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When calling please ask for
Julie Crook

Lyons Inquiry into Local Government Funding
Room 3/12
1 Horse Guards Road
LONDON
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Dear Michael

LYONS LOCAL GOVERNMENT FUNDING INQUIRY

Thank you for your letter dated 8 April. I have set out below how Kirklees Neighbourhood Housing has since becoming an ALMO delivered greater efficiencies.

The ALMO is managed by a Board of Directors, comprising 5 tenants, 5 independents and 5 Councillors, the Board drive the strategic direction of the Company and this has led to a more streamlined decision making process.

As a result of receiving a two star and promising prospects score from the Audit Commission's Housing Inspectors in December 2002 additional investment money of £149.8m was released to bring the Council's 24,500 housing stock up to the decent homes standard. This investment is being delivered in conjunction with 5 construction partners, these contracts were let on a partnered basis and efficiencies have been achieved year on year as these contracts are being increased at price inflation levels lower than BCI (Building Cost Indices) whilst customer satisfaction is still being maintained at above 90% and the programme is being delivered in accordance with its timetable.

The ALMO inherited 21 Service Level Agreements (SLA) from the Housing Revenue Account, these are services bought from other Council departments, totalling £1.5m in the financial year 2004/05. All of these services have been reviewed and we are well on our way to replacing these SLAs with contracts. The contracts include performance targets for the delivery of all these services. These contracts are reviewed on a rolling programme basis by the ALMO's Finance & Performance Committee to assess performance and value for money. Savings of £179k (11.9%) were achieved against the budgeted figure in 2004/05. Examples of specific savings are

- A price per property was negotiated in advance with the Contact Centre rather than receiving a charge based on percentage of total calls this saved £22k and
- A saving of £103k was achieved from the contract with legal services as a result of reviewing the procurement process and staff training.

The current responsive repairs service is provided to tenants by the Council's in-house Building Services Department, this contract is managed by KNH (Kirklees Neighbourhood Housing, the ALMO). In order to demonstrate value for money the ALMO was a key partner in the Council's decision to market test 50% (cash value of approximately £11m per annum) of this contract. The best outcome of this would be savings on the cost of repairs and sharing of working practices to deliver an improved service to tenants (current tenant satisfaction at 86.5%)

The ALMO has its own procurement strategy and has worked with profit focus group and procurement for housing to deliver savings on the procurement of goods and services. Additional efficiencies have been achieved as a result of using a printing service through procurement for housing which delivers leaflets directly to our housing offices instead of one central point therefore saving staff time in distributing leaflets.

Further examples of market testing to deliver efficient use of resources include;

- A whole organisation staff training programme on customer care, equalities & diversity has recently been delivered to over 400 staff, the contract was won by a local training provider after following an OJEC advertisement and 9 tenders were received
- New Tenant Committees have recently been established and the servicing and administration for these committees has been tendered externally, these tenders are currently being evaluated on the basis of quality and price and a final contract has not yet been awarded but 13 tenders were received.

Should you require any additional information please do not hesitate to contact me.

Yours sincerely



Julie Crook
Finance Manager