

**A1 Housing Bassetlaw Limited
Business Plan
2008/2009 – 2012/2013**



**Providing Quality Homes
& Neighbourhoods**

Contents

- 1. Introduction**
- 2. Mission and Core Aims**
- 3. Service Environment**
- 4. A1 Organisation**
- 5. Finance**
- 6. Decent Homes Funds**
- 7. Value For Money**

1. Introduction

This is A1 Housing Bassetlaw Limited's (A1 Housing) Business Plan for 2008/09. The 2007/08 Business Plan focused on and supported the need to achieve at least a 2 star inspection from the Audit Commission in September 2007.

In September 2007 the Audit Commission found that A1 Housing had improved from 'fair' to 'good' and had 'promising prospects' of continuing to improve.

On a scale from zero to three stars the Audit Commission inspection team gave the Bassetlaw-based organisation a 'good' two star rating. The report, following an earlier one star rating in May 2007, showed that A1 had improved on a range of services. The result meant that A1 Housing can access additional borrowing (£62 Million) to fund a comprehensive programme of property improvements between now and 2013

Following the achievement of 2 stars in September 2007, this Business Plan focuses on the business delivering the Decent Homes Programme and continually improving, aiming to achieve 3 stars at the next Inspection.

A1 Housing was established in October 2004 by Bassetlaw District Council to deliver its commitment to -

- Achieve a separation of landlord and strategic functions as required by Government, allowing A1 Housing to deliver housing services at arms length
- Pursue the drive for excellence in delivering housing services
- Deliver Decent Homes to Council tenants

The housing stock remains in the ownership of Bassetlaw District Council and there is no change in the legal status of tenants.

This document links to A1 Housing's Service Plan, the Service Plan sets out:

- How our strategic priorities contribute to the delivery of Bassetlaw's Community Strategy, Corporate Strategy and Housing Strategy.
- How we manage A1 Housing and improvements in key corporate priority areas.
- How we align our resources to meet our strategic priorities.
- How we engage with our tenants, residents, partners and stakeholders.
- How well we delivered our services last year.
- Our plans and targets for future service improvements including improvements as a result of external audit and inspection.

The Business Plan sets out the financial arrangements for A1 Housing.

2. Our Mission and Core Aims

In 2006 A1 Housing developed its Mission, Core Aims and Values with Board Members and staff.

Our Mission

“is to work in partnership with local people to deliver quality homes and support sustainable neighbourhoods”.

Our Core Aims

To achieve our mission, we have divided what we do into five Core Aims

Core Aim One is...

...to provide high quality, warm, and well maintained homes...

...by using new and existing resources efficiently, effectively and using modern best practice to bring all homes up to the Decent Homes standard by 2013 and to keep them well-looked after.

Core Aim Two is...

...to be a resident-led organisation providing fair, accessible and equal services...

...by involving tenants, leaseholders and other customers and responding to their aspirations and their needs and respecting the diversity of all our customers.

Core Aim Three is...

...to provide an excellent and seamless service...

...by using best practice and innovation to ensure that all our services are effective, efficient, well co-ordinated and achieving high levels of customer satisfaction

Core Aim Four is...

...to play our part in community leadership...

...by working with partners to help tackle community issues such as safety, anti-social behaviour, homelessness, transient workers and the environment.

Core Aim Five is...

...to be an ambitious and well-run organisation...

...with a high performing, business-focussed style with an increasingly strong local and national reputation and a skilled, motivated, flexible and customer-focussed workforce.

Our Values

In achieving our mission and core aims, we will act on these values

...We will listen and respond to customers to enhance our service quality.

...We will build strong relationships with our partners.

...We have pride in our work and will demonstrate this in delivering our services.

...We will be open, fair, approachable and honest.

...We will offer highly visible leadership.

...We will set high standards for ourselves and for all our employees.

...We will deliver our promises.

...We will communicate regularly with our customers and partners

Sections 4 to 8 of the Service Delivery Plan sets out the key priorities and targets relating to each aim and Section 9 of the Service Delivery Plan sets out how we will deliver our Core Aims through detailed actions.

Our 3 and 5 year visions

In delivering the objectives we have set 3 and 5 year visions of change to help the organisation, its customers and its stakeholders recognise the changes. These are

Vision	Core Aim	How are we going to deliver it?	How will we know when we get there?
An organisation that has brought 60% homes up to the Decent Homes standard	1	By working with Connaught and Bullock to spend the additional Government allocation and BDC capital monies to deliver Decent Homes	The bulk of properties failing the Decent Homes standard now at the required level
An organisation that is in a position to provide new social housing and improved access to social housing including use of Section 106 monies	2	Working with BDC and partners to identify how A1 can contribute to delivering new affordable housing	Partnership created ready to develop new housing. Achieved the Housing Corporations 'Affordable Home Ownership Housing Management Accreditation'
An organisation that can deliver services required	2	Consulting tenants and structuring our	Increased tenant satisfaction

in the locality		services to deliver locally	
Reviewed the future options to deliver social housing	2	Through working with BDC and the Government Office for East Midlands to ensure that any changes to national policies are explored for the benefit of Bassetlaw Tenants	The housing waiting list used by BDC to determine future housing needs for the area. All options reviewed with BDC and stakeholders
Continuing to provide training opportunities for the community	2	Set up a training Academy and develop a training programme for developing basic technical skills for tenants	Training Academy set up at Carlton Forest and available for training local tenants
Providing services that ensure tenant/residents remain longer in their own homes	3	Consulting tenants and involving them in shaping services	Tenant turnover rates reduced
CBL introduced and working successfully	3	Introduce a new framework to allocate properties that increase an individual's opportunity to select where they wish to live.	Property Shop opened in Retford and properties advertised rather than allocated.
An excellent organisation that delivers and maintains the highest possible external accreditations	3	Each service will identify the appropriate accreditations that they can achieve	Each service area has an external accreditation
An organisation that is regarded as a community leader	4	Being an active participant in the Local Strategic Partnership and the Manton Community Alliance	Delivering services in partnership with other statutory bodies
Working in partnership with BDC to deliver local services	4	Working closely with the Council to identify how A1 can contribute to the wider agenda	All A1 services working to contribute towards BDC's Corporate Plan objectives
Providing sustainable communities where people want to live	4	By improving the environment on estates, reducing	Increased tenant satisfaction with the area they live

		ASB and fear of crime and improving the homes	in and increased satisfaction with levels of participation
Business orientated and developing business opportunities	5	Working in the local community to identify services that A1 can provide for the benefit of local people	Services provided to the wider community. Supporting People works contracted directly from Notts County Council
An organisation that looks at opportunities to provide more homes.	5	Working with other organisations and landlords both in and outside Bassetlaw	Achieved the Housing Corporations 'Affordable Home Ownership Housing Management Accreditation'. Agreement with other organisations to manage properties on their behalf
Reviewed and renewed the Management (Services) Agreement with BDC	5	Ensuring that A1 deliver the outputs required within the current Services Agreement	Services Agreement signed and in place for 2009/2014
An organisation that has embedded VFM and delivers excellent services to customers	5	Working with tenants to ensure that all resources are targeted at the services that they identify as important	Over 98% of repairs completed on the first visit. Service standards set by tenants and achieved by A1.

5 Year vision of changes to achieve the long term core aims are:

Vision	Core Aim	How are we going to deliver it?	How will we know when we get there?
Providing high quality existing and new homes using innovation to meet the specific needs of our customers.	1	Using the Decent Homes monies to improve the stock and working with partners to provide new housing	Decent Homes Standard achieved and new properties available to let
Decent Homes delivered and thirty year business plan underway	1 and 5	Decent Homes programme delivered each year	100% compliance with standard and business plan in

			place
Accessible services to all existing and potential customers	2	By working with customers to identify how they want to access services	Access to services meets the needs of customers
Increased tenant capability and effectiveness to become involved in the management of the company	2	Training tenant representatives and tenants	Tenant Board Members and TRA representatives all trained on effective management
A tenant led organisation	2	Increasing the opportunities for tenants to have a say in the running of the organisation	More tenants on the Board and involved in the consultation frameworks
Running a training centre of excellence for the local community	2	Providing a site to train staff, tenants and young people	Centre recognised as a place of excellence and a programme of training available to all tenants
An established view on the best way to deliver services into the future with tenants and BDC through the government's national agenda	2	By responding to Government consultation and involving tenants in the process	Tenants agreed the way forward for the organisation
A Beacon organisation	3	By learning from the best and delivering innovations in services	Other organisations learning from A1
Other organisations continually want to learn from us	3	By learning from the best and delivering innovations in services	By achieving 3 Stars and external accreditations
Proactively working with all stakeholders to deliver excellent services.	4	By creating increased opportunities for stakeholders to be involved in the decision making processes	Stakeholders have shaped the organisation
Staff empowered to make the right decision in a commercially environment	5	By ensuring that staff are trained and capable of delivering services	Decision making delegated down the organisation

Promoting the business and developing increased services in the locality	5	By looking at gaps and poor performance in service delivery (internally and externally) with our customers	Services offered in areas currently not managed by A1
A high reputation both locally and nationally	5	By delivering services that tenants want	Achieving 3 Stars
Competing with and beating best performers.	5	All our performance indicators performing in the top 50% nationally	Benchmarking showing we provide the best services
Identifying and maximising all income streams	5	Looking for opportunities to increase funding for services and improvements	Obtaining additional income from services and from grants for energy efficiency etc

3. Service Environment

In developing this plan, A1 Housing Management Team has reviewed the service environment in which it operates, through a PEST analysis and a complementary SWOT analysis.

PEST Analysis	
Political and legal issues	Economic and environmental
<ul style="list-style-type: none"> development and training issues of Board Decent Homes target requirement to continue to review and improve through best value efficiency and economy drive – Gershon report target rents that converge towards RSL rents working closely with ward members and the local community emphasis on neighbourhood, neighbourhood management Service Level Agreements with Council department 	<ul style="list-style-type: none"> reduction in Management Fee - RTB affordability of private housing limited for many additional investment in council housing in neighbouring cities / towns (Nottingham, Sheffield, Newark, Ashfield, Rotherham, Doncaster) HRA pressures wider local and regional regeneration programmes developing building inflation and availability of contractors/skills new funding opportunities

Socio-cultural issues	Technological issues
<ul style="list-style-type: none"> • continuing population growth with smaller average household sizes • <16 year olds and >75 year olds increasing demand for larger homes across communities • just over one in a hundred of A1 Housing's population is from a black or ethnic minority group • continued RTB • confirmed need for affordable rented housing at odds with regional housing board views • mismatch of demand and supply of rented housing • reduction in turnover rates of Council homes • modern services and facilities are expected as standard • quicker, more flexible services are in demand • increase in number of homeless people • increase in number of tenants with disability /long-term illness 	<ul style="list-style-type: none"> • scope for use of ICT is expanding • modernisation is a policy agenda and customer expectation • new guidance and techniques for stock condition plans • development of call centre technologies, such as a repairs enquiry centre • development of project management systems • improved availability of energy efficiency measures • development of partnering techniques • Egan principles – partnering procurement
SWOT Analysis	
Strengths	Opportunities
<ul style="list-style-type: none"> • effective capital programme management • skilled, balanced Board • experienced and well trained workforce as shown by the IIP standard • knowledge of good practice, partnerships and networking • well placed in the development of cross-cutting initiatives • local knowledge and commitment of staff • continuing demand from people in housing need • retain staff • clear and concise improvement action plans 	<ul style="list-style-type: none"> • VfM providing a continuous improvement framework • increasing capabilities of information and communications technology • increased links with education, social services, health • improved marketing of A1 Housing services and homes • difficult to let properties and unpopular estates being 'turned around' • management of additional stock through RSLs and the private sector • Achievement of 2 stars with promising prospects for improvement is a good basis for further improvement

Weaknesses	Threats
<ul style="list-style-type: none"> • variable performance on some indicators • rising cost pressures • need to establish new strategies, plans and policies • Board knowledge of housing policies and practice • links between staff and Board • possible lack of capacity to deal with important work in senior management team • perception of council housing as a 'tenure of last resort' by some potential customers • the loss of households in their mid-life years to owner occupation • enforced rent rises over next few years that all result in little if any rent increase income • changes to Board membership requires continuous retraining • Job Evaluation requires addressing 	<ul style="list-style-type: none"> • board effectiveness reduced by lack of cohesion/training • fail to tackle efficiency agenda • Fail to deliver Decent Homes in Budget

During 2006 A1 reviewed its approach to Risk Management, with a revised Risk Register, reported to Board on a Quarterly basis. Arrangements for Risk Management were reviewed as part of the September 2007 Audit Commission inspection. The September 2007 Inspection found arrangements to be robust and well embedded

4. A1 Housing – The Organisation

The Board of A1 Housing consists of 15 non-executive directors. There are five councillor Board members nominated by Bassetlaw District Council, five tenant Board members, and five independent Board members. Tenant Board members are appointed following direct election processes involving tenants and leaseholders, with one nominated by the Bassetlaw Tenant and Residents Federation. Independent Board members bring additional professional skills to the Board.

A1 Housing is a local authority controlled company, limited by guarantee, created by Bassetlaw District Council to operate under Part V of the Local Government and Housing Act 1989

The Board determines the direction of the organisation through its identity, strategy and culture. The executive officers of the Company are Bernard Coleman, Managing Director, Don Spittlehouse, Director of Housing & Technical Services, Richard Jennings, Director of Corporate Services, and Joice Richards, Director of Strategy & Change.

A1 Housing has adopted governance arrangements reflecting best practice. Agendas, minutes and reports are available to the public. Members of the public have the right and are encouraged to attend meetings and submit questions. Each Board meeting starts with 15 minutes of open questions from the public.

5. Finance

- 5.1 The core business activities of A1 Housing are funded by a Management Fee paid by Bassetlaw District Council. The fee is negotiated in advance between the Council and A1 Housing. Negotiation concentrates on the needs of A1 Housing against the resources available to the HRA within a 30-year time frame to fund those needs.
- 5.2 In addition to the Management Fee A1 Housing has other sources of income as shown in the table below (2008/09 Estimate):

Category	£'000	%
Management Fee	11,147	84
Capital Fees, not attributable to additional Decent Homes Funds	479	4
Building Repair Service, Delivery of Capital Works	500	4
Other work for Bassetlaw District Council	162	1
Other	200	1
Capital Fees, attributable to additional Decent Homes Funds	852	6
Total	13,341	

5.3 Future Years Finance

A1 Housing's Management Fee is funded out of the Council's Housing Revenue Account (HRA). Under the Services Agreement, Management of the HRA remained with the Council.

- 5.4 During 2005/06 and 2006/07, A1 built up a loss on its balance sheet of £365,000. This was built up due to pressures on the Management Fee, at the same time as delivering improvements to deliver 2 stars. The additional Decent Homes funds and associated increase in Capital Fees, arising from achieving 2 stars in September 2007, will enable the accumulated loss to be cleared in 2007/08 and 2008/09.
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5.5 The Table below shows a summary of A1 Housing's revenues predicted until 2012/13.

	2007-08	2008-09	2009/10	2010-11	2011-2012	2012-13
Income						
Management Fee (2009-12, Based on HRA Business Plan that requires updating)	10,824,460	11,147,600	10,607,000	10,352,000	10,092,000	10,405,000
BRS Income, Base Capital Fees, Other BDC Income	1,615,000	1,341,620	1,381,869	1,423,325	1,466,024	1,510,005
Total Income	12,439,460	12,489,220	11,988,869	11,775,325	11,558,024	11,915,005
Costs						
Operating Costs	10,895,830	11,147,600	11,482,028	11,826,489	12,181,284	12,546,722
Additional Costs, Built into future years base:						
Job Evaluation	0	0	157,308	162,027	166,888	171,895
BRS Costs for Capital work, Capital Man. Costs, Costs of additional services to BDC	1,615,000	1,341,620	1,381,869	1,423,325	1,466,024	1,510,005
Cashable Efficiency Saving (3% of Management Fee)	0	0	-344,461	-354,795	-365,439	-376,402
Structural Change / Service Reduction. / Additional Efficiency Savings - 3%	0	0	-344,461	-354,795	-365,439	-376,402
Additional structural change	0	0	0	0	0	0
Total Costs	12,510,830	12,489,220	12,332,283	12,702,251	13,083,319	13,475,819
Surplus / deficit (-) for the year - Management Fee	-71,370	0	-343,414	-926,927	-1,525,295	-1,560,813
Income						
Additional Capital Fees	360,370	851,852	851,852	1,000,000	851,852	666,667
	360,370	851,852	851,852	1,000,000	851,852	666,667
Costs						
Additional Decent Homes Management Costs	100,000	594,885	612,732	631,113	650,047	669,548
Repayment of Deficit (Surplus)	189,000	176,000	0	0	0	0

	2007-08	2008-09	2009/10	2010-11	2011-2012	2012-13
Total Costs	289,000	770,885	612,732	631,113	650,047	669,548
Surplus / deficit (-) for the year - Additional Fees	71,370	80,967	239,120	368,887	201,805	-2,882
Brought Forward Surplus	0	0	80,967	-23,327	-581,367	-1,904,857
Cumulative Surplus Available / Deficit (-)	0	80,967	-23,327	-581,367	-1,904,857	-3,468,552
Housing Stock (year end prediction)	7001	6961	6921	6885	6853	6824

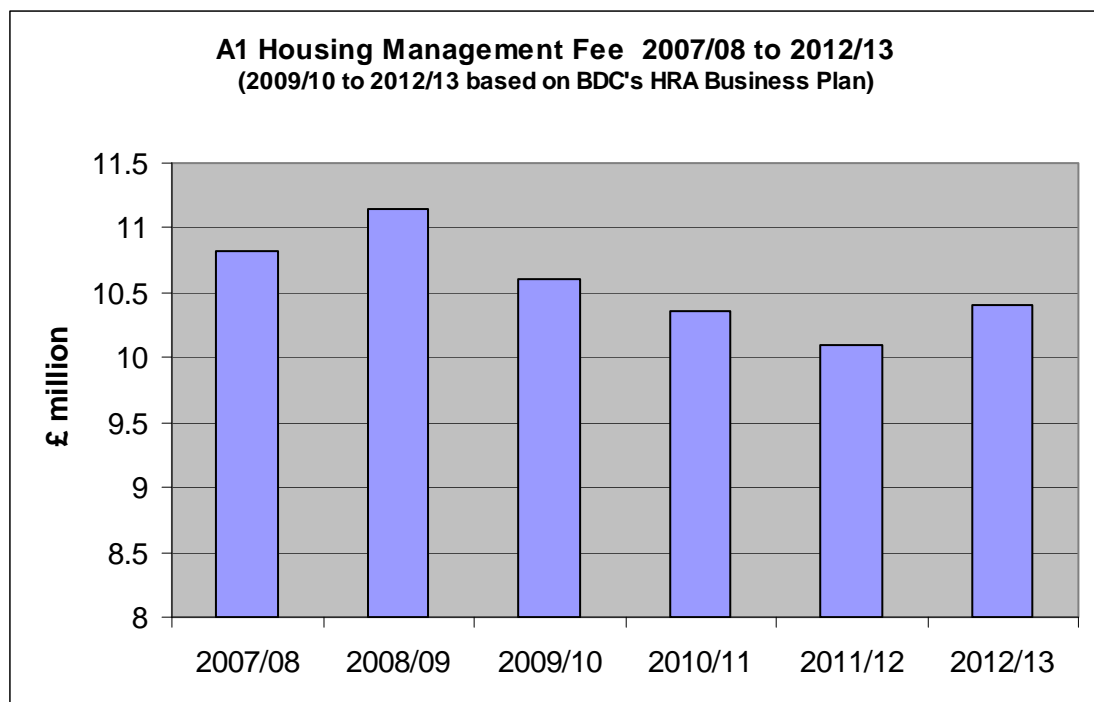
5.6 The key points of the revenue prediction until 2012/13 are:

5.7 The Management Fee paid by Bassetlaw District Council, and derived from funds in the Council's Housing Revenue Account (HRA), is due to fall sharply in 2009/10 (5%), and continue to decrease until 2011/12. Bassetlaw District Council manages the HRA. The Council will be revising the HRA Business Plan in July 2008, with assistance from A1 Housing. Structural change at A1 Housing maybe necessary to deal with large reduction in Management Fee.

The main reason for the large decrease in Management Fee is that the establishment of A1 Housing Ltd, in 2004, had a considerable impact on the employers' superannuation payments for both A1 Housing and the Council. With regard to A1 Housing, its percentage rate payable has been reduced as a result of its pension scheme being fully funded. This left the Council with a deficit of £6.7m on its fund; this was charged to the Housing Revenue Account, with the loss scheduled to be cleared by 2025. The result of the charge to Housing Revenue Account is that funds available for the Management Fee are reduced.

The following annual payments will be required to meet the deficit: -

Year	£
2007/2008	453,000
2008/2009	604,000
2009/2010 to 2024/2025	755,000



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- 5.8 The business needs to be aware that after 2012/13 the additional capital fee income derived from the additional Decent Homes money will be lost. Therefore, where possible, increased costs associated with administration of the Decent Homes programme should be temporary.
- 5.9 The charges for District Heating, determined by the Council, are not increasing on 1 April 2008, pending the outcome of a review of charges by the Council later in 2008. With fuel prices scheduled to increase by 15%, this will lead to a hit on the Housing Revenue Account of £40,000, and hence reduce funds available for A1's Management fee, where District Heating is paid. It is not possible to back-date price increases.
- 5.10 **Rent Setting.** The responsibility for setting the rent for properties remains with the Council. Each year the Council reviews its rental income and any increase in rents is subject to a Government Rent Restructuring model. This model provides a common basis on which all social rents should be set and ensures that social rents stay well below those in the private sector.
- 5.11 Rent restructuring data showing how rent levels will converge by 2016/17, together with rent increases by property types, are shown in table 1.

2008/09 Average increases on previous year

Increase by Property Type						
	Bedsit £	1 Bed £	2 Bed £	3 Bed £	4+ Bed £	Overall £
2007/08	44.32	50.87	55.85	57.72	60.88	55.09
2008/09	45.66	52.96	58.41	60.56	64.21	57.61
£	1.34	2.08	2.57	2.84	3.33	2.52
%	3.03	4.09	4.59	4.92	5.47	4.58

Year	Average Rent (52 Weeks)						Formula Rent £
	Bedsit £	1 Bed £	2 Bed £	3 Bed £	4+ Bed £	Overall £	
2002/03	44.45	45.74	47.55	48.46	48.85	47.36	41.24
2003/04	44.08	46.21	48.53	49.46	50.16	48.19	42.58
2004/05	43.94	46.99	49.87	50.81	51.87	49.37	44.27
2005/06	43.69	47.93	51.54	52.53	54.06	50.85	46.05
2006/07	43.83	49.13	53.41	54.83	57.14	52.68	53.69
2007/08	44.32	50.87	55.85	57.72	60.88	55.09	55.89
2008/09	45.66	52.96	58.41	60.56	64.21	57.61	58.41
2009/10	46.59	54.51	60.50	62.93	67.06	59.63	60.34
2010/11	47.48	56.14	62.61	65.32	69.97	61.70	62.33
2011/12	48.37	57.82	64.79	67.81	73.00	63.84	64.38
2012/13	49.23	59.49	66.99	70.31	76.08	66.00	66.44
2013/14	50.09	61.21	69.26	72.91	79.28	68.23	68.57
2014/15	50.96	62.97	71.61	75.61	82.60	70.53	70.76
2015/16	51.84	64.79	74.03	78.40	86.06	72.91	73.03
2016/17	52.71	66.65	76.54	81.30	89.66	75.37	75.37
Stock Number	153	1,690	2,715	2,290	119	6,967	

5.10 **Capital Programme.** A1 Housing manages the Council's Housing Capital Programme and the allocation for funding in 2008/09 (including the Decent Homes monies) is as follows:

Theme	Percentage of Budget (excl additional DH monies)	Actual Amount	Government Decent Homes
Decent Homes	87.30 (59.75)	14,669,000	11,500,000
Crime and Community Safety	1.32 (4.21)	223,000	0
Adaptations	4.47 (14.17)	751,410	0
Other (including Environmental)	6.24 (19.76)	1,048,000	0
Contingencies	0.67 (2.11)	112,000	0
Total		16,653,410	

6. Decent Homes Funds

- 6.1 There are significant numbers of properties in the District that fail to meet the Decent Homes Standard (60% as of Q3 2007/08).
- 6.2 A1 Housing is planning to bring the properties it manages up to the Government's Decent Homes standard by the end of 2012/13. Meeting the standard means that the homes we manage will;
- meet current statutory standards
 - be free from major disrepair
 - have modern services and facilities
 - provide a reasonable degree of thermal comfort.
- 6.3 In 2004, A1 Housing submitted a plan to Central Government, to bring all housing stock up to the Decent Homes Standard (Building Costs Model, BCM). It was based on a sample condition survey carried out in 2001. A 100% stock condition was carried out in 2006, this fed into A1's Asset Management Strategy, outlining how Decent Homes will be achieved.
- 6.4 The 2004 BCM highlighted that £104m was needed to bring the Housing Stock up to Decent Homes Standard. This was revised to £102.5 for Decent Homes work, with £40.5m was to be financed via Bassetlaw District Council (Major Repairs subsidy / RTB Receipts / other receipts) with the remainder from Central Government. Between 2003/04 and 2006/07 the Council Contributed £19.37 Million to fund the Decent Homes Programme, with the Council still to fund £21.1 million by 2012/13. The achievement of 2 stars by A1 Housing in September 2007 gave the Council access to borrow an additional £62 million. Central Government has agreed funding for 2008/09 and 2009/10 as £11.5 million for each year. The funding stream after 2009/10 will be confirmed by the Government in 2009/10.
- 6.5 Table 1 shows the Decent Homes Programme with funding until 2012/13. Our partners, Connaught and Bullock have estimated costs to complete the Decent Homes work (including inflation at 3%) to be £73.2 million between 2007/08 and 2012/3, these are shown in table 2. As of January 2008, costs are £0.386 million lower than the funds available.
- 6.6 There are a number of risks to the figures:
- Inflation may be higher or lower than 3% a year between now and 2012/13
 - More work could be identified than shown in the 100% stock condition survey
 - Refusals could be more or less than the 2 % estimate
 - The Council may have other demands on Capital that are a greater priority
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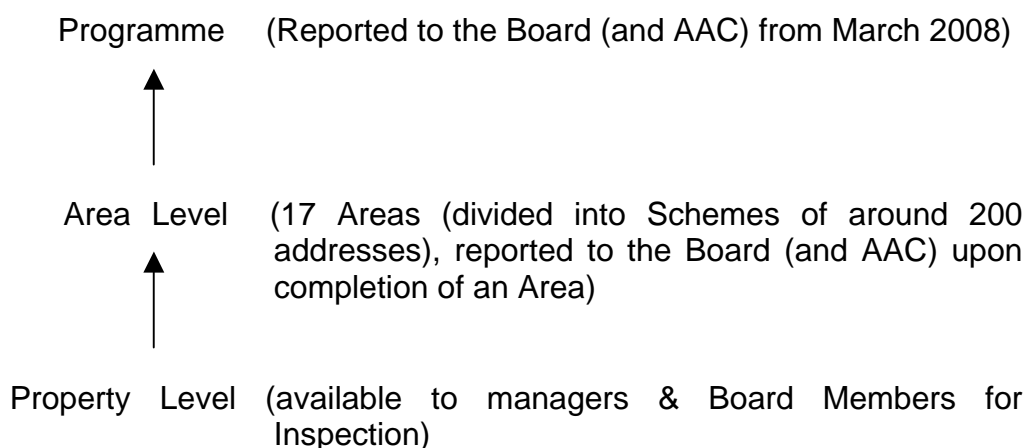
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- 6.7 The figures in Table 2 do not have efficiency savings built in and this represents an opportunity to carry out additional work than planned or increase the margin to cover unforeseen circumstances.
- 6.8 Monitoring of the Decent Homes Expenditure will involve effective joint working between A1 Housing, Bassetlaw District Council, Connaught and Bullock.
- 6.9 Within A1 Housing, monitoring will take place by Management Team, The Decent Homes Champion Group, Audit and Accounts Committee and the Board will monitor finances for Decent Homes work.
- 6.10 Monitoring will take place at a Programme Level (i.e. the entire Decent Homes Programme), Area Level (there are 17 main areas within Bassetlaw) and Individual Property Level.
- 6.11 The 17 Areas will be broken down into Schemes of around 200 addresses; this will enable monitoring to be manageable. Each Scheme will have an agreed budget that can be measured against actual spend
- 6.12 Within each Scheme a database will be built at a property level showing Actual expenditure v Budget. Information at Programme, Area and Scheme level will be presented to Management Team, Decent Homes Champion Group, Board and the Audit and Accounts Committee (AAC).
- 6.13 Property Level information will not be presented to Board or AAC, but will be used to populate the Scheme Level reports, and will be available within Technical Services for inspection should Board members wish to see this data on an individual basis. Board members on the Decent Homes Governance Group will review property level information used to build up the financial picture of the Decent Homes Programme.
- 6.14 Property Level data will include budget, actual and variance for the main areas of work. Agreement has been reached with the partners regarding supplying actual spend at a property level and a manageable breakdown of costs per property. A draft format of property level information is shown below:

Address	Budget £	Actual £	Variance £
Preliminary costs	1000	1000	0
Category 1 Hazards	500	400	-100
Kitchen	3000	3100	100
Bathroom	3000	2800	-200
Roof	0	0	0
Electrics	1500	1600	100

Address	Budget £	Actual £	Variance £
Other items to meet the reasonable repair standard	700	700	0
Thermal Comfort	500	700	200
Total	10200	10300	100

6.15 Each Area will have a Budget v Actual spend, and as an Area is closed, the under or over-spend will be added to the overall programme report. Explanations on variances will be presented as part of reporting a scheme upon completion. Areas will be divided into Schemes, with a maximum of 200 addresses. A procedure for approving the start of each scheme has been drafted by Technical Services, and is undergoing development (see Appendix 1). Part of the Scheme Commissioning process will be fixing the budget at the out-set

6.16 The Reporting will be:



6.17 Financial Monitoring of Decent Homes work is already being undertaken as part of the Capital Programme monitoring report presented at Board. As of October 2007, Programme spend, separating Decent Homes expenditure from other Capital expenditure has taken place (e.g. of other capital expenditure such as adaptations, access for the disabled). This monitoring of Capital expenditure will continue.

Table 1, Decent Homes Funding Profile to 2012/13:

A1 Housing Decent Homes Affordability Model

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
ALMO funds	5,000,000	11,500,000	11,500,000	13,500,000	11,500,000	9,000,000	62,000,000
MRA and Other BDC Funding	3,678,000	3,169,000	3,191,000	3,257,000	3,218,000	3,120,000	19,633,000
Anticipated Additional Capital Receipts	0	0	500,000	500,000	500,000	0	1,500,000
Total Gross Budget	8,678,000	14,669,000	15,191,000	17,257,000	15,218,000	12,120,000	83,133,000
Refusals Element - 2%	0	287,627	297,863	338,373	298,392	237,647	1,459,902
Fee Element	712,316	1,125,170	1,126,457	1,277,740	1,128,928	939,131	6,309,742
Total works (funding)	7,965,684	13,256,203	13,766,680	15,640,887	13,790,680	10,943,222	75,363,356
Less Contingency	0	50,000	50,000	50,000	50,000	50,000	250,000
Less decorating all. + Disturbance	0	200,000	200,000	200,000	200,000	200,000	1,000,000
Less PME's and Isolators	0	100,000	100,000	100,000	100,000	100,000	500,000
Estimated DH works budget	7,965,684	12,906,203	13,416,680	15,290,887	13,440,680	10,593,222	73,613,356

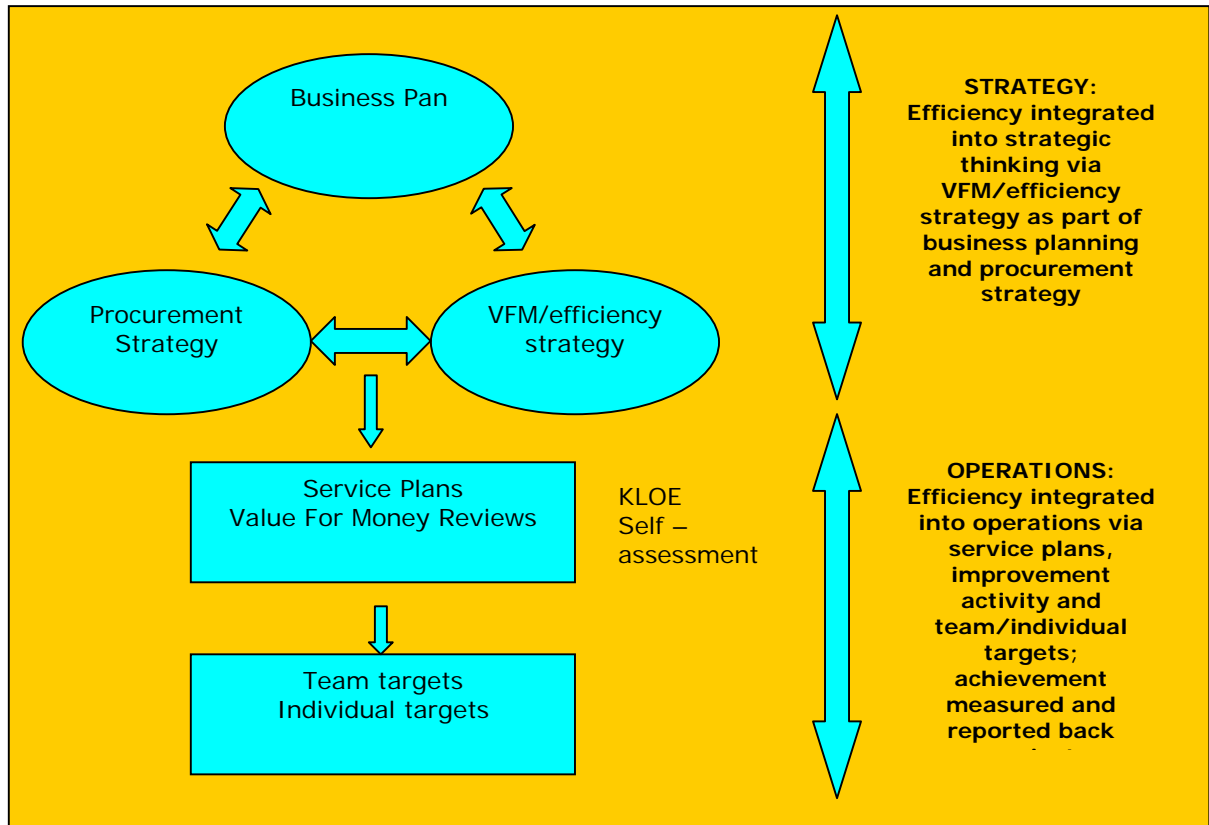
Table 2, Decent Homes Funding and Expenditure to 2012/13:

SUMMARY	
Estimated DH Works Budget	73,613,356
Estimated BCM @ 01/04/07	73,226,784
Estimated Float	386,572



7 Value for Money (VfM)

- 7.1 During 2005, A1 developed both a VfM and a Procurement Strategy; these will be revisited during 2008 to see if they are still fit for purpose. The Business Plan provides a basis on which to build the Procurement and Value For Money Strategies, as shown below:



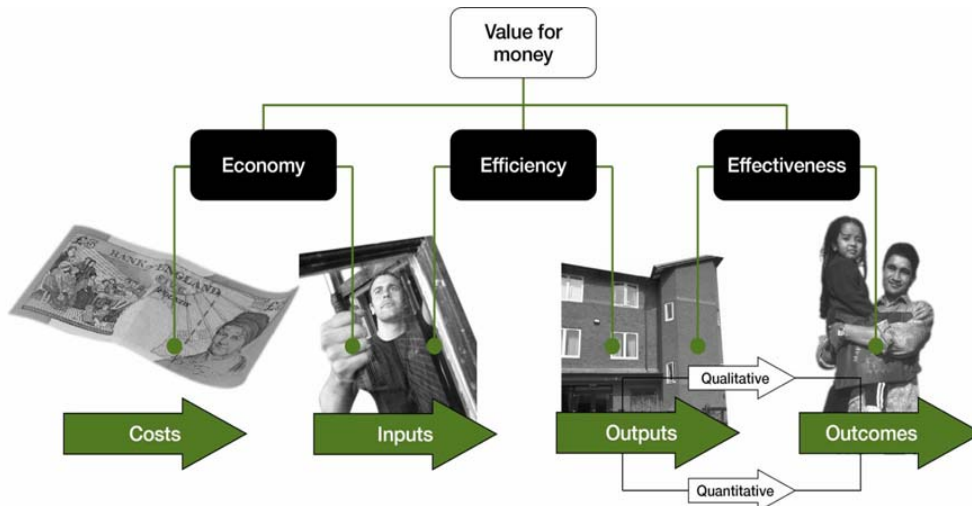
- 7.2 VfM is the relationship between cost and quality in achieving customer requirements. Costs are the whole life cycle from identification of needs, through to the end of life of the asset or service.

VfM is achieving by the optimum balance between Economy, Efficiency and Effectiveness. The relationship between economy, efficiency and effectiveness is sometimes referred to as the 'value chain'.

Economy: Price paid for inputs, having regard to quality.

Efficiency: How inputs are used to produce the desired outputs, having regard to quality.

Effectiveness: Measuring the outcome for customers, this can be quantitative or qualitative. For example, how many people were prevented by home care services from needing residential care (quantitative); satisfaction levels among different sections of the community with tenant participation arrangements (qualitative).



7.3 Achieving Value for Money is essential for A1 Housing delivering a good quality service to customers; A1's Budget for 2008/09 has been based on achieving efficiency savings and we have a target of 3 % cashable efficiency savings 2008/09.

7.4 Efficiency gains are split between cashable and non-cashable gains.

Cashable Gains

- Reducing inputs (money, people, assets, etc.) for same outputs;
- Reducing prices (procurement, labour costs etc.) for same outputs.

In general, this means either reducing costs but retaining service levels and getting better value for money in purchasing and labour efficiencies. A key criterion of the Government's proposals for efficiency gains is that efficiency is not about cuts in service but about raising productivity and enhancing value for money.

Non-Cashable Gains

- Greater outputs or improved quality (extra service, productivity, etc.) for the same output, or;
- Getting more outputs or improved quality in return for an increase in resources that is proportionately less than the increase in output or quality.

The above generally means getting more for the same, or enhancing quality without raising cost. Increased income, purely from charging higher prices to users, is not an increased output or can count towards any efficiency targets.

7.5 Efficiency Savings, based on 3% of spend are planned as:

	2008-09	2009-10	2010-11	2011-12	2012-13
Capital	500,000	507,000	568,000	506,000	414,000
Revenue	334,000	318,000	311,000	303,000	312,000