists and key partners.
- ◆ Reality checks of files and access arrangements.

List of people interviewed

We met a range of people involved with the housing service delivered by the ALMO:

Cllr Margaret Thorpe	ALMO Board Member
Cllr Matt Carey	ALMO Board Member
Cllr Elaine Bonam	ALMO Board Member
Cllr Yvonne White	ALMO Board Member
Eunice Bradley	ALMO Board Member
Pat Simms	ALMO Board Member
Jacky Nichols	ALMO Board Member
Murray Timmons	ALMO Board Member
Cllr Ken Creed	Leader of Ashfield Council
Cllr Les Matthews	Deputy Leader
Cllr Warren Nuttall	Housing Portfolio Holder
Cllr May Barsby	Chair of Scrutiny dealing with housing
Alan Mellor	Chief Executive, Ashfield District Council
Ian Dethick	Chief Executive, AHL
Gill Moy	Director of Housing Services
Steve Haywood	Director of Technical Services
George Upson	Company Secretary
Bill Buckley	Head of Environmental Health and Private Sector Housing
Pete Alflat	Manager of Housing Strategy and Homelessness
Gareth Bott	Head of Revenues Services

Malcolm Rose	Head of Regeneration
Ann Sheppard	Kirkby Neighbourhood Pathfinder Manager
Jo Andrew	Neighbourhood Renewal Manager
Steve Houlding	Assistant Director of Technical Services
Paul Bingham	Responsive Repair Manager
Andy Dewberry	Voids and Caretaker Manager
Justin Catton	Support Services Manager
Richard Holland	Assistant Director of Housing Services
Peter Wilmot	Human Resource and Development Manager
Martyn Hudson	Service Manager (Older People & Special Needs)
Ian Bailey	Partnership and Procurement Manager
Jeff Christopher	Assistant Chief Executive, Ashfield District Council
Phil Saunders	Performance and Business Improvement Manager
Helen Peel	Head of Financial Management, Ashfield DC
Ruth Rigby	Supporting People Lead Officer for the County
Andy Pollard	Ashfield Partnership Officer
Dave Tattersall	Tenant Liaison Officer
Scott Follows	Home Energy Efficiency Officer
Keith Rutherford	Energy Manager
Elaine Maddox	Special Needs Housing Services Supervisor
Nigel Homer	District Housing Manager Sutton
Jane Watson	Unison Representative

Martin Walton	GMB Representative
Keith Morris	District Housing Manager Kirkby
Nicky Poulton	Housing Needs Assessment Officer
Ann Lynch	Tenant Participation Officer
Steve Wilson	Project Manager
Matthew Harvey	Chargehand
Christopher Clipstone	Teamleader
Sharon John	Performance and Business Improvement officer
Kim DeVergori	District Housing Manager Hucknall
Sandra Shotbolt	Leamington Neighbourhood Housing Officer
Stuart Cannon	Leamington Neighbourhood Housing Officer
Claire Cheetham	Tenancy Support Officer
Samantha Moorthy	Huthwaite Neighbourhood Housing Officer
Nicki Walsh	Neighbourhood Housing Officer
Clare Sansom	Coxmoor Neighbourhood Housing Officer
Caroline Greasley	Coxmoor Neighbourhood Housing Officer
Linda Eaton	Neighbourhood Housing Officer
Robert Bailey	Community Alarms Officer
Beryl Handley	Care Co-ordinator
Maureen Poulton	Care Co-ordinator
Lynsey Parker	Housing Services Trainee Manager
Susan Crane	Neighbourhood Housing Officer
Jacqueline Hardy	Human Resources and Development Support Officer

Jo Wetherell	Personal Assistant to the Chief Executive
Wendy Pritchard	Neighbourhood Housing Officer
Cathy Andrews	Tenancy Support Officer
Elaine Pritchard	Selston Neighbourhood Housing Officer
Gill Deakin	Neighbourhood Housing Officer
Jane Kilford	Neighbourhood Housing Officer
Paul Sheldon	Estates Team Chargehand
Dave Cornell	Driver / Labourer
Dave Smith	Voids Team Leader
Phil Coleman	Stores Supervisor
Dave Cheetham	Joiners Shop Chargehand
Andrew Lancashire	Joiner
James Walker	Plumber
Ian Caunt	Bricklayer
Sheila Perkins	Repairs Administration Officer
Mark Sheldon	Call Centre Supervisor
Christopher Barley	Customer Services Officer
Vivienne Hammond	Senior Team Leader, Support Services

Positive Practice

‘The Commission will identify and promote good practice. Every inspection will look for examples of good practice and innovation, and for creative ways to overcome barriers and resistance to change or make better use of resources.’ (Seeing is Believing).

Positive practice is something which makes a service more effective and ultimately, more able to deliver what the customer wants. This appendix summarises areas of positive practice found during the inspection of the Ashfield Homes Ltd, ALMO at Ashfield District Council in September 2002.

Item 1

- ◆ Egan compliant partnering arrangements for major improvement works, incorporating local training and employment initiatives.

Item 2

- ◆ Comprehensive range of customer service standards and satisfaction surveys.

Item 3

- ◆ Repairs Call Centre and appointment service and operatives working extended hours.

Item 4

- ◆ Complaints policy with dedicated complaints officer and rectification notices.

Item 5

- ◆ Effective performance management regime and a comprehensive range of staff policy and procedures.

Item 6

- ◆ Care co-ordinators serving all tenants 60 years plus and a range of activities for older people organised as part of the Councils Leisure and Cultural strategy.

Item 7

- ◆ Comprehensive information for applicants and effective marketing of difficult to let homes.

Item 8

- ◆ Tenancy support officers providing practical help and support for vulnerable tenants.

Item 9

- ◆ Staff 'champion groups' progressing service improvements and best practice.

Item 10

- ◆ Regular estate inspections carried out involving staff, tenants and Councillors.
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