

**aire
valley**

homes leeds

Business Plan

2007/8 – 2011/12

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Part 1: About Aire Valley Homes Leeds (AVHL)

AVHL and our Business Plan

Aire Valley Homes Leeds (AVHL) is a housing Arms Length Management organisation wholly owned by Leeds City Council. It was created in April 2007, following a merger of two smaller ALMOs; Leeds South Homes and part of Leeds South East Homes. We have an annual turnover of approximately £20 million, employ 230 staff and manage 16,000 council owned properties.

Our purpose is to manage and maintain Leeds City Council homes in our area and also to contribute to the wider physical, social and economic well-being and regeneration of this area.

AVHL is a private Company limited by Guarantee and governed by a Board of Directors who set the overall strategic direction of the organisation and are accountable to the Council for its overall performance.

The Board consists of 12 Directors:

- 4 Tenant/Leaseholders elected by peers
- 4 Councillors nominated by Leeds City Council Area Committees
- 4 Independent Directors chosen for business or related skills

The Directors operate within the requirements of the Companies Act 2006, including the codified Duties of Directors, and within the AVHL Board Code of Conduct.

The Board is supported by 2 Sub Committees; Resources, Performance and Risk and Customer Services.

The formal Governance structure is linked to the Customer Involvement –Connected Customer – structure by three Area Panels. These each consist of six tenants, one Board Director and two local ward councillors.

The operation of the company is structured into three Divisions:

Customer Services:

- Tenancy Management
- Estate Management
- Income Management
- Customer Communication and Involvement
- Property Lettings
- Sheltered Housing Services

Asset Management

- Responsive repairs
- Capital programme
- Disabled Adaptations
- Regeneration, including PFI partnerships
- Affordable Warmth initiatives
- Environmental schemes
- Land and asset management

Corporate Services:

- Finance and Value for Money
- ICT
- Human Resources
- Performance Management
- Diversity
- Governance
- Administration
- Risk Management and Audit

Cross-Divisional activity

- Community Regeneration
- Local Partnerships
- Financial Inclusion

AVHL has agreed a formal performance management structure with Leeds City Council, which incorporates Key Performance Indicators required by central Government., as well as locally agreed additional indicators.

Our **mission** is to *provide desirable and affordable homes in good neighbourhoods, constantly improving life for individuals and communities.*

We have six key **strategic objectives** to support this mission:

- To deliver excellent, customer driven services
- To provide quality, well-maintained homes and environments
- To support social inclusion, community and neighbourhood regeneration
- To empower colleagues and customers to achieve our mission
- To be a well-managed, high-performing and efficient business
- To seek new business opportunities that accord with our values and mission

Underpinning these objectives are organisational **core values** of:

<ul style="list-style-type: none"> ➤ Customer Focus 	<ul style="list-style-type: none"> ▪ Understanding who our customers are ▪ Understanding the different needs of different customer groups ▪ Listening to and involving customers ▪ Shaping services around the needs and aspirations of our customers
<ul style="list-style-type: none"> ➤ Community Focus 	<ul style="list-style-type: none"> ▪ Shaping and improving the communities in which our customers live ▪ Working with partners to maximise our contribution to our communities
<ul style="list-style-type: none"> ➤ Innovation Initiative and 	<ul style="list-style-type: none"> ▪ Encouraging challenge and change ▪ Demonstrating creativity and imagination in responding to customers
<ul style="list-style-type: none"> ➤ Integrity and professionalism 	<ul style="list-style-type: none"> ▪ Agreeing standards with our customers and then delivering against them ▪ Maintaining high standards of personal conduct
<ul style="list-style-type: none"> ➤ Service Excellence 	<ul style="list-style-type: none"> ▪ Achieving high levels of customer satisfaction ▪ Achieving challenging performance targets ▪ Comparing well with other ALMOs nationally

We operate in a dynamic environment influenced by:

- Trends in the national and local housing market, particularly impacts on supply and demand
- Trends in other regional and local markets, such as the construction industry and the local economy
- Customer needs and aspirations
- Central Government legislation and policy
- Regional and local government policy and objectives
- The objectives and interests of key stakeholders and partners
- The characteristics of our geographic area

We have to be able to respond to the demands of this environment, taking opportunities for business growth and development whilst delivering consistent core services. This Business Plan sets out our broad approach to our development over the 5 year period 2007-2011.

It is presented in three parts:

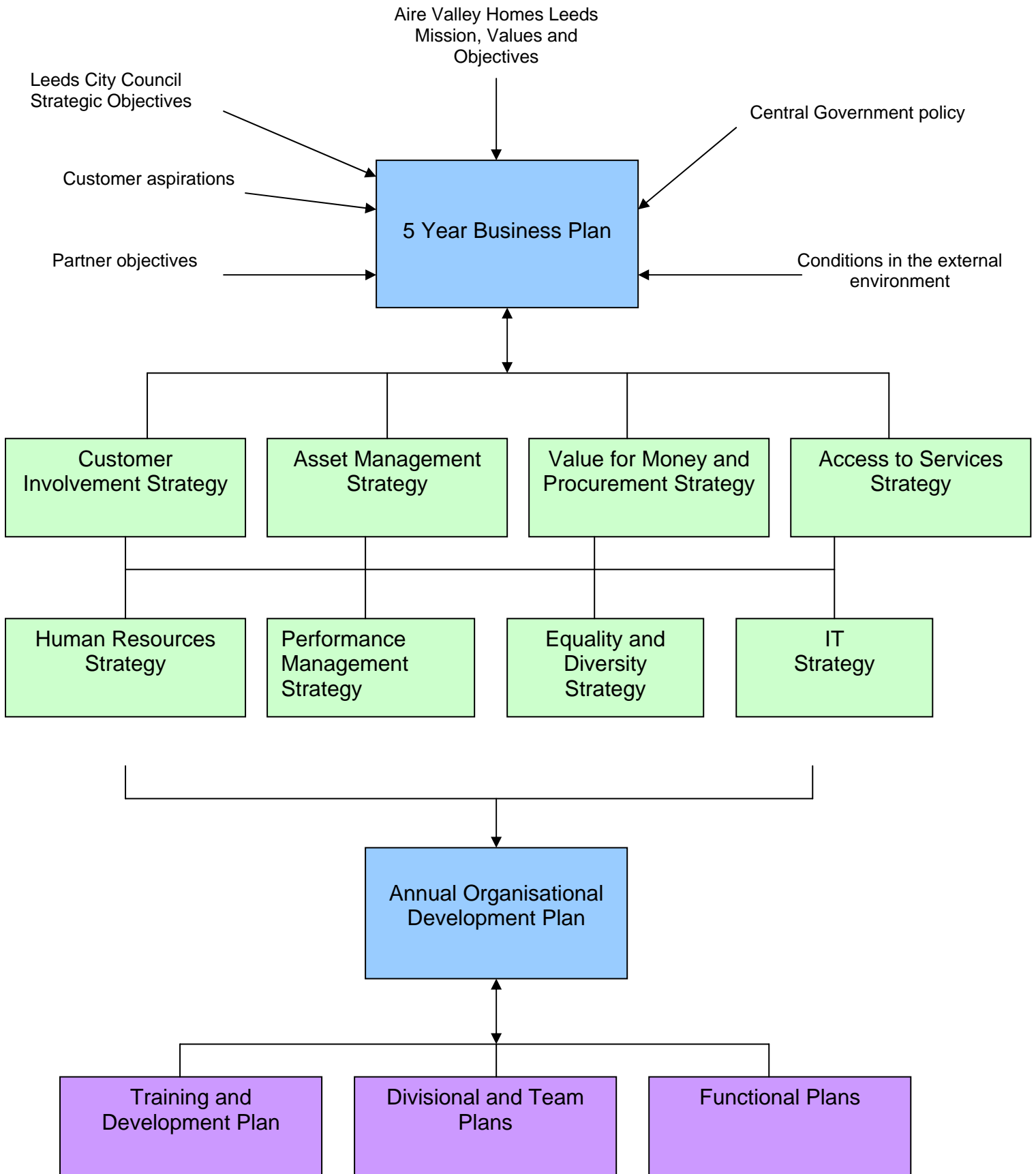
Part 1: Introduces our organisation, customer and area

Part 2: Analyses the key issues facing us. These have been identified from talking to customers, considering performance data and understanding our macro and micro environment.

Part 3: describes our strategic response to the issues identified in Part 2. Each section introduces the key organisational strategies and the relevant strategic aims linked to our six strategic objectives. These strategic aims will be built each year into our annual Organisational Development Plan (ODP), which creates SMART objectives for relevant teams, informing team and functional action plans. The process is circular in that team action planning also identifies action for the ODP.

The diagram *Business Plan in Context* illustrates this.

Business Plan in Context



Position statement: September 2007

In managing the merger that created AVHL in April 2007, we agreed to two fundamental principles:

AVHL would be more than sum of its two predecessor companies; we would seek to create an original organisation with new values and objectives and a fresh perspective on the needs of individual customers and communities

BUT

AVHL would not create a stop/start point at April 2007; it would continue to take learning and good practise from its predecessors, weaving these into the development of the new company.

The first six months of the new company has been focussed on achieving this balance of continuity and innovation. Strategies, policies and procedures have been reviewed, with the involvement of customers, and a consistent 'AVHL way' has been evolved.

Our key achievements since April 2007 include:

- The successful merger of two 2-Star ALMOs
- A new 5 year Management Agreement with Leeds City Council, confirming a commitment to the ALMO approach post-2010
- Commencement of a major customer profiling exercise
- Agreement with customers on revised Service Standards incorporated into a new tenant handbook
- The introduction of a Reward and Incentive scheme for tenants, including the launch of our Aire Card.
- The initial launch of our Connected Customer strategy and Customer Roadshow.
- Improvements in core performance
- Increased customer decision making through the creation of Area Panels
- Financial efficiency savings, both from the merger and from an increased focus on value for money
- The implementation of customer-led environmental improvements funded from SCA revenue
- Continued development of Equality and Diversity initiatives including the extension of our Fine metal contractor grading scheme and the introduction of Equality Etiquette for staff.
- Review of the sheltered housing service and implementation of improved ways of working, including Customer Focus Group and sheltered housing newsletter.
- A new focus on Financial Inclusion, drawing together strands from debt advice, tenant rewards and affordable warmth activities
- Successful contribution to local partnerships, including involvement in a pilot Participatory Budget initiative

- Successful partnerships to bring additional resources into AVHL, including the shared funding/co-location of a Neighbourhood Manager for Middleton and an Enterprise Facilitator encouraging tenants to engage in new business.
- Successful contribution to regeneration partnerships including the Outline Business Case for Beeston Hill and Holbeck PFI.
- Partnership with other housing providers in the region to become a founder member of the Housing E-Academy, and subsequent proposal for In-Tuition partnership.
- Strong financial management ensuring that revenue SCA could be dedicated to supporting Decency
- Continued efficiency gains in delivery of Decent Homes
- Agreed environmental improvement initiative for sheltered housing
- Implementation of new Asset Management database

The challenges now facing AVHL include:

- Achieving a successful outcome to Inspection in June 2008, with aspirations for 3 stars
- Improving our core performance, particularly on property lettings and income management
- Ensuring completion of the Decent Homes programme
- Improving environmental management
- Managing the operation of two separate repairs contractors that has resulted from the merger, to ensure a consistency of service across AVHL
- Commencing work to re-tender responsive repairs, including considering options for procurement and packaging with other contracts
- Establishing a Knowledge Management/ICT strategy that will ensure we maximise the use of new technology
- Establishing a revised Asset Management strategy building on improved information from new database
- Continuing to develop policies which integrate with our better understanding of customers through customer profiling
- Exploring options to support our financial status long-term (10 year perspective) in order to ensure we remain viable
- Exploring means of attracting capital investment post-2010 in order to deliver effective asset management , including maintaining Decency.
- Fully developing our role as a lead organisation in our communities, including extending financial inclusion and physical regeneration work, and developing our contribution to key priorities such as addressing worklessness.
- Raising our profile as both as an individual organisation and as part of the ALMO movement, to ensure that we remain high on the agenda of key stakeholders such as the CLG.

The future

In May 2007, the Board considered a number of options for how AVHL may develop post 2010.

These included:

- Continue as a housing management company focussed on LCC stock, aiming for business excellence
- Continue as a housing management company but seek to manage more than LCC stock, possibly offering management services to the private sector
- Expand beyond management into low cost home ownership, including building new homes
- Developing specialist business streams such as services to the elderly
- Becoming a community neighbourhood business

The Board agreed that AVHL should ensure it achieved excellence in the core business of serving LCC tenants but should also explore opportunities for expanding activities and bringing in new resources, both capital and revenue. The Board wish to be ready, post-2012, to be positioned as an influential community anchor organisation supporting wider social and economic activity within the AVHL area.

AVHL Customers

At January 2008, there were 38,262 individuals living in our 16,000 homes. The breakdown of customers by age shows that elderly and younger customers make up the largest number of households.

Customer profiling is currently showing that 3% of our customers are disabled, although this may increase as more data is collected. (The 2001 census identified 18% of AVHL residents, not just our customers, as having a limiting life long illness and 10% as being in poor health. Customers, it should be noted, do not necessarily equate disability with ill health).

2.54% of our customers define themselves as being from BME groups, with the remainder defining themselves as white British or white Irish. An increasing number of our tenants identify themselves as Black African and Caribbean, which challenges previously held assumptions that the Asian community is the dominant BME group. Other studies suggest that this may be because the Asian community is under-represented in the council sector due to size of properties available and tenure preference. The Black African and Caribbean community made up 1.44% of the wider Leeds community in the 2001 census, almost matching the profile of the AVHL customer group.

All major faith groups are represented among our customers, although the Christian faith is in the majority.

Approximately 60% of our customers are female and 40% male. Sexuality data suggests that the majority are heterosexual but other sexualities are represented.

40% of our customers are in receipt of full Housing Benefit and 21% in receipt of some Housing Benefit, indicating significant levels of low income.

Customer profiling has found that the most commonly spoken languages among our customers are firstly English, then Kurdish, Polish, Urdu, French, Portuguese and Bengali. Dari, Bilen, Spanish and Croatian also appear.

The most common languages are different from those used in the former ALMOs and city-wide by Leeds City Council. These six community languages now form the suite of languages for AVHL on which translation is offered on key documents.

How we engage with customers, how we consult, visit, and deliver day to day services needs to be flexible and responsive to the diverse needs of our customers. We have produced an etiquette booklet for staff to help understanding of this and are carrying out more research during 2007/8 to look at the impact of our services on different customer groupings.

Customer Involvement

In April 2007 we incorporated customer consultation and strategies from Leeds South and Leeds South East into our Customer Involvement Strategy – *Connected Customers*. This provided an initial framework for us to work to while managing the

merger process and was to be reviewed as staff structures were finalised and customers experienced working with AVHL and testing the models from the predecessor organisations.

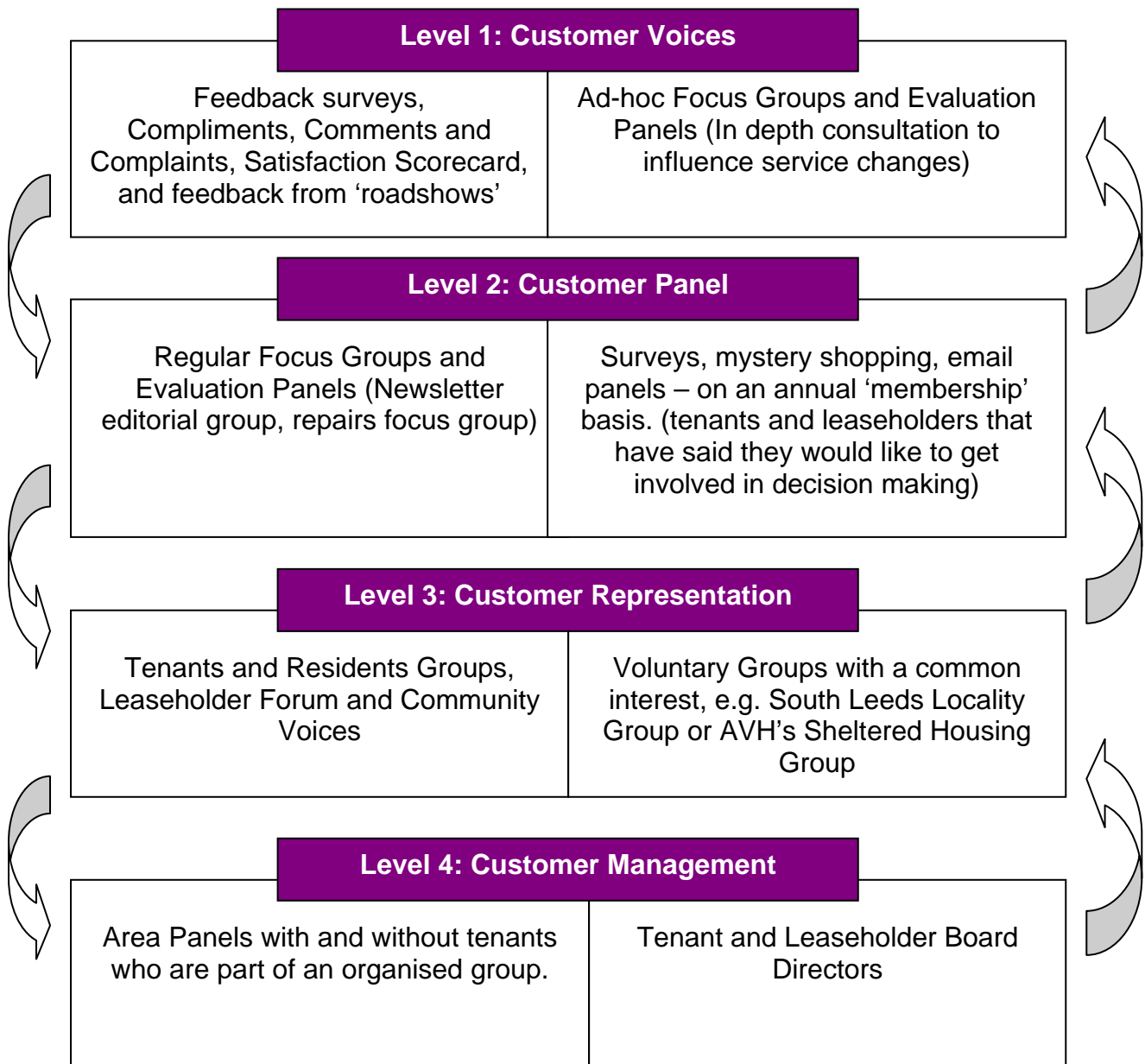
Connected Customers set out four levels of involvement, although these were not mutually exclusive: Customer Management, Customer Representation, Customer Panel and Customer Voices. These involve a range of measures, from Area Panels and Board Directors at Customer Management, to individual customer feedback at Customer Voices.

The review was carried out in January 2008 using:

- The annual Customer Roadshow (November)
- Area Panel Review workshop
- Customer Panel feedback
- Consultation with Tenant and Resident Groups

This main review has also been supplemented by other work, such as a review with a Customer Focus Group on customer involvement in the asset management strategy. The main results arising from the consultation were that the four levels provided a clear framework and should be retained, however, that changes should be made to clarify how certain groupings worked and that the links between the Area Panels and other levels should be strengthened.

The strategy has now been revised and can be summarised as:



About the AVHL area

We manage 16,000 council homes in the Beeston, Holbeck, Hunslet, Dewsbury Road, Middleton, Rothwell, Kippax, Garforth, Swarcliffe and Morley areas of Leeds. (Broadly summarised as South and South East or Outer East Leeds).

1,200 of the homes we manage within the Swarcliffe area are subject to a Housing PFI initiative. A PFI consortium, Yorkshire Transformations, is responsible for capital improvements, including achieving Decent Homes, and for subsequent management and maintenance.

Also within the boundaries of AVHL is the Belle Isle Tenant Management Organisation (BITMO) which manages a further approx. 2,000 properties under a separate agreement with LCC. AVHL delivers capital improvements for BITMO..

Our main neighbourhoods

Kippax:

We manage 950 properties, of which 380 are sheltered. The stock is all based in the villages of Kippax, Allerton Bywater, Great Preston, Ledston and Ledston Luck. In most of the neighbourhood there is a buoyant suburban market. House prices have historically been lower than the city average but are increasing and demand for private homes is strong. Demand for social housing in the area is also very strong, exacerbated by the consistent use of right to buy. There can be tensions between local demands to recognise the need to accommodate local people, and the wider city demands for fully open allocations.

Without undergoing any major investment Kippax has adjusted well to its new status as a commuter village, like Garforth attracting residents who benefit from the A1/M1 link road, and is not the typical northern mining community in decline that the area could once have been described. However, the sense of a "mining community" lives on within the villages older residents.

Garforth:

We manage 1,190 properties in Garforth, split equally between family type housing and sheltered homes. Garforth is a semi-rural village area, covering the villages of Aberford, Barwick, Scholes, Micklefield and Swillington, as well as Garforth itself, with characteristics similar to those of the green belt villages of north-east Leeds. There is very strong housing demand and house prices are above the city average. Social housing is in relatively scarce supply in parts of the area and turns over very slowly. There is little other affordable housing in those areas apart from Council housing, leaving substantial levels of unmet demand. The right to buy has led to a significant loss of family houses in recent years, with over 80% of residents being homeowners, 20% higher than the average for Leeds generally. Garforth is well served by transport links, including two local rail stations and the A1/M1 link road that has helped fuel new house building, commercial and industrial growth.

Swarcliffe

We manage approximately 470 properties in the White Laithe and Hebden areas and 1,600 properties on the Swarcliffe estate itself. Decent Homes, repairs and maintenance to these 1,600 are delivered through a PFI contract. The construction type is varied, properties are a mix of traditional and system built houses and low rise flats. Situated six miles from the city centre there is healthy demand for all types of accommodation. Sherburn Court, Swarcliffe's last remaining tower block, has been converted to sheltered housing and refurbished under the Private Finance Initiative. The remainder of the Swarcliffe stock is now being refurbished in stages and wider estate redevelopment has seen the demolition of unpopular maisonettes and high rise accommodation and the construction of 400 new family homes, some of which is new social housing. Work to regenerate the housing and fabric of East Leeds more widely has increased demand for homes in the Swarcliffe and Whinmoor areas as homes in regeneration clearance areas use this as an opportunity to stay in the East Leeds area.

Swarcliffe Housing Management Office also manages a small number of properties in the Colton, Halton Village and Crossgates area where the supply of social housing is limited, turns over very slowly and is in high demand.

Dewsbury Road, Hunslet, Holbeck, Middleton and Beeston make up our inner housing management area and together contain over 6270 properties managed by our 'inner' housing management team. The communities border the immediate Southern edge of the city. The area generally was once one of the richest and most significant places in England due to its industrial past and has 33 listed buildings, more than all those in York.

Demand for homes is generally high across all these communities, with pockets of very high demand in Hunslet, Beeston and Middleton. The inner area contains a mixture of property types, ranging from high rise blocks to traditional brick back to back properties lining the streets of Holbeck. The bulk of the homes, are however, family 2 and 3 bedroomed with a small number of larger units. The inner area has historically been viewed as an area of lower demand, however, like many areas of the city due to the take up of right to buy and the introduction of a choice based lettings system, demand has risen.

Almost all of the area is mixed in tenure, owner occupation, private rented and other social housing providers are all represented. The inner area is the most ethnically diverse in the whole of the Aire Valley Homes area. New and emerging communities are steadily increasing, adding greater diversity still to more established communities.

The area has sometimes struggled with anti-social behaviour and high profile incidents have had a negative effect on the image of the area. Building and sustaining community cohesion is therefore a priority for the ALMO and its partners. Services in the inner area are accessed through a network of Council One Stop Centres which gives customers opportunities to access our services as well as Council services and organisations such as Leeds City Credit Union.

Over recent years efforts have been made to regenerate the Holbeck and Beeston areas in particular. There are currently two high profile improvement schemes. The Holbeck Urban Village is expected to attract investment of around £800 million, and create around 5,000 jobs. In addition the Council are in the early stages of procuring a PFI consortium to refurbish almost 1,500 properties in the Beeston Hill and Holbeck areas which will also deliver environmental and infrastructure improvements.

Morley is a historical market town situated five miles south-west of Leeds city centre and includes the villages of Churwell, Gildersome, Drighlington, East and West Ardsley, Tingley, and Cottingley. Morley's management area is geographically very large and covers communities that can be described as town, village and inner city areas. Spread over four electoral Wards the properties managed have a mixture of Leeds, Bradford and Wakefield postcodes.

Over 3500 properties of various sizes and types are managed and demand for homes across the area is generally high. There are pockets of extremely high demand in the town centre and village communities, however, there are some specific areas where properties experience lower demand and incidents of localised anti-social behaviour do sometimes occur. A large provider of social housing is present within the centre of Morley that specialises in housing for elderly people.

Cottingley Towers and Cottingley Heights, are two of the tallest high rise blocks in the city and are landmarks for the local area. The cultural diversity of the area is enhanced by the long history of gypsy and traveller communities connecting with the area. The area is home to Cottingley Springs, a Council managed travellers site.

Rothwell, situated to the south east of Leeds, also covers a large geographical area from the village communities of Methley near Castleford to Lofthouse near Wakefield. Inbetween are the villages of Oulton and Woodlesford to the north east and Robin Hood to the south west. The 2,000 properties under management are of a range of property types, from 1 bedroom flats to 5 bedroom houses. However, the bulk of homes are either family 2 and 3 bedroomed properties or sheltered housing units. Demand for all types of homes is generally high.

Some further social housing is provided by housing associations, though most new build is private with demand for development opportunities and family homes in the area high. A redevelopment of the town centre is adding to Rothwell's popularity as well as supporting the local labour market.

Like Garforth and Kippax, Rothwell has prospered from recent improvements in the transport infrastructure and has transformed former colliery into a 50 hectare country park. The Ward of Rothwell celebrates its 600th birthday in 2008 and a year long series of events is organised to celebrate.

The local housing market

The average house price in the AVHL area (2006 analysis) is £145,613, with ranges from almost £200,000 in the outer semi-rural areas to £70,000 in the inner city parts of South Leeds. The average price/ income ratio is 6:1 but for those in the bottom 25% of earnings it rises to 8:1. Again this encompasses a wide range from 5:1 in the inner city to 13:1 in some of our villages.

These figures are based on a Leeds Housing market analysis conducted in 2006 and published in 2007. The impact of the downturn in the housing market that started at the end of 2007 cannot yet be assessed. It is anticipated, however, that while prices may plateau they will not significantly decline and so the income accessibility issues remain. This is driving increased demand for rented homes, particularly social rented.

Significant characteristics of our local housing market are:

- Buoyant outer urban housing markets in areas such as Kippax, Garforth, Rothwell, Morley, Woodlesford and Oulton, with strong housing demand and mid-market house prices similar to the city average. Social housing has a generally slow turnover and demand is high, leaving large proportions of need unmet.
- There are emerging outer suburban markets, often comprising new private housing at mid-market prices, such as at Middleton Heritage Village.
- In parts of Beeston, Hunslet and Whinmoor there is a mixed tenure, inner suburban housing market with mid-market housing and moderate levels of demand. House prices are well below the city average but substantially higher than in adjacent inner urban areas. There is also strong demand for social housing in those areas and social conditions are also better than in adjacent inner urban areas.
- In Middleton, Cottingley and Belle Isle there is an inner suburban market of predominantly social housing. Demand for social housing has risen over the past year and right to buy levels are buoyant. Ex-council properties sell for between £85,000 and £125,000.
- In Beeston Hill and Holbeck there is an older inner city housing market with a large number of back-to-back and small terraced housing. Typically this is prone to abandonment and purchase by speculative private landlords. In both areas house prices are amongst the lowest in Leeds but prices in Beeston Hill have risen rapidly over the last five years in line with house price inflation generally across Leeds, while prices in Holbeck, although substantially higher than five years ago, have not 'kept pace' with house price increases across the city or in comparable areas. There is substantial evidence of social deprivation and the area was identified as a Regeneration Target Area under the Leeds Neighbourhood Renewal Strategy and has been in receipt of Housing Market Renewal funding.

Policy Context

Our main institutional stakeholder is Leeds City Council, which has an expectation that AVHL will contribute to the delivery of strategic objectives for the City. We must also deliver against central government and regional priorities for social housing providers.

Central Government

The Government's national strategy for creating sustainable housing markets and communities, *Sustainable Communities Plan: Building for the Future, 2003*, is a key driver for AVHL. It introduced the policy requirement to bring Council homes up to Decency Standard and a focus on regenerating deprived areas, shaping our subsequent approach to asset management and investment. It also sets out policies on providing affordable housing, tackling low demand and abandonment and reducing homelessness.

The Plan is supported by:

(a) *Sustainable Communities: Homes for All 5 year Plan, 2005*, setting detailed policy for

- Ensuring all social tenants have a decent home
- Ensuring sufficient supply of high-quality homes across all three broad tenure groups;
- Helping more people to own their own homes;
- Creating sustainable, mixed communities with adequate jobs, services and infrastructure;

(b) *Sustainable Communities: People, Places and Prosperity, 5 Year Plan 2005*, setting detailed policy for providing the complementary services, facilities and amenities required for sustainable communities, such as schools, health services, parks, transport infrastructure and a healthy local economy.

At the centre of the Sustainable Communities framework is the principle of creating communities with a range of housing types, tenures and sizes, to promote social and economic inclusion of as many different household types and incomes as possible.

The Government has also conducted a number of housing specific reviews, including the *Barker Review of Housing Supply*, the *Hills review of social housing* and the *Cave review of social housing regulation*. Many of the outcomes of these have shaped the introduction of the Housing and Regeneration Bill published in November 2007.

The aim of the Bill is to implement proposals in the 2007 Housing Green Paper to provide "more and greener homes, in mixed and sustainable communities".

Through measures such as the introduction of the new Homes and Communities Agency and requirement for the Code for Sustainable Homes to be mandatory for new homes, the Bill brings a new focus on delivering more affordable homes across all tenures and investing in regeneration. The emphasis is on providing *decent places as well as decent homes*.

Of particular relevance to ALMOs are measures to give councils more freedoms and incentives to build new homes and measures to give tenants more choice and a voice over how their homes are managed, by reforming social housing regulation, giving tenants a stronger say in stock transfer decisions by making a tenant ballot mandatory and giving local authority tenants greater powers over options for the future management and ownership of their homes.

Regional strategies

The Northern Way

The Northern Way is a Government scheme to reduce the disproportionate concentration of economic and housing growth in London and the South East of England that has accelerated house price increases there and created a £30 billion output gap between the North and the average for England. The scheme involves the three Northern Regional Development Agencies: Yorkshire Forward, the Northwest Development Agency and One NorthEast. One of its ten policy priorities is to create sustainable communities with housing choice for all households, through regeneration and housing renewal. This also relates to another of its core aims: to improve the image of the North by making it a more attractive place to live and work.

Regional Housing Strategy

The Regional Housing Strategy provides details on how the objectives of the region will be achieved with regards to housing. It is organised around three core themes:

- Creating better places by responding to the diversity of markets and improving neighbourhood infrastructure and facilities; Delivering better homes, choice and opportunity so that all households can meet their housing aspirations, and improving stock condition and housing services;
- Ensuring fair access to quality housing by removing obstacles faced by specific groups to accessing their housing choices, such as affordability difficulties.

The Strategy advocates regenerating low or fragile demand areas and creating mixed communities for households with a range of income levels. Unwanted, obsolete and poor quality homes should be cleared and replaced with housing that meets the aspirations of existing and new residents, with a range of affordable housing where appropriate.

The Leeds City Region

Leeds is increasingly recognised not only as the regional capital of Yorkshire and Humber, but also as a city region exerting considerable influence over and beyond the surrounding administrative areas in terms of housing and economic growth. The Leeds City Region Partnership was established in 2004 and comprises the ten Local Authority areas of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York. A revised *Leeds City Region Development Programme* was published in November 2006, with the aim of developing an internationally competitive city region, with better links to Europe and the nearby city regions of Manchester and Sheffield, to accelerate economic growth.

The strategy includes:

- Sustaining and accommodating growth by deflecting demand from high value areas;
- Maximising private investment in 'mid range' communities;
- Ensuring choice and diversity through the availability of high quality and affordable stock in popular neighbourhoods;
- Market restructuring for areas which have suffered long-term decline, using public investment as a platform for attracting private sector interest in new housing developments;
- Developing alternative markets, emphasising the need for new 'growth areas' and enhancing the scope for developing more affordable rural housing;
- Exploring the scope to develop 'next step' markets for current city centre dwellers in city fringe markets, with an initial focus on Leeds

Local level

Local Strategic Partnership

The Local Strategic Partnership, Leeds Initiative, aims to 'narrow the gap' between communities within Leeds, with action to improve the quality of life for those in its most deprived areas. It seeks to provide better quality environments in deprived neighbourhoods through investment in physical assets, improve community cohesion and reduce crime, improve neighbourhood management, improve social housing and consider the role of mixed communities in development schemes. Regeneration and housing market renewal are among its key delivery mechanisms.

The Leeds Initiative produced the Community Strategy for Leeds in 2004. The adopted *Vision for Leeds 2004-20* has three main aims: going up a league as a city, narrowing the gap between the most disadvantaged people and communities and the rest of the city, and developing Leeds' role as the regional capital of Yorkshire & Humber.

Leeds Unitary Development Plan Review 2006 (currently being reviewed)

This adopts the 2004 RSS housing delivery target of 1,930 additional dwellings per annum, equivalent to 25,090 units over the period covered by the housing policies of the UDP, 2003-16. Land release will be managed in three phases running provisionally over 2003-08, 2008-12 and 2012-16. The UDP specifies that development should be concentrated within Leeds' main urban areas and that there should be a preference for delivery on previously developed sites. The Plan also contains policies relating to social housing and specific groups with particular housing requirements. These are identified as: ethnic minorities, elderly people, people with disabilities, households on low incomes, and students. Their needs will be met through provision of housing of appropriate types and sizes, with appropriate support, provision of affordable housing, and regulation of houses in multiple occupation.

Local Development Framework

In accordance with The Planning and Compulsory Purchase Act 2004, production of the Local Development Framework is underway. Adoption and publication of the finalised version is expected in July 2011.

Local Housing Strategy

The Local Housing Strategy identifies three strategic aims:

- to ensure all neighbourhoods across the city are “decent places” where people want to live,
- to achieve decent homes for all Leeds residents
- to tackle difficulties or disadvantages in accessing housing or housing services.

A number of key actions and targets are set out under these themes. These include:

Strategic Aim 1: Decent places

- Tackling market fragility, poor housing mix and obsolete housing;
- Ensuring increased provision of affordable housing;
- Ensuring provision of housing to meet the needs of students in Leeds and ensuring that student housing is spread throughout the city;
- Improving environmental conditions.

Strategic Aim 2: Decent homes

- Increasing the number of homes that are of a decent standard and are safe and secure, structurally sound and fit for modern requirements;
- Improving the quality of housing and management of private rented housing.

Strategic Aim 3: Tackling Disadvantage

- Creating new opportunities for new households, first time buyers and key workers to access housing, especially in areas of high house prices and high demand;
- Addressing the needs of specific groups who may be suffering disadvantage in accessing housing;
- Reviewing provision for homeless households and developing preventative approaches accompanied by provision of emergency accommodation and speedy, appropriate rehousing.

Other relevant plans and strategies

The provision of affordable housing, particularly affordable family accommodation, has been recognised as a high priority by Leeds City Council. The *2007 Affordable Housing Delivery Plan: Making the Housing Ladder Work* stresses the importance of maximizing every opportunity to deliver affordable housing.

A number of other strategies contribute to work in this area and also form part of the Housing Strategy. These include specific strategies for private rented housing, student housing, older persons’ housing, homelessness, BME housing and Supporting People.

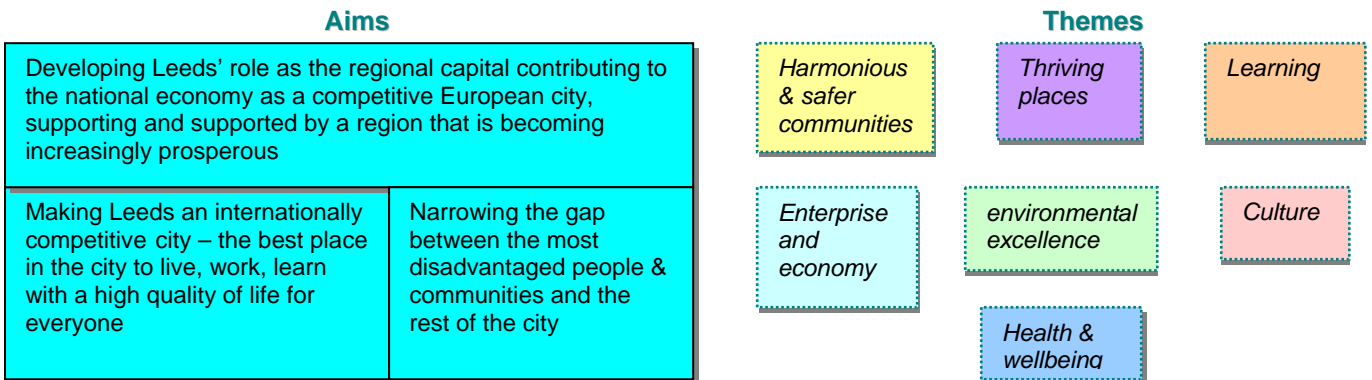
LCC is now also developing frameworks for the move from Comprehensive Performance Assessment to Comprehensive Area Assessments and AVHL will contribute to this, as well as to the relevant Local Area Agreement.

Strategic links

Yorkshire & Humberside Priorities

Creating better places : to balance the regions housing markets and create sustainable communities	Delivering better homes, choice and opportunity : ensuring all our people have the opportunity to realise their housing aspirations and live in decent , well designed and energy efficient homes in sustainable neighbourhoods	Ensuring fair access to quality housing : ensuring that all people, especially those that are vulnerable, have access to a home that meets their requirements and to appropriate advice and support services to provide them with choice and opportunity
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Leeds City Council's Corporate Aims and priorities : Vision II



Leeds Local Strategic Partnership priority areas

Tackle anti-social behaviour & social exclusion of young people. Support initiatives that involve & empower communities	Focus regeneration in communities in serious decline. Increase number of decent homes and monitor housing conditions in the private sector. Improve opportunities for involvement in civic & community life . Attract private investment into older housing .	Raise GSCE A-C achievement across the district to city average. Improve access to job opportunities through education & skills training. Extend learning opportunities for all. Help shape the Building for School programme
Encourage new quality job and diversified economy. Build skills among local people and connect work opportunities : maximising employment opportunities for most disadvantaged. Support new businesses & social enterprise.	Clean communities, free from rubbish. Promote recycling. Support community action. Improve awareness and unacceptability of behaviour that destroys local environment. More high quality ,well used green spaces.	Harness creativity of communities & organisations & young people. Support initiatives that put pride in communities. Improve quality, range & affordability of sport facilities
		Increase life expectancy in most deprived areas. Older people services. Improve access to health care. Encourage health living (exercise ,diet, substance misuse

Leeds Housing Strategy Aims

To ensure that all neighbourhoods across the area are 'decent places' where people want to live	To achieve decent homes for all Leeds residents	To tackle difficulties or disadvantages in accessing housing or housing services
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Specific Housing Strategies

Disabled Persons Strategy

Older Persons Strategy

Homelessness Strategy

Affordable Housing Strategy

Investment priorities

Part 2: Analysis of key issues

Resources available 2007/8 – 2011/12

Revenue Income

Table 1 below shows the revenue forecast for the period of this Business Plan and for the following five year period. Table 2 shows our reserves forecasts.

We have generated reserves to assist in smoothing expenditure against income for the period of this plan and as a result of efficient use of the revenue SCA. Table 1 and 2 show that, for most of the period of this Business Plan, we will be able to support core expenditure from mainstream Management Fee income. Reserves can be used to support one-off projects and legacy costs arising from the merger, until the final year 2011/12 when some support to mainstream expenditure is likely to be needed. Robust financial management means that we will continue to ring-fence Revenue SCA for environmental and other works to support Decency.

A range of sensitivity analysis has been carried out on the figures in Table 1 and 2, primarily considering risks and sensitivities around:

- Penalties
- Inflation
- Assumptions about stock levels
- Assumptions about income

If the highest risk scenarios develop around all sensitivities then mainstream expenditure would become dependant on reserves before 2011/12, however, this combination of risk is considered unlikely.

It is noted in the Asset Management Strategy Report that when Decent Homes Investment is completed, demand on future Responsive Repairs activity may increase. During 2008/9, as AVHL moves towards the end of its programme, we expect evidence of any such trend would start to emerge and we will, therefore, analyse this in order to generate predictions based on actual experience. This may create more pressure on revenue projections

During the last year of this Plan, however, and in future years, the revenue forecasts show that there would be significant problems in funding mainstream activity. This is mainly due to an expectation that increases in income will not match inflation. Although some of this will be managed through efficiencies within overall expenditure, an overall deficit will eventually occur.

This is also influenced by the fact that the overall LCC HRA will start to experience significant difficulties during this period due to the impact of the national redistributive subsidy system and the consequent negative subsidy for Leeds.

It will be crucial for AVHL during the life of this Plan to consider future financial and, where relevant, legal business models to address longer term viability issues. This will include monitoring the progress of the Government review of the HRA subsidy system, the associated potential for opt-out from the system and the potential of other business models.

Table 1:

**10 Year Revenue Budget
Summary**

	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
<u>Income</u>										
Management Fee	19,249	19,280	19,638	20,048	20,492	20,673	20,847	21,012	21,613	22,231
Grounds Maintenance	467	508	523	539	555	572	589	607	625	644
Sheltered Warden Fee	1,036	1,028	1,151	1,180	1,209	1,238	1,269	1,300	1,332	1,364
Other income	759	390	400	410	420	430	441	452	464	475
<u>Expenditure</u>										
Swarcliffe PFI	(1,164)	(1,145)	(1,174)	(1,203)	(1,233)	(1,264)	(1,295)	(1,328)	(1,361)	(1,395)
Repairs and Maintenance	(10,235)	(9,689)	(10,253)	(10,467)	(10,699)	(10,793)	(10,884)	(10,971)	(11,284)	(11,607)
Salaries	(3,974)	(4,398)	(4,508)	(4,673)	(4,873)	(5,082)	(5,296)	(5,577)	(5,867)	(6,170)
Overheads	(2,144)	(2,281)	(2,349)	(2,420)	(2,493)	(2,567)	(2,644)	(2,724)	(2,805)	(2,890)
Performance Incentives	58	444	404	413	422	432	441	451	461	471
Service Level Agreements	(2,075)	(2,185)	(2,272)	(2,363)	(2,458)	(2,556)	(2,658)	(2,765)	(2,875)	(2,990)
Grounds Maintenance	(544)	(692)	(713)	(734)	(756)	(779)	(802)	(826)	(851)	(877)
Sheltered Warden service	(1,168)	(1,090)	(1,117)	(1,145)	(1,174)	(1,203)	(1,233)	(1,264)	(1,296)	(1,328)
Supernumerate costs & previous ALMO costs	(228)	(157)	(161)	(165)	(169)	(173)	(178)	(182)	(187)	(191)
Beeston Hill and Holbeck PFI	0	(176)	(176)	(176)	0	0	0	0	0	0
Net (Over) Spend / Under Spend exc SCA	37	(163)	(608)	(757)	(757)	(1,073)	(1,405)	(1,814)	(2,032)	(2,262)

Notes

1. Grounds maintenance costs increase at 3% pa

Table 2:

Aire Valley Homes Leeds Limited
10 Year Reserves forecast

	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000
Reserves brought forward	3,248	3,285	3,122	2,514	1,757	1,000	(73)	(1,478)	(3,292)	(5,324)
SCA money already allocated by Board										
Net position for each year (see above)	37	(163)	(608)	(757)	(757)	(1,073)	(1,405)	(1,814)	(2,032)	(2,262)
Reserves carried forward	3,285	3,122	2,514	1,757	1,000	(73)	(1,478)	(3,292)	(5,324)	(7,586)

Capital Resources

We have reviewed the total investment need for our stock over the period 2007/8 – 2011/12; main areas of need are summarised at Table 3.

Table 3: Estimated capital investment required

Element	Financial Years – Estimated need in £000					
	2007/08	2008/09	2009/10	2010/11	2011/12	Totals
Window & Door Replacement	2,056.4	1,091.6	0.0	0.0	0.0	3,148.0
Heating Energy Efficiency & Anti Damp	3,046.9	2,800.0	2,650.0	2,650.0	2,650.0	13,796.9
Defective Houses	890.9	1,778.1	245.0	0.0	0.0	2,914.0
Electrical	1,187.5	123.7	52.3	52.3	52.3	1,468.1
Re Roofing	2,896.9	343.5	288.2	104.5	104.5	3,737.6
Multi Storey Works & Lift Replacement	36.4	0.0	0.0	0.0	0.0	36.4
Kitchens & Bathrooms	6,413.2	12,968.1	766.2	0.0	0.0	20,147.5
Environmentals & Other Remedials	906.2	2,591.7	4,000.0	3,000.0	3,000.0	13,497.9
Major Property Improvements	12,318.2	1,233.9	3,705.4	930.3	953.2	19,141.0
Adaptations and other Planned Expenditure	4,900.0	3,000.0	2,177.2	2,946.8	3,100.0	16,124.0
Empty Properties Strategy	3,292.0	3,572.2	2,726.9	3,000.0	3,295.7	15,886.8
Service Delivery Improvements	35.3	33.2	50.0	0.0	0.0	118.5
ALMO Disability Discrimination Act	547.0	864.5	592.6	0.0	500.0	2,504.1
Communal doors and windows	0.0	500.0	500.0	500.0	500.0	2,000.0
Garages and Other Estate Assets	0.0	400.0	400.0	400.0	360.0	1,560.0
Community Safety	0.0	500.0	500.0	500.0	500.0	2,000.0
Remodelling & Improvements to Sheltered	0.0	5,000.0	12,000.0	15,000.0	8,000.0	40,000.0
Totals	38,526.9	36,800.5	30,653.8	29,083.9	23,015.7	158,080.8

Table 3 represents an ideal asset management approach to our stock, meeting long-term sustainability and customer aspiration, as well as maintaining Decency beyond 2010 and meeting other statutory requirements such as the Disability Discrimination Act access requirements. It illustrates the impact on our stock of the high level of sheltered housing and the investment need generated by the level of communal areas.

LCC is unable to make capital available to meet all of this investment need and require AVHL to prioritise the achievement of Decent Homes. Table 4 shows the capital available and Table 5 the proposed expenditure.

Sensitivities associated with this primarily relate to assumptions about inflation on labour and materials within the construction industry.

It can be seen that we will be able to resource the achievement of Decent Homes by 2010. Resources available for other work will, however, be severely constrained.

This again makes it essential for AVHL to consider increasing sources of investment post-2012 by considering business model options and/or specific investment vehicles for stock such as sheltered housing.

Table 4: Resources available

Scheme Title	2007/08	2008/09	2009/10	2010/11	2011/12	Total
LCC General Receipts & Borrowing	5,868.7	27,040.5	12,293.8	8,723.9	9,695.7	63,622.6
SCA	31,054.6	0.0	0.0	0.0	0.0	31,054.6
LCC/ RCCO/ Reserves/ Surplus	0.0	0.0	0.0	0.0	0.0	0.0
Private Sector	250.1	0.0	0.0	0.0	0.0	250.1
ALMO Revenue Contribution	73.4	0.0	0.0	0.0	0.0	73.4
Government Grant	13.1	0.0	0.0	0.0	0.0	13.1
LCC Unsupported Borrowing	1,267.0	960.0	960.0	960.0	960.0	5,107.0
	38,526.9	28,000.5	13,253.8	9,683.9	10,655.7	100,120.8

Table 5: Proposed Expenditure

Element	Financial Years – Spend in £000					
	2007/08	2008/09	2009/10	2010/11	2011/12	Totals
Window & Door Replacement	2,056.4	1,091.6	0.0	0.0	0.0	3,148.0
Heating Energy Efficiency & Anti Damp	3,046.9	2,800.0	2,650.0	2,650.0	2,650.0	13,796.9
Defective Houses	890.9	1,778.1	245.0	0.0	0.0	2,914.0
Electrical	1,187.5	123.7	52.3	52.3	52.3	1,468.1
Re Roofing	2,896.9	343.5	288.2	104.5	104.5	3,737.6
Multi Storey Works & Lift Replacement	36.4	0.0	0.0	0.0	0.0	36.4
Kitchens & Bathrooms	6,413.2	12,968.1	766.2	0.0	0.0	20,147.5
Environmentals & Other Remedials	906.2	191.7	0.0	0.0	0.0	1,097.9
Major Property Improvements	12,318.2	1,233.9	3,705.4	930.3	953.2	19,141.0
Adaptations and other Planned Expenditure	4,900.0	3,000.0	2,177.2	2,946.8	3,100.0	16,124.0
Empty Properties Strategy	3,292.0	3,572.2	2,726.9	3,000.0	3,295.7	15,886.8
Service Delivery Improvements	35.3	33.2	50.0	0.0	0.0	118.5
ALMO Disability Discrimination Act	547.0	864.5	592.6	0.0	500.0	2,504.1
	38,526.9	28,000.5	13,253.8	9,683.9	10,655.7	100,120.8

Customer Aspirations

In the period leading up to the creation of AVHIL and in the months following, we have used a variety of mechanisms to talk to our customers about their aspirations for our services, including focus groups around service standards and a general consultation road show. We have also analysed the information gained in our customer profiling exercise to consider the diverse needs of our customers.

Customer profiling

The diversity of customer shown in our customer profiling indicates a clear requirement to further develop our capacity to be able to tailor services to individuals and groups. We are also cross-referencing this data with service information to improve our understanding of service impacts. We have, for example, considered customer BME data in relation to lettings, arrears and adaptations, customer sexuality data in training issues for staff on subjects such as Civil Partnerships and access to benefits and the development of an authentication process for advocates for customers with mental health problems.

Customer Satisfaction

We are undertaking our first AVHL STATUS survey during quarter 4 2007/8 and will supplement our business planning with the findings from this when available. Table 6 shows the outcome of earlier STATUS surveys from our predecessor companies.

Table 6: Customer satisfaction from STATUS surveys

	Leeds City 2006	2006 sample: Leeds South East	2006 sample: Leeds South	2005 Leeds South East	2005 Leeds South
% Satisfaction with overall service	70	74	68	72	66
% Satisfaction with home	76	78	75	75	76
% Satisfaction with neighbourhood	73	74	73	78	68
% Found staff helpful	75	78	79	82	77
% Satisfied with final outcome of contact	51	59	56	65	60
% Satisfaction with repairs service	69	72	67	70	59
% Believe landlord is good at keeping tenants informed	72	73	70	77	68
% Believe landlord takes account of views	41	45	38	65	63
% Satisfied with opportunities for involvement	57	58	61	52	41

This shows a number of challenges; in addition to aiming to increase overall satisfaction, we need to explore and improve on a number of customer perceptions, most notably satisfaction with the final outcome of contact with us, and assurances that we take account of customers' views.

We supplement the STATUS survey with a more detailed analysis of customer satisfaction undertaken quarterly; the Customer satisfaction scorecard. This is a smaller sample but provides a useful picture of trends. Table 7 shows a summary for 2007/8 to date.

Table 7: Summary of trends on customer scorecard Q1 – Q3 2007/8

Measure	Overall Rating									
	Poor -----Excellent									
	1	2	3	4	5	6	7	8	9	10
	Overall Rating Q1 07/08	Overall Rating Q2 07/08	Overall Rating Q3 07/08							
Overall Responsive Repairs Satisfaction Sept – Dec 07	9.5	9.7	9.7							
Overall New tenancy / Empty Property Satisfaction	7.3	8.0	8.6							
Overall Decency Satisfaction	9.7	9.7	9.6							
Overall Heatlease Satisfaction,	9.0	7.9	8.0							
Overall Income Management Satisfaction	8.3	9.6	9.6							
Overall Anti Social Behaviour Satisfaction	6.9	6.0	7.0							
Overall Complaint Handling Satisfaction	5.3	3.5	4.7							
Overall Adaptations Satisfaction	9.4	10.0	9.8							
Overall Estate Management Satisfaction	7.6	8.4	8.7							
Overall Community Safety Satisfaction	7.4	7.4	7.4							
Overall Tenant Involvement Satisfaction,	7.6	8.2	8.7							
Overall General Satisfaction, Sept – Dec	7.8	8.2	8.5							
Overall Leaseholder Satisfaction	4.0	4.0	4.7							

As well as revealing performance issues, such as handling complaints, this shows we need to continue our efforts to improve communication with leaseholders.

Customer consultation

We have used our road-show and Focus Groups to collect customer views on current services and improvements to be made. These have raised a number of issues that customers wish to see reflected in our Business Planning, including, for example, improving standards on empty properties, investing in sheltered housing,

extending telephone answering hours, improving environmental maintenance and recognising good customers.

These priorities will be reflected in the strategic aims set out in this Plan and built into the Organisational Development Plan. A number of Focus Groups will have on-going input into the development of services throughout the life of this Plan, including the Asset Management Group, Sheltered Housing Group and Access to Services Group.

Neighbourhood Issues and Demand for Council Housing

We use a Neighbourhood Orientated Model of Area Demand (NOMAD), which combines a series of factors such as housing demand, housing market and social indicators to analyse the sustainability of neighbourhoods or neighbourhoods across the area. Scores and weightings throughout the process, give a final indication on areas that may be 'In significant decline'; 'On the edge of decline'; 'Popular but with pockets of problem areas' and 'Popular areas'.

- 2 neighbourhoods, Manor Farm and Holbeck Moor can be described as being 'in Significant Decline'
- 12 neighbourhoods (Middleton, Aberfield/Newhalls, Brooms/Nesfields, Beeston Hill, Hunslet Hall, Hunslet Carr, Hunslet Moor, Parkwood, the Cardinals, Redhall, West Granges and Cottingley) could be described as being 'On the edge' of decline
- 26 neighbourhoods are classified as being 'popular with problems'
- 22 neighbourhoods are classified as 'popular'
- 16 neighbourhoods had an increasing score (indicating deteriorating outcomes across some of the indicators used)
- 38 neighbourhoods had a reducing score (indicating improvements across some of the indicators used)

Areas 'In decline'

- Holbeck Moor - while classified as being In decline has experienced improvement over the last year with its NOMAD score reducing from 90% to 75.8 in comparison to 2005 largely due to improved school performance and a reduction in burglary.
- Manor Farm saw a deterioration in classification and score over the last year with its NOMAD score increasing from 75.0% to 84.2% in comparison to 2005. The 'displacement effect' from Middleton to Manor Farm appears to have been maintained. The deterioration has been due to increased burglary, fragile demand (possibly due to a worsening reputation) and high void rates.

Areas 'On the Edge'

- Hunslet Hall suffered a rapid deterioration over the year with its NOMAD score increasing from 58.3% to 75.0% mainly through fragile demand higher burglaries and problems with instability and social and educational deprivation.
- Parkwood has deteriorated over the last year with its NOMAD score increasing from 50% to 66.7% in comparison to 2005 mainly due to higher than average voids and fragile demand coupled with higher than average burglary rates and high levels of economic deprivation.
- The Cardinals have deteriorated over the last year with its NOMAD score increasing from 43.3% to 65.8 in comparison to 2005 mainly due to higher than

average voids and fragile demand coupled with higher than average burglary rates and high levels of economic deprivation.

- Redhall has deteriorated over the last year with its NOMAD score increasing from 37.5% to 65.0 in comparison to 2005 mainly due to higher than average voids and fragile demand coupled with higher than average burglary rates and high levels of economic deprivation.
- Cottingley has deteriorated over the last year reversing an improvement between 2004 and 2005 mainly due to higher than average voids and fragile demand coupled with higher than average burglary rates and high levels of economic deprivation.
- Beeston Hill has seen another improvement with its NOMAD score reducing from 66.7% to 63.3% in comparison to 2005 mainly due to fewer empty council homes, improving demand, fewer burglaries than the city average and better primary school performance. But the area has continued to see greater instability partly due to increasing numbers of privately rented properties and the impact of speculative investment which has driven up property prices, and the area still suffers significantly higher than average levels of social deprivation.
- Hunslet Moor has slightly deteriorated with its NOMAD score increasing from 61.7% to 63.3% in comparison to 2005 mainly due to higher than average numbers of empty homes across tenures and fragile demand although burglary rates are below average and high levels of economic deprivation.
- Hunslet Carr has deteriorated slightly with its NOMAD score increasing from 50.0% to 52.5% in comparison to 2005 mainly due to higher than average voids and fragile demand and high levels of economic deprivation.
- Middleton has shown signs of improvement over the last year with its NOMAD score reducing from 61.7% to 55.0 in comparison to 2005. Turnover has improved and there are fewer empty homes although empty council homes are still higher than average. Demand levels have improved and burglary levels are lower than average, However, conditions remain fragile and social and educational deprivation remain a problem with primary and high schools serving the neighbourhood performing poorly.
- Aberfields and Newhalls have improved over the last year with its NOMAD score reducing from 57.5% to 56.7% in comparison to 2005 mainly due to lower burglary levels and improved turnover.
- West Granges have deteriorated over the last year with its NOMAD score increasing from 35.8% to 60.0% in comparison to 2005 mainly due to fragile demand coupled with high burglary rates, high levels of economic deprivation and poorly performing primary and high schools.

Demand for Council Housing

Across Leeds, the number of new applicants to the Housing Register has been decreasing since 2004, but the overall numbers on the Register has remained largely unchanged, indicating that increasing numbers of applicants are not being housed. Table 8 shows these figures in relation to AVHL:

Table 8: Number of applicants with AVHL areas as preference

Office Area	2004/5	2005/6	2006/7	2007/8 Q1-Q3
Garforth	417	493	475	269
Inner Housing Management Team	1875	1611	1860	807
Kippax	221	187	227	137
Morley	1308	1197	1146	663
Rothwell	610	569	568	356
Swarcliffe	449	385	396	218
Total	4880	4442	4672	2750

Total City wide	18719	17420	16402	10,627
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Note: the reducing number of applicants expressing a preference for Swarcliffe partly reflects the demolition of the multi-storey blocks and subsequent reduced non-family applicants.

The proportion of applicants who bid for properties has been increasing; this increase is even more significant when one takes into account that a continuous council stock reduction has meant the most desirable types and sizes are becoming increasingly scarce.

Table 10: Active bidding

	Number of Applications With Bids Recorded	Total Expressions Made	Average Expressions Per Application/Quarter	Active Applications (Quarter End)	% Active Apps Making Bids
2004/5 Q1	9,686	55,867	5.77	31357	31%
2004/5 Q2	9,035	52,031	5.76	31018	29%
2004/5 Q3	8,721	55,281	6.34	30428	29%
2004/5 Q4	8,849	57,104	6.45	30676	29%
2005/6 Q1	9,597	64,800	6.75	30789	31%
2005/6 Q2	9,687	72,003	7.43	30611	32%
2005/6 Q3	9,235	68,621	7.43	30915	30%
2005/6 Q4	10,574	85,661	8.1	30457	35%
2006/7 Q1	10,886	87,544	8.04	31545	35%
2006/7 Q2	11,366	92,898	8.17	32910	35%
2006/7 Q3	11,161	96,976	8.69	31648	35%
2006/7 Q4	12,039	111,235	9.24	30768	39%

Table 11: Number of properties let

ALMO	2004/5	2005/6	2006/7	2007/8 Q1	2007/8 Q2	2007/8 Q3
Aire Valley Homes Leeds	1433	1353	1366	309	290	354
Belle Isle TMO	193	242	168	55	49	64
East North East Homes Leeds	1871	1702	1707	351	333	367
West North West Homes Leeds	1950	1833	1764	405	420	417
Total	5447	5130	5005	1120	1092	1202
Aire Valley Homes Leeds						
Garforth	82	92	86	21	15	19
Inner Housing Management Team	707	646	715	139	139	169
Kippax	66	52	60	22	20	21
Morley	295	295	245	71	60	67
Rothwell	128	133	145	20	27	45
Swarcliffe	155	135	115	36	29	33

Service Performance Issues

Our headline KPI performance (December 2007) is shown in Table 12. This shows that we are moving towards achieving our targets for the majority of our indicators, however, using national comparators we are lower quartile for both rent collection and average time to re-let properties. These are significant indicators as they impact on HRA income, AVHL income through the incentive/penalty system in our performance management agreement with LCC and, for re-let times in particular, are important to our customers. It is imperative, therefore, that we improve performance during the early part of this plan.

Table 12

KPI Ref	Description	2006/7 Year End	2007/8	
			Target	December Week 40
BV-63	Energy Efficiency – The average SAP rating of local authority dwellings	66.5	70.0	67.9
BV-66A	Rent collection and arrears: proportion of rent collected $\frac{\text{Rent Collected} * 100}{\text{Debit (tenanted Props only)} + \text{Rent Arrears brought forward}}$	96.66%	96.50%	96.41%
BV-66B	The percentage of tenants with more than 7 weeks rent arrears.	7.64%	7.00%	7.47%
BV-184A	The proportion of non decent homes between start and end of financial year.	42.27%	25.00%	36.59%
BV-184B	The percentage change in the proportion of non decent homes between start and end of financial year.	11.20%	35.00%	11.36%
HMA 2	Average relet times for dwellings let. (Calendar days)	59.5	45.0	52.7
HMA 4	Average time taken to complete non-urgent responsive repairs. (Calendar days)	11.0	9.0	9.49
HMA 7	% urgent repairs completed within Government time limits. (Working days)	97.52%	97.00%	98.55%
HMA 14	The percentage of total revenue repair orders raised which were for emergency or urgent work	30.16%	28.00%	32.11%
HMA 15	The percentage of properties with gas certificates over 12 months old	0.40%	0.00%	0.16%

Macro Environment analysis

The impact of a range of Political, Economic, Social, Technological, Legal and Environmental factors operating in the macro environment has been analysed using the PESTLE model, considering in the 'wider world' that may impact on AVHL. The individual factors identified are shown at Appendix 1. These have been assessed for 'impact' and 'probability' and plotted on a matrix showing overall organisational impact:

Impact score	Event probability
1 Extremely favourable, major advantage 2 Very favourable – highly attractive 3 Good – overall advantage 4 Neutral – could go either way 5 Bad – overall threat 6 Very unfavourable- significant threat 7 Disaster – us out of business	0-29 Low probability – unlikely to happen 30-69 medium probability – distinct possibility 70-99 High probability – very likely to happen 100 certain – already happened

		Impact						
		1	2	3	4	5	6	7
P R O B A B I L I T Y	100							
	75	UTOPIA P2, P5, P6, T1, L3, EN2,			E1, E5, S1, S2, T2, T3, T4, L1, L2, EN3, P7, E2, S3		CATASTROPHE E4, EN1,	
	66							
	50	P3			NEUTRAL P1, E3		P4	
	33							
25								
0	DISAPPOINTMENT					TO BE WATCHED		

This analysis shows that the macro environment is currently mainly neutral for AVHL. This is not a 'passive neutrality' but is a product of the fact that there are both positive and negative emerging trends, and also trends that may have a positive effect depending on our response to them.

The most significant issues for AVHL to be aware of are:

- Stronger central Government focus on affordable housing, which will help to raise the profile of rented social housing, although may also divert resources nationally to home ownership options and new build rather than investment in existing stock. Raises question of whether Councils and/or ALMOs should consider building , and how this would be funded.
- Greater central Government emphasis on tenant and community empowerment including transfer of assets to community organisations and encouragement of community-led stock transfers and tenant-led ALMO.
- Reducing revenue and capital resources available within the HRA structure
- Expectation that social housing providers should embrace wider community agendas, particularly neighbourhood management, community sustainability and reducing social and economic deprivation, such as worklessness.

The analysis suggests that AVHL whilst planning for the future, must also remain opportunistic and ready to respond quickly to change. It also suggests that AVHL should be ready to consider new business models, including new investment vehicles and new structural models

Micro Environment Analysis

The micro environment has been analysed using Porter's Five forces model. Although developed to assess industry structure for private sector companies it provides a useful means of considering some of the key issues facing AVHL. The factors considered are shown at Appendix 2.

		Impact							
		1	2	3	4	5	6	7	
P R O B A B I L I T Y	100	UTOPIA B1,B2,B3,B7, SU1,SU2,SU3			T1,T2,R1,R2,R3, S1, S2, B5,B6			CATASTROPHE	
	75								
	66				NEUTRAL			B4	
	50								
33	DISAPPOINTMENT						TO BE WATCHED		
25									
0									

This analysis shows that the micro environment is more favourable to AVHL. It is noted that this is partly due to the assumption that a wider place-making role and stronger collective voice for customers will provide positive developments for AVHL.

The potential for these to stretch limited resources further must be monitored and it suggests that opportunities for additional funding streams should be pursued wherever possible.

Part 3: Strategic Response

Delivering excellent, customer driven services

Evidence from our customer profiling demonstrates the importance of understanding diversity and ensuring diverse groups and individuals have equality of access to our services. We have adopted an **Equality and Diversity Policy and Strategy** in support of this. Some of the specific action coming out of this strategy includes:

- Working jointly with LCC and the other Leeds ALMOs to achieve the Local Government Equalities Standard.
- Training for staff on E&D and the development of an *Equalities Etiquette handbook* to help staff understand the practical service issues arising from diverse needs.
- The appointment of E&D Champions at Board, SMT and team level.

During 2007/8 we will develop a new **Access to Services strategy** with the aim of

- Giving customers more choice about how they access our services
- Maximising the convenience of service access
- Ensuring consistency in service delivery
- Ensuring value for money in service delivery

We will also address **performance** issues and aim to move all performance out of lower quartile.

Consultation with customers on AVHL Service Standards has shown a clear appetite from customers for a voice in the practicalities of service delivery. Whilst the aim for early 2007/8 has been to consult on integrated service standards for the new organisation, we need to ensure that customers are involved in a continual review of these standards, as well as being involved in monitoring their impact.

Continued customer involvement in service improvements will be achieved by means of the Area Panels, the Access to Services and Sheltered Housing Focus Groups, service specific Focus Groups considering service standards and ad-hoc consultation with individual customers.

Strategic aims 2007/8-2011/12	Impact measure
Develop a comprehensive knowledge of customers using customer profiling	100% Customer profile achieved and analysed
Audit the use of services by diversity categories and complete service impact assessments	Impact assessment programme completed
Develop the capacity of the Board and SMT to lead on E&D issues	
Ensure all employees are aware of and have an understanding of their individual responsibility to support diversity	
Achieve Level 4 Local Government Equality Standard in partnership with LCC	Standard achieved
Improve efficiency in managing customer feedback	Achievement of relevant targets e.g. complaints handling
Continuously learn from customer feedback using tools such as customer scorecard and Status survey and demonstrating consequent service improvement	Evidence of improvements
Improve overall satisfaction rate (STATUS survey) to 80%	Survey output
Improve service access opportunities including hours of telephony service, information available on web-site and office sites	Evidence of change
Utilise ICT Strategy to increase mobile working and thus extend service access opportunities	Evidence of change
Improve performance on rent collection and re-let times	Second quartile by 2009, top by 2011.

Longer term aims Post-2012
Develop new services to meet changing aspirations
Deliver services from range of flexible service points, moving away from reliance on fixed office bases for face to face contact

Providing quality, well-maintained homes and environments

We will use our Asset management Strategy and associated action plans to ensure efficient use of the resources we have available. The Asset Management Strategy will ensure:

- Delivery of the Decent Homes Programme by 2010,
- Management of other improvement and investment demands, including adaptations
- Co-ordination of all investment activities in the most efficient and cost effective way.
- Customer involvement and customer care
- Research into means of maintaining stock beyond the Decent Homes Programme to retain / achieve sustainable communities

We will also explore means of increasing the resources available to maintain Decency and fund other investment work. This will include:

- Working with LCC to make a business case for increasing the share of mainstream LCC capital available for housing
- Developing new income streams through managing newbuild council housing and RSL properties developed through the LCC Affordable Homes programme, which may allow for an increase in revenue contribution to capital for maintenance.
- Utilising the agreement with LCC to make a business case for the direct use of capital receipts on land made available by AVHL demolition.
- Working with LCC to identify future investment vehicles for specific parts of our stock, such as sheltered housing.

Customer involvement in developing asset management and investment will be achieved by means of the Area Panels, the Strategic and Operational Asset Focus Groups and ad-hoc consultation with the customer panel and individual customers.

Strategic aims 2007/8-2011/12	Impact measure
Achieve Decency Standard by 2010	Standard achieved
Increase use of measures to increase energy efficiency and reduce fuel poverty	Targets for improved SAP ratings and city benchmarking
Implement new sustainability review of sheltered housing	Review achieved and informs AMS
Develop new-build partnership with LCC (Linked to PFI)	AVHL manages newbuild homes
Procure new responsive repairs and capital works achieving innovation and maximising value for money	Procurement process evidences efficiencies
Improve the quality of the environment through more effective environmental management and improvement projects	Improved customer satisfaction
Ensure compliance with RESPECT and effectively manage anti- social behaviour	Respect assessment
Promote high quality physical improvements through partnership working on regeneration schemes	Evidence of AVHL input to regeneration partnerships
Undertake further research into the potential future trends in the shortfall or surplus in housing relative to demand and consider options to address imbalances, including promoting the availability of different forms of home ownership and exploring barriers to take-up	Research outcomes

Longer term aims Post-2012
Secure long-term investment model that will enable Decency to be maintained and other investment needs to be met

Supporting social inclusion, community and neighbourhood regeneration

Some of the work we will achieve through service improvements, particularly in relation to Equality and Diversity, will contribute to social inclusion in our neighbourhoods. We will also seek to establish a clear role for AVHL as an influential place maker within the community, contributing to wider social and economic regeneration. This will involve:

- Effective participation in partnerships, such as the South Leeds Intensive Neighbourhood Management Initiative, Participatory Budget pilot, Middleton Regeneration Board and Beeston Hill and Holbeck Regeneration Partnership.
- Effective development of joint partnerships with other housing providers, such as the Housing LEGI project.
- Working with local voluntary groups and other agencies that share common purposes with AVHL, such as local disability and faith groups.
- Developing the capacity of our customer groups to transform their neighbourhoods.
- Contributing to specific LCC and partner strategies such as combating child poverty, reducing worklessness and supporting independent living for vulnerable customers such as the elderly.

Customer involvement will be through Area Panels, Tenant and Resident Groups, and regeneration and partnership consultative mechanisms.

Strategic aims 2007/8-2011/12	Impact measure
Utilise the tenant involvement strategy to engage with hard to reach groups	Evidence of working with customers
Implement a Financial Inclusion Strategy encompassing measures to address worklessness, affordable warmth, debt, income generation and financial mainstreaming	Strategy accepted by Board
Implement a Corporate Social Responsibility programme that harnesses AVHL impact as a local business with social objectives	CSR policy and targets agreed
Effectively contribute to regeneration partnership and work with partners to identify new regeneration opportunities	Evidence of partnership working
Create projects to involve children and schools in community life, encouraging active citizenship	Assessed through individual projects
Contribute to Every Child Matters including considering the extent to which housing conditions impact on the welfare of children and young people and developing strategies to improve this.	ECM partnerships
Support local economic development through entrepreneurship and worklessness projects	No. customers accessing employment through projects with AVHL contribution
Market the Leeds Enterprise Growth Initiative (LEGI) among our customers to increase entrepreneurial activity and reduce the failure rate of locally owned businesses	Evaluate LEGI partnership
Creating more vibrant communities with increased participation in decision making through partnerships such as Participatory Budgeting	Involvement in partnerships. STATUS satisfaction with neighbourhood

Longer term aims Post-2012
Position AVHL as influential community anchor organisation through use of regeneration partnerships and direct activities within the community.
Actively contribute to partnerships that reduce deprivation and inequalities

Empowering colleagues and customers to achieve our mission

We are working with our Board to develop **Governance** KPIs and a Board assessment and development process that will equip our Directors to provide effective strategic leadership for the challenges set out in this plan.

We have developed a **Human Resource Strategy** and **Training and Development Strategy** to ensure we develop our employees to meet the challenges of our Business Plan.

The strategies are designed to achieve:

- A work environment that encourages initiative, professionalism and commitment.
- A work environment that recognises the rights and responsibilities of both the organisation and individuals, supporting commitment to work and to appropriate work-life balance.
- A workforce that understands reflects the diversity of our communities
- A management cohort capable of providing vision and leadership.
- A clear link between investment in training and development and the achievement of organisational aims and objectives.
- A method of categorising and prioritising training and development requirements
- A framework for evaluating training and development activities.

We have established a Connected Customer Strategy that aims to give customers a range of opportunities for engaging with AVHL and with our partners. We have an established Customer Communication Team to support this strategy and this is supported by other staff from across the organisation who attend T&R Group meetings and other forums where our customers may be represented, such as local Disability Groups and regeneration action groups, and also support specific Customer Focus/Service Review Groups, such as Sheltered Housing and Asset Management and provide strategic support to the Area Panels.

Area Panels have a budget to support community activity and Tenant and Resident Groups and a delegated amount of the revenue SCA for use on environmental projects.

Strategic aims 2007/8-2011/12	Impact measure
Provide range of means for customers to engage with AVHL	Annual review of Connected Customers
Support the development of individual customers engaged in formal consultative mechanisms such as Area Panels.	
Develop integrated staff core competencies that ensure our values and objectives are embedded in staff development	Achieve IIP Demonstrate use of core competencies in PADs
Ensure AVHL is an active learning organisation	Produce and evaluate Annual Training and Development Plan
Maximise opportunities for customers and staff to share training and development opportunities	Annual Training Plan evidence
Ensure staff and customers receive annual training to support core ethos of customer care	Evidence of training
Achieve a diverse workforce that reflects the diverse mix of our local community	Organisational health targets

Longer term aims Post-2012
Achieve an educated, skilled and flexible workforce able to respond effectively to internal and external change
Develop customers to be community leaders, promoting active citizenship

Being a well-managed, high-performing and efficient business

We ensure the efficiency of the organisation through a suite of relevant strategies and associated action plans, including Value for Money Strategy, procurement Strategy and Performance Management Strategy. Objectives relating to the development of staff and Board also support this objective.

The main value for money tools that we use are:

- Annual Efficiencies
- Benchmarking and Performance management
- Financial Stewardship
- Annual value for money reviews
- Procurement
- Annual Service Planning
- Customer Involvement

We operate within a Performance Management Framework agreed with LCC through our Management Agreement. This includes:

- Service planning requirements, including a requirement to produce a Business Plan
- Targets for achieving national and local Key Performance Indicators and monitoring arrangements to support this
- Financial penalties or incentives for performance on specific KPIs.
- Governance health checks

In addition we have an AVHL **Performance Management Strategy** that incorporates:

- Benchmarking against national comparators through membership of benchmarking clubs
- A service planning cycle that captures customer and team service aspirations
- A commitment to Lean System thinking as a means on designing services that are efficient add value to the customer experience while designing out non-value work. We were part of a national pilot working with the Government to assess the application of systems thinking in social housing. Processes are examined against the following steps:
 - Identify activities that create value
 - Determine the sequence of activities – the value stream
 - Eliminate activities that do not add value
 - Allow customer to ‘pull’ services – respond to demand
 - Improve processes.
- Individual staff Performance and Development process
- Customer satisfaction measures

Our ability to operate efficiently is further supported by our **ICT Strategy**, which aims to ensure that our system support is professional, proactive, customer-focused, sustainable, resilient to business change and offers clear value for money.

Our challenge during the life of this Plan is to ensure that we explore means of continuing to be an efficient business post-2012, in view of the revenue and capital resource pressures we face, and the changing needs and aspirations of our customers.

Strategic aims 2007/8-2011/12	Impact measure
Introduce process for continual review of service standards	Programme agreed with customers
Effectively measure performance through use of benchmarking and set challenging targets	Relevant reports to Board and annual report to tenants
Develop ratio and unit cost analysis that enable an understanding of quality and cost considerations and means of improving ratio measures	Key ratios agreed and measured
Agree annual programme of VFM reviews	Annual programme delivered
Improve ownership and management of budgets by budget holders, including training for non-finance specialists.	PAD process
Improve performance of services currently performing below top quartile	Targets agreed

Longer term aims Post-2012
Agree forward business model that maximises opportunities for customer involvement and management, provides for adequate investment in stock and allows AVHL to develop wider community role.
Provide mechanisms for reviewing and facilitating organisation change to meet service delivery needs

Seeking new business opportunities that accord with our values and mission

We are continually open to opportunities to develop our business. Examples to date include:

- Researching the potential relationship between AVHL and service delivery through social enterprise, both as an AVHL related enterprise and through partner organisations. This has included joint working with LCC's Keeping House social enterprise project and a partnership with Care and Repair, a local SE. We also intend to explore the potential of creating a customer-led social enterprise for direct service delivery within AVHL.
- Considering means of increasing the services we deliver to elderly customers, particularly in support of independent living. We have piloted a Supporting People initiative to provide floating support cross-tenure and currently support twenty home owners with warden services.
- Reaching agreement with LCC to be included in the Affordable Homes strategy as a potential managing agent for new-build RSL properties developed in the AVHL area through this strategy
- Reaching agreement with LCC on the provision of new-build Council homes within the Beeston Hill and Holbeck PFI area, to be managed by AVHL.
- Becoming a founder member of the Housing E-Academy and developing proposals for a training and research partnership with other housing providers.

Our aim to identify a long-term sustainable business model will also include exploring options for business diversification and growth.

Strategic aims 2007/8-2011/12	Impact measure
Agree model for ALMO management of RSL properties through Affordable Housing strategy	Management agreement achieved
Develop In-Tuition training partnership proposal	Business Plan produced
Investigate potential for expanding floating support to the elderly, including negotiations with Supporting People	Proposal developed
Investigate potential for providing wider care support to the elderly and/or other vulnerable customers	Proposal developed
Research potential for social enterprise for AVHL services, including links to LEGI programme	Proposal developed
Consider potential for service diversification when reviewing options for future business models	Options assessment

Longer term aims Post-2012
Be active in AVHL communities as a neighbourhood social business providing home –related services with customer-led structures of service delivery

Appendix 1: Macro-environment using PESTLE

Impact score	Event probability
1 Extremely favourable, major advantage	0-29 Low probability – unlikely to happen
2 Very favourable – highly attractive	30-69 medium probability – distinct possibility
3 Good – overall advantage	70-99 High probability – very likely to happen
4 Neutral – could go either way	100 certain – already happened
5 Bad – overall threat	
6 Very unfavourable- significant threat	
7 Disaster – out us out of business	

Political

		Impact	Probl.
P1	A general Election will take place during the life of this Business Plan, which may create significant change in Government Housing Policies. There are common themes in all three major parties' Housing Policies, such as affordability and sustainability, but with differing degrees of emphasis. Some policies e.g. extension of RTB to RSLs (Conservative) may impact on business models being considered by ALMOs	4	55
P2	The provision of housing is now high on current government agenda; CSR 07 and publication of Housing Green paper, incl. targets for new build may provide ALMO opportunities, although emphasis is more on role of RSLs	3	100
P3	Gov. review of ALMOs 2006 envisaged future after 2010, including consideration of involvement in new build and more financial freedoms	2	60
P4	Decent Homes 2010 deadline raises question of future of ALMOs as delivery mechanism. Sector may decline without Unique Selling Point	6	60
P5	Expectation established by Hills report that social housing organisations should deliver against wider worklessness and social inclusion and Local Area Agreements to include suite of housing outputs, raising profile of contribution of housing to local priorities	3	100
P6	Government thrust to double devolution and neighbourhood management provide opportunities for organisations embedded in community to expand 'place shaping' and 'community role'. Opportunity to extend activities although will stretch resources further	3	100
P7	National housing finance policy creates fixed and shrinking income for ALMOs	5	100

Economic

Major event	Detail	Impact Score (1-7)	Event Probability (1-100)
E1	Current high house prices creating demand for social housing that cannot be met. Effect of recent downturn in market likely to impact on this only slowly. Creates customer pressure and increases housing related problems such as overcrowding	4	100
E2	2007 Credit crunch and interest rates may increase personal debt of customers and adversely affect financial inclusion efforts	5	100
E3	Economy has been buoyant and supportive of social inclusion policies. If economy declines may lead to less support for minority groups, more social isolation and self-interest and less funding for non-priority areas.	4	40
E4	Rising energy prices adding to costs of doing business and adversely affect attempts to reduce fuel poverty for customers	6	80
E5	Impact of transition states on EU funding and re-alignment of Government priorities for regeneration/renewal funding means that additional resources available in Leeds will be more limited for Business Plan period. Emphasis on issues such as worklessness may provide opportunities but in context of reduced resources.	4	100

Social

Major event	Detail	Impact Score (1-7)	Event Probability (1-100)
S1	Demographic change: by 2015 26% population will be 60 yrs + and 21% will be under 20 yrs. Ratio of non-working/dependant pop. to working pop. will increase. More problems for economy, and employers seeking staff, more demand for supported housing and related support for vulnerable tenants.	4	100
S2	Demographic change: Increase in immigrant population resulting from EU migrant workers and refugees from conflict areas is stimulating new community movement and new challenges for community cohesion	4	100
S3	Combination of employment legislation and demographic change resulting in aging workforce and increasing issues concerning health and well being of staff	5	100

Technological

Major event	Detail	Impact Score (1-7)	Event Probability (1-100)
T1	Acceleration in pace of innovation and technology diffusion provides opportunities to transform ways of working and improving service accessibility	3	100
T2	Shift to broadband and expansion of internet means internet is increasingly 'default' source of information. Technology, therefore, more important in customer communication and service delivery.	4	100
T3	Widespread use of internet also creates ethos of mutuality through trends such as file sharing and open source collaboration, influencing cultural trend to support more co-operative action	4	100
T4	Danger of social housing tenants being disproportionately represented in 'technologically disadvantaged' and unable to access rate of change. Range of channels of communication will continue to be important	4	90

Legal

L1	Increased emphasis on corporate governance and accountability e.g. 2006 Companies Act.	4	100
L2	Creation of Office for Tenants of Social Housing (applicable to ALMOs from 2010 approx.) may increase regulation and will create quicker response to consumer concerns	4	100
L3	Green Paper proposals to extend freedoms and flexibilities of three star ALMOs to two star ALMOs including ability to deliver against national affordable housing programme	2	100

Environmental

E1	Measures to improve environmental impact of businesses e.g. landfill tax and energy efficiency measures may increase cost of doing business	6	70
E2	Increased awareness of global warming is leading to more energy efficient building products becoming available, assisting with financial inclusion objectives	3	90
E3	Emphasis on sustainability and sustainable development	4	100

Appendix 2: Analysis of micro-environment using Porter's 5 forces model of industry structure

Impact Score and Event probability key: see Appendix 2

Threat of new entrants

Major event	Detail	Impact Score (1-7)	Event Probability (1-100)
T1	Attractiveness of structural alternatives such as stock transfer may increase if ALMO freedom and flexibilities do not emerge more strongly. This may see the ALMO sector shrinking and having less influence with policy makers.	5	100
T2	Other models of management may develop resulting in ALMOs having to tender for currently ring-fenced work; already seen with sheltered housing	5	80

Intensity of rivalry

Major event	Detail	Impact Score (1-7)	Event Probability (1-100)
R1	Increased freedoms for ALMOs will create more direct competition with RSLs	4	90
R2	Well-established provider such as AVHL may be better placed to survive long-term than those that have entered on a more opportunistic basis	4	100
R3	Reduction in funding sources, such as ERDF and NRF, will create more intense competition for funding for innovative and wider community based projects	5	100

Threat of substitutes

Major event	Detail	Impact Score (1-7)	Event Probability (1-100)
S1	More sophisticated models of low cost home ownership may result in fewer customers for social housing in the future; ALMOs would have to diversify	5	90
S2	Developers moving into facilities management and supported housing	5	80

Bargaining power of buyers (customers and stakeholders)

Major event	Detail	Impact Score (1-7)	Event Probability (1-100)
B1	CLG expectation that social housing will operate in context of sustainable communities and not make investment decisions in isolation will increase expectations for AVHL to play a place shaping role. This is positive in the context of our values although will have challenges for resources	3	100
B2	Government policy is emphasising more community ownership, community decision making, community involvement. Reflected in social housing trends e.g. new regulator. Collective power of customers will increase.	3	100
B3	Increase in customer involvement through our Connected Customer strategy enhances local collective voice	3	100
B4	Outside of collective mechanisms many individual tenants may feel disempowered e.g. applicants, vulnerable tenants, and require high levels of advice and support	4	100
B5	Multiple stakeholders with diverse agendas (media, politicians, tenants, applicants, LCC, CLG, etc) can stretch resources and sometimes conflict	5	80
B6	Management Agreement with LCC extended to 2012	3	100

Bargaining power of suppliers

Major event	Detail	Impact Score (1-7)	Event Probability (1-100)
Su1	Key suppliers for AVHL are our employees. Labour market is competitive and bargaining power is strong, however, AVHL has attractive remuneration package (pension etc).	3	100
Su2	Employees increasingly value non-pay related factors as employment incentive, e.g. flexible working. Possible advantage to employers such as AVHL	3	100
Su3	Other main suppliers are in construction market. Downturn in market and end of Decent Homes may create a stronger position for AVHL in commissioning services	3	70