First Choice Housing Association Ltd

BUSINESS PLAN - 2010 - 2015

Providing a diverse range of accommodation for people with learning disabilities and additional needs

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Registered with the Welsh Assembly Government: J094. Registered with charitable status under the Industrial and Provident Societies Act 1965: 26118R.

Approved by the Association’s Board of Management 20th April 2010
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1.0 EXECUTIVE SUMMARY

1.1 **First Choice Housing Association**
First Choice Housing Association Limited ("First Choice" or "the Association") is a Housing Association. The Association is the only specialist Association in Wales solely providing accommodation to people with a learning disability.

1.2 **Consortia membership**
The Association is a full member of the Undod consortium and an associate member of the Integrate consortium.

1.3 **Reputation**
A key strength of First Choice is the excellent reputation it enjoys amongst the local authorities and organisations with whom it works. The individual attention First Choice gives to the development of each property, coupled with the high level of service and a flexible approach, facilitated by the size of the Association, has always generated a considerable amount of repeat business and is generating an increasing number of approaches from new partners. The Association recognises the importance of maintaining and further increasing its positive reputation and this underpins the Association’s business planning.

1.4 **Aims**
The Association aims to provide a diverse range of accommodation for people with learning disabilities who may have additional physical/sensory disabilities or behaviours which may challenge their services.

1.5 **Strategic Objectives**
The Association has 5 strategic objectives around which its business planning is focused. These objectives are set by the Board of Management and reviewed annually. All the Association’s activities fall within the Associations’ objectives.

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<td>The Association will strive to achieve best practice in governance.</td>
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   The Association will ensure that there is an effective business planning process in place to create the vision for the future, out of which results clear and realistic aims, objectives and targets.

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<td>The Association will strive to develop and continuously improve its performance management function and systems in order to progressively improve the quality of service delivery.</td>
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<th>Organisational development and staffing</th>
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<td>The Association will ensure that it has the appropriate staff complement with the appropriate skills, training and support to enable the Association to deliver its aims.</td>
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1.5 Strategic Objectives (cont)

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<th>Tenant Participation</th>
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<td>The Association will strive to progressively improve the quality and delivery of First Choice Housing Association services by increasing the opportunities for Tenant involvement and influence, engaging as many of our Tenants as possible.</td>
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<th>Development</th>
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<td>The Association will strive to develop a diverse range of accommodation options, primarily within Wales, to meet the complex and varied needs of our customers.</td>
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1.6 Stock and geographical area of operation

At 31st March 2010 the Association owned or leased 141 properties providing 422 bedspaces, including 10 properties for respite or emergency intervention services. The Association is zoned to develop throughout Wales and also owns and manages properties in Shropshire. The Association currently manages properties in 17 out of 22 Welsh Authorities and in Shropshire.

1.7 Services

The Association develops, manages and maintains accommodation for people with a learning disability.

1.8 Tenant and service user support

Local authorities commission Domiciliary Care Agencies to provide support to the Association’s tenants and users of respite services.

1.9 Development Programme

The Association’s development programme for the period 2010-2013 provides 39 properties with 141 bedspaces. The total development costs of £12million is funded through Social Housing Grant and private finance.

1.10 Social Housing Grant (SHG)

The Association is able to access SHG, via the Welsh Assembly Government, through its membership of the Undod and Integrate consortia.

The Welsh Assembly Government brought forward SHG from 2010/11 to 2009/10 in order to stimulate the economy resulting in limited new SHG in 2010/11, apart from committed schemes. The Association has secured SHG for a number of committed schemes in 2010/11. Indicators for 2011/12 and 12/13 are that SHG will be limited.

Changes to the way in which SHG is distributed and managed will take place in 2011/12 with SHG being allocated to local authorities, rather than Housing Association consortia, based on evidence of housing need. The Association will be engaging with local authority partners to ensure that the accommodation needs of people with a learning disability are evidenced.
1.13 **Strategic Capital Investment Grant (SCIF)**
The Association was successful in achieving SCIF funding through the Welsh Assembly Government in 2009/10 and sees no reason that the Association would not be successful again were the funding to become available in 2010/11.

1.14 **Borrowing**
The Association is able to access private finance to achieve its Development Programme. The Association currently has a £10 million facility with Royal Bank of Scotland, which meets the requirements of the Association’s Development Programme 2010 - 2013.

The Association also has borrowing with Dexia.

Based on the Association’s current development programme the Association will be in the market for a new facility in 2013 by which time it is anticipated that the economic climate may have eased.

1.15 **Demand for accommodation - Demographic**
Official figures, as at March 09, show that there are 14,100 people in Wales registered as having a learning disability, although the true figure may be much higher, as registration is voluntary.

Research has shown that the numbers of people with a learning disability is increasing, due in large part to advances in healthcare, with more and more children born and surviving into adulthood and people living longer due to better healthcare.

There is also a significant increase in the number of younger people identified as being on the autistic spectrum who may also fall within learning disability services and a significant number of young people transferring to adult services who will be in need of accommodation over the coming years.

Demand for housing is also likely to come from the growing number of adults with learning disabilities who live with elderly or infirm parents who may not be able to continue caring for their children indefinitely.

In addition there is a growing desire to bring back to their home area the many hundreds of people with disabilities who have had to be placed in costly ‘out-of-area’ services.

Individuals and their families are also much more aware of their right to live independently with the support they need. For many individuals having suitable housing close to their own community is central to their quest to live independent and contented lives.
1.16 Challenges in providing accommodation
Planning processes: The planning processes for meeting the housing needs of people with a learning disability is variable across local authorities in Wales which is compounded, in some instances, by poor understanding and links between commissioners and Housing Strategy Departments.

Availability of data: The availability of data to inform the planning for meeting the housing needs of people with a learning disability is variable across local authorities in Wales.

Availability of Social Housing Grant: Following the end of top slicing of SHG for hospital resettlement, Local Authority commissioners have had to bid for grant alongside all other Local Authority housing priorities. Additionally, accommodation for individuals with complex needs is costly in comparison with general needs housing and therefore, with limited resources, accommodation for people with a learning disability is often not a priority.

Alongside this, as a consequence of the current economic climate, the Welsh Assembly Government brought forward SHG from 2010/11 in order to stimulate the economy meaning that in 2010/11, apart from committed schemes, there is no new SHG available. Indicators for 2011/12 and 12/13 are that SHG will be limited.

1.17 Meeting the accommodation challenge
The Association has a responsibility to ensure that people with a learning disability have the opportunity to live in their own, good quality homes. The Association will therefore:-

Actively explore new development models. The Association has launched two new initiatives; shared ownership for people with learning disabilities and property leasing. Neither model requires Social Housing Grant, which enables the Association to be more flexible in responding to the demand for its services. Additionally, both models are less capital intensive than traditional build / purchase models.

Engage with local authorities at cabinet, senior and operational levels on accommodation for people with a learning disability.

Continue to support and build relationships with Social Services Commissioners and Local Authority Strategic personnel, contributing to strategic documents such as the Supporting People Operational Plan / Local Housing Strategy / Affordable Housing Delivery Statements.

Respond to relevant national consultations from the Welsh Assembly Government on accommodation for people with a learning disability.

Engage with local authorities and Health Boards around the Out of County agenda.

Assist local authorities, where possible, in strengthening the relationships between Social Services and Housing Strategy departments.

Engage with the Welsh Assembly Government on the learning disability accommodation agenda.
1.18 **Revenue funding**
Revenue funding is secured through rental income, which is guaranteed by the commissioning authorities. Supported housing rents are not restricted to benchmark rents, which enables the Association to provide the complex, high specification accommodation required and to service its borrowing through rents.

1.19 **Net assets**
Net assets as at the 31st March 2010 were £2.7m.

1.20 **Financial projection 2010 - 2015**
The Association is projected to achieve an accumulated surplus of £4m and have net assets of £6.2m by 2015.

1.21 **30 year financial plan**
The Association has a 30 year financial plan as required by the Welsh Assembly Government. The plan evidences a growing, financially healthy organisation. The plan is intended as a tool for financial planning and management, prudent use of assets, long term funding arrangements and risk management.

1.22 **Responding proactively to the economic environment**
The Association has responded proactively to the challenges presented by unfavourable financial conditions by making appropriate changes to its Business Plan, Development Programme and Strategic Objectives. The Association has ensured continuing viability and indeed maintained its robust financial position whilst still growing the business and meeting the demand for its services.

1.23 **Risk Management Strategy**
A comprehensive Risk Management Strategy, outlining risks and actions to mitigate risks, is in place. This is formally reviewed on an annual basis and is updated, if required, during the year to reflect any new risks identified.

1.24 **Governance**
The Welsh Assembly Government Circular RSL 33/09 “Self Assessment: Guiding Principles for Housing Associations in Wales”, outlines that corporate governance will be one of the three core areas of Self Assessment within the new regulatory framework.

During 2009/10 the Association completed a detailed review of the governance of the Association using best practice guidance from sources such as the National Housing Federation (England) and Community Housing Cymru (Wales). An action plan is in place to strengthen the Association’s governance processes. The Association has scheduled an internal audit by The Internal Audit Association on governance during 2010/11.
1.25 **Regulatory Review – developing a modern regulatory framework for Housing Associations in Wales**

An independent review of the regulation of Housing Associations in Wales, commissioned by the Welsh Assembly Government and known as “the Essex Review”, was completed and the report issued in 2008. Throughout 2009 work proceeded taking forward recommendations in the report.

In 2009 the Welsh Assembly Government issued Circular RSL 33/09 “Self Assessment: Guiding Principles for Housing Associations in Wales”. The Circular set out revised guidance relating to the delivery of a Self Assessment approach as part of the new regulatory framework. It outlined the need for Self Assessment to cover three core areas of financial viability and management, overall corporate governance and service delivery. The Association is well placed to meet the requirements of the new framework.

1.26 **Performance management / internal and external audit / continuous improvement**

The Association developed and implemented a balanced scorecard in 2009/10 to ensure a robust performance management system exists within the Association. The Association contracts with The Internal Audit Association (T.I.A.A) to undertake internal audits. The Association’s external Auditor is Haines Watts LLP. The Association is committed to continuous improvement and a Continuous Improvement Strategy is in place.

1.27 **Satisfaction with the Association’s services**

The Association consistently records high levels of satisfaction with its services. The second independent survey of the Association’s stakeholders was conducted in January 2010, alongside annual housing management reviews with Domiciliary Care Agencies and maintenance satisfaction surveys evidence high levels of satisfaction with the Association’s services.

1.28 **New organisational structure**

Following a comprehensive staffing review in 2008/09 the Association recruited 3 new operational posts and 2 strategic posts to address capacity issues in order to ensure that the Association continued to improve services and manage performance effectively.

A new Management Team was established in 2009. The Team is responsible for managing the Association’s operational functions whilst the existing Executive Team remains responsible for implementing the Board’s strategic aims and overseeing the operational function.

1.29 **Welsh Housing Quality Standard (WHQS)**

The Association is on target to meet the Welsh Assembly Government’s Welsh Housing Quality Standard ahead of the deadline of 2012. As at March 2010 the Association had completed 93% of its WHQS programme with 69% of its Welsh housing stock fully meeting the WHQS. The Association’s full stock complement of properties in England and Wales was 67% compliant.
1.29 **Welsh Housing Quality Standard (contd)**
The final year of the Association’s programme 2010/11, primarily consists of small works such as paths, driveways, shelving in airing cupboards and other identified minor works.

1.30 **Asset Management Strategy**
The Association has an Asset Management Strategy in place to ensure that its housing stock meets tenants’ needs and quality standards, both now and in the future. It is a framework and plan for making decisions on developing, retaining, investing in, maintaining and selling properties.

1.31 **Effective procurement**
The Association recognises that effective procurement is central to achieving value for money. The Undod consortia, of which the Association is a member, is currently utilising an independent body to identify what would be the most efficient and effective method of delivery. The final report will inform how the Association takes forward this agenda in 2010/11.

1.32 **Tenant Participation**
The Association is one of the most progressive in Wales in enabling tenants with a learning disability to participate in the management of their own homes. The Association’s innovative work in this area has been recognised by the achievement of 10 awards.

The Association has a comprehensive Participation Strategy. The main aim of the Association’s Strategy is:

- To improve the quality and delivery of First Choice Housing Association’s services by improving the participation of our tenants in the planning and operation of our systems and services.

The main objectives of the Association’s Strategy are:

- To improve our services through greater involvement by our tenants.

- To develop a culture of participation within First Choice Housing Association so that all planning, decision making and review processes are open to tenant input.

- To increase the involvement of our tenants by ensuring appropriate opportunities for involvement, gaining necessary skills and confidence, and providing adequate resources.

The Association’s Strategy is monitored and reviewed by its Taking Part Consultative Group.

1.33 **Information technology**
The Association aims to constantly utilise I.T. to maximise efficiencies in data management, as evidenced by the suite of integrated Access databases developed in-house.
1.34 **Equality and diversity**  
The Association is fully committed to equality and diversity and it is our aim to provide all of our services and employment opportunities on a fair and equitable basis.

1.35 **Welsh Language Scheme**  
First Choice has adopted the principle, that in the conduct of public business in Wales, that it will treat the Welsh and English languages on the basis of equality. The Association has therefore implemented a Welsh Language Scheme, which outlines how we will operate in providing services to the public in Wales.

1.36 **Investors in People**  
The Association was proud to have achieved the Investors in People Award during 2009/10. The Investors in People award recognises effective management and development of staff in conjunction with business performance.

1.37 **Leading Wales Award**  
The Association’s Chief Executive was awarded the Leading Wales Award 2010 for leadership in the Voluntary and Not for Profit Sector. The Leading Wales Awards recognise leadership at all levels across the public, private and voluntary sectors in Wales, and celebrates individuals whose leadership skills have made a strong impact an resulted in positive change within their organisations.

1.38 **Green Dragon Environmental Award**  
The Association was awarded the Green Dragon Environmental Award during 2009/10.

1.39 **Positive About Disabled Award**  
The Association achieved the Positive About Disabled Award during 2009/10.

1.40 **Stakeholder consultation on the Association’s Business Plan**  
The Association has undertaken consultation with Chief Executives of Domiciliary Care Agencies, local authority commissioners and finance / funders / business advisors. Tenants’ views were obtained through a focus group.
2.0 FIRST CHOICE HOUSING ASSOCIATION LTD

2.1 Company status
First Choice was founded in 1988. It is a Housing Association registered under Section 3 of the Housing Act 1996 (No JO94) and is a Registered Social Landlord under Section 1 of the Housing Act 1996. First Choice is also registered with the Industrial and Provident Societies Act 1965, under registration number 26118R, with charitable status. (“First Choice” or “the Association”).

Housing Associations provide homes for people in housing need. Most associations are charitable, non-profit making bodies. Associations are managed by unpaid volunteers who meet periodically as a Board of Management. Operational management is delegated to a Chief Executive.

2.2 Aims
- provide housing for people with learning disabilities who may have additional physical/sensory disabilities or behaviours which may challenge their services,
- provide this housing to the highest possible standards so that tenants derive the maximum possible benefit and enjoyment from their homes,
- enable tenants, by virtue of the housing provided, to live independently in the community,
- provide opportunities for tenants to participate in the management of their homes to the best of their ability,
- provide properties for respite and emergency intervention services,
- be an innovator in tenant participation for people with learning disabilities.

2.3 Values
- place our customers at the centre of our activities
- listen and respond to our customers’ needs and aspirations
- operate with honesty, openness, fairness, integrity and respect
- work in partnership
- provide the best possible service we can
- ensure the best possible use of our resources
- invest in, respect and develop the Association’s staff
- adopt the principle of equality in all aspects of our work
2.4 **Geographical area of operation**
The Association is zoned to develop throughout Wales and also owns and manages properties in Shropshire. The Association currently manages properties in 17 out of 22 Welsh Authorities and in Shropshire. See Appendix I for stock profile by Local Authority area.

2.5 **Stock**
At 31\textsuperscript{st} March 2010 the Association owned or leased 141 properties providing 422 bedspaces, including 10 properties for respite or emergency intervention services.

2.6 **Services**
The Association develops, manages and maintains accommodation for people with a learning disability.

2.7 **Capital funding**
The Association is able to access Social Housing Grant, via the Welsh Assembly Government, through its membership of the Undod and Integrate consortia.

The Association is also able to access private finance to achieve its aims. The Association currently has a £10million facility with Royal Bank of Scotland, in addition to borrowing from Dexia, which meets the requirements of the Association's Development programme.

The Association will be in the market for a new facility in 2013 by which time it is anticipated that the economic climate will have eased.

2.8 **Revenue funding**
Revenue funding is secured through rental income, which is guaranteed by the commissioning authorities. Supported housing rents are not restricted to benchmark rents, which enables the Association to provide the complex, high specification accommodation required and to service its borrowing through rents.

2.9 **Consortia membership**
In 2005 the Welsh Assembly Government introduced “Developing Partnerships: A New Approach to Social Housing Grant Programme Distribution and Delivery”. This dictated that Associations should come together, within consortia, to take forward the Welsh Assembly Government's partnership and collaboration agenda which aims to:
- improve programme planning by replacing a formula distribution mechanism with a multi-year bidding process, (for SHG)
- promote collaborative working between Housing Associations to build capacity and achieve more efficient programme delivery,
- promote joint procurement programmes to achieve economies of scale and more effective local supply chain management.

The Association is a full member of the Undod consortia and an associate member of the Integrate consortia.
2.9 Consortia membership (cont)

Members of Undod include: First Choice, Tai Clwyd, Tai Eryri, North Wales and Mid Wales Housing Association. Undod operates in North and West Wales and Powys.

Members of Integrate include United Welsh, Cardiff Community, Newydd, Cadwyn and Taff Housing Associations, Valleys to Coast and Coastal Housing Group. Integrate operates in South Wales.

The Association procures Social Housing Grant (SHG) funded development, and some non SHG development through the consortia.
3.0 ORGANISATIONAL STRUCTURE

3.1 Board of Management
First Choice is managed by a highly professional and committed Board of Management elected from the shareholders of the Association at the Annual General Meeting. Members of the Board give their time on a voluntary basis. The Board meets regularly to determine strategy and policy, monitor performance and ensure that the Association makes the most effective and efficient use of resources to achieve its objectives. The Board devolves specific responsibilities to Committees under Terms of Reference which are regularly reviewed.

See Appendix II for further details of the functions of the Board of Management and the Committee structure.

See Appendix III for a brief profile of the members of the Board of Management.

3.2 Chief Executive
Operational management is delegated to the Chief Executive, who attends meetings of the Board but is not a member. The Chief Executive is responsible for managing the affairs of the Association in accordance with its values and objectives and the general policies and specific decisions of the Board. The Chief Executive is also responsible for leading and managing the staff of the organisation. The Chief Executive is the Company Secretary for the Association.

3.3 Executive Team
The Executive Team is responsible for taking forward the strategic aims of the Association. The Executive Team, led by the Chief Executive, consists of the Director of Corporate Services and Director of Technical Services.

See Appendix IV for a brief profile of members of the Executive Team.

3.4 Management Team
The Management Team, established in March 2009, is responsible for managing the Association’s operational functions. The Team comprises of the Maintenance Manager, Finance & IT Manager, Strategic Performance & HR Manager and Strategic Housing Manager. Development input is currently provided through the Director of Technical Services.

See Appendix V for a brief profile of members of the Management Team.
4.0 HOUSING MANAGEMENT AND MAINTENANCE SERVICES

4.1 Housing management
First Choice has built an unrivalled reputation for the management and maintenance of properties for people with a learning disability.

First Choice has excellent working relationships with commissioning authorities, leading the field in contractual Support Agreements which gives both the commissioning authority and the Association long-term guarantees on the management of properties and payment of void rent. These Agreements are formally reviewed on an annual basis. Other associations have followed First Choice’s lead, creating confidence in the provision of housing for those with support needs.

First Choice retains overall responsibility for housing management. Tenants’ support providers, Domiciliary Care Agencies, provide an element of property management services, funded through a service charge in the rent. This is regulated through contractual Service Agreements which are formally reviewed on an annual basis.

There are several aspects to housing management:-
- day-to-day housing management,
- annual housing management reviews with Domiciliary Care Agencies,
- annual Service Agreement reviews with Domiciliary Care Agencies,
- annual Support Agreement reviews with commissioning authorities,
- provision of advice, information and training to commissioning authorities and Domiciliary Care Agencies on property management and maintenance and tenants’ rights and responsibilities,
- proactive work with tenants, Domiciliary Care Agencies and local authorities, where a tenancy may be threatened by a tenant’s behaviour,
- training for tenants on tenants’ rights and responsibilities,
- provision of accessible information.

4.2 Maintenance
First Choice retains complete responsibility for the maintenance of its properties. A comprehensive asset management programme is in place which is underpinned by a detailed 35 year stock condition survey, incorporating the Welsh Assembly Government’s Welsh Housing Quality Standard.

Cyclical decoration and servicing
The Association has contracts in place for cyclical decoration and the servicing of equipment such as gas and oil central heating, fire alarm installations, fire fighting equipment, thermostatic mixing valves, fixed hoists and specialist baths.

Day to day maintenance
The Association provides a comprehensive day to day maintenance service which meets the specific needs of its tenants and service users.
Major repairs
The Association’s major repairs programme is underpinned by a detailed 35 year stock condition survey, which is repeated every 5 years and is also updated annually and as component replacement takes place.

Adaptations
Adaptations to the Association’s properties, to meet the changing needs of tenants, are directly managed by First Choice and are primarily grant funded by the Welsh Assembly Government.

Property improvement
The Association undertakes needs based property improvement, normally linked to health and safety requirements over and above the standard specification e.g. additional external lighting or additional security measures, if required.
5.0 WELSH HOUSING QUALITY STANDARDS

5.1 Welsh Housing Quality Standard (WHQS)
The Welsh Assembly Government’s WHQS defines a broad set of housing quality indicators which all Registered Social Landlords must achieve by 2012.

5.2 First Choice progress
The Association is on target to meet the WHQS 2012 deadline ahead of schedule in 2011. The Association can meet the requirements of the WHQS, and its major repairs responsibilities, from its designated reserves, for the foreseeable future.

The Association is on target to meet the Welsh Assembly Government’s Welsh Housing Quality Standard ahead of the deadline of 2012. As at March 2010 the Association had completed 93% of its WHQS programme with 69% of its Welsh housing stock fully meeting the WHQS. The Association’s full stock complement of properties in England and Wales was 67% compliant.

The final year of the Association’s programme, 2010/11, primarily consists of small works such as paths, driveways, shelving in airing cupboards and other identified minor works.

The Association will repeat its WHQS survey in 2011/12 to ensure conformity and will undertake any omissions identified prior to the March 2012 deadline.

The Association has chosen to complete its WHQS programme by letting composite refurbishment contracts in order to maximise cost savings e.g. kitchen replacement year 1, window replacement year 2

The WHQS are now incorporated in the specification for all new properties in development.

5.3 WHQS Financial Plan
The Association’s WHQS Financial Plan was approved by the Board of Management in November 2006. The total estimated cost of achieving the WHQS was £537,450.00. Costs have been incorporated within the Association’s annual Major Repair and Property Improvement budgets. As at March 2010 the Association was projecting to come within budget.

5.4 Welsh Assembly Government (WAG) – measuring success in achieving the WHQS
WAG is working with Community Housing Cymru, the Welsh Local Government Association and practitioners on the mechanics of how best to measure success in achieving the WHQS.

The Wales Audit Office (WAO) is studying the effectiveness of the sectors’ working towards meeting the WHQS. Over the next year the WAO will be working with WAG and social landlords to assess the development of WHQS policy, implementation by the Assembly and social landlords, contributions made by tenants and stakeholders and the impact on policy and the quality of homes. The end result will be a single All Wales report towards the end of 2010, which will be considered by the National Assembly Public Accounts Committee.
6.1 **The Association’s Asset Management Strategy**
The Association’s Asset Management Strategy was approved by Board in November 2009.

6.2 **Asset Management Strategy**
An Asset Management Strategy incorporates a range of activities to ensure that housing stock meets residents’ needs and quality standards, both now and in the future. This goes beyond investment in good repair and improvements.

The Strategy is about reviewing and changing the asset base, if necessary, to ensure that the Association provides the most appropriate accommodation in the preferred location. The strategy investigates issues in terms of construction, design, liveability and demand.

It is a framework and plan for making decisions on developing, retaining, investing in, maintaining and selling properties.

6.3 **The key aim of the Association’s Asset Management Strategy**
To ensure the Association’s stock profile meets the needs of its tenants, prospective tenants, commissioners and funder’s whilst enabling the Association to provide value for money and a quality service.

6.4 **Action Plan**
An Action Plan is in place to meet the Association’s Strategy.

6.5 **Monitoring**
The Action Plan is monitored by the Association’s Technical Services Committee.
1.31 Effective procurement
The Association recognises that effective procurement is central to achieving value for money. A sustained focus on effectively procuring goods and services will ensure cost reductions and service improvements are achieved.

The Undod consortia, of which the Association is a member, is currently undertaking an exercise utilising an independent body to assess, support and project manage the process to identify what would be the most efficient and effective method of delivery.

The final report will inform how the Association takes forward this agenda in 2010/11.

1.32 Current procurement practices – summary

<table>
<thead>
<tr>
<th>Development</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Social Housing Grant funded development is procured through the Undod and Integrate consortia Framework Agreements.</td>
<td></td>
</tr>
<tr>
<td>• Non Social Housing Grant schemes, funded through the Association’s private finance are procured traditionally i.e. tender, package deal, or negotiated</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cyclical decorations</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• 5 year Partnering Contract.</td>
<td></td>
</tr>
<tr>
<td>• Costs negotiated under the terms of the contract on an annual basis</td>
<td></td>
</tr>
<tr>
<td>• Contract has an annual break clause to deal with poor performance</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Routine maintenance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Materials and labour rates provided by contractors on an individual work order basis which are closely monitored for value for money</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Major repairs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Tenders / quotes requested dependent on their value, and requirements of the Association’s Standing Orders</td>
<td></td>
</tr>
<tr>
<td>• Costs benchmarked against budgeted costs to ensure value for money and budgetary adherence</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Servicing</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Minimum 3 tenders / quotes</td>
<td></td>
</tr>
<tr>
<td>• Contracts may be extended on an annual basis via a percentage uplift</td>
<td></td>
</tr>
<tr>
<td>• Market testing exercise undertaken which has evidenced the current extended contracts offering value for money</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property improvements</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Tenders / quotes requested dependent on their value, and requirements of the Association’s Standing Orders</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Physical Adaptation Grants (PAGS) funded by WAG</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Tenders / quotes requested, dependent on their value, and requirements of the Associations Standing Orders</td>
<td></td>
</tr>
</tbody>
</table>
8.0 PROPERTY DEVELOPMENT

8.1 Property development
The high quality of the Association’s development, housing management and maintenance services, and expertise in a specialist market, is reflected in the Association’s excellent reputation throughout Wales. The Association is the provider of choice for a number of local authorities, with repeat business year on year. Local authorities commission the Association to provide accommodation.

The number of properties the Association can develop in any given year is determined by the demand for accommodation for people with learning disabilities, the Social Housing Grant allocation from the Welsh Assembly Government, the amount of private finance which the Association can access, development capacity within the Association, availability of revenue funding to support individuals in their homes, availability of suitable sites or existing properties and resolution of site and planning issues.

8.2 Strategic planning
The Association develops and maintains close links with local authority commissioners and Housing Strategy Departments in order to ensure that the demand for accommodation for people with a learning disability is planned for.

8.3 Social Housing Grant
The Association is able to access Social Housing Grant, via the Welsh Assembly Government, through its membership of the Undod and Integrate consortia.

The Association was successful in 2009/10 in obtaining additional capital funding through the Welsh Assembly Government’s Strategic Capital Investment Fund.

8.4 Borrowing
The Association is also able to access private finance to achieve its aims. The Association currently has a £10million facility with Royal Bank of Scotland which meets the requirements of the Association’s Development programme. The Association also has a facility in place with Dexia. Based on the Association’s current development programme the Association will be in the market for a new facility in 2013 by which time it is anticipated that the economic climate will have eased.

8.5 Servicing borrowing
Revenue funding is secured through rental income, which is guaranteed by the commissioning authorities. Supported housing rents are not restricted to benchmark rents. This enables the Association to provide the complex, high specification accommodation required and to service its borrowing through rents.

8.6 Social Housing Grant 2010 - 2013
In 2009/10, responding to adverse economic conditions, the Welsh Assembly Government brought forward Social Housing Grant from 2010/11 in order to stimulate the economy. The consequence is that in 2010/11 there is limited Social Housing grant for new schemes. Indicators for 2011/12 and 2012/13 are that Social Housing Grant will be limited. The Association has proactively responded to this challenge and reconfigured its development programme.
8.0 PROPERTY DEVELOPMENT

8.7 First Choice development programme
The Association’s development programme for the period 2010-2013 provides 39 properties with 141 bedspaces. The total development costs of £12million is funded through Social Housing Grant and private finance.

8.8 New development models
The Association is actively exploring new development models and has launched two new initiatives; shared ownership for people with learning disabilities and property leasing. Neither model requires Social Housing Grant which enables the Association to be more flexible in responding to the demand for its services. Additionally both models are less capital intensive than traditional build / purchase models.
9.0 TENANT PARTICIPATION

9.1 Award winning Association
The Association is one of the most progressive in Wales in enabling tenants with a learning disability to participate in the management of their own homes – to “Take Part in First Choice”. The Association was the first in Wales to produce a Participation Plan for tenants in supported housing.

The Association’s innovative work in this area has been recognised by the achievement of 10 awards since 1999, including awards from the Chartered Institute of Housing, Inside Housing, the Pat Chown Awards and the Tenant Participation Advisory Service (Cymru).

9.2 National Tenant Participation Strategy

Guidance for development of Local Tenant Participation Strategies was published in 2008. The Strategy was produced in response to earlier research by the Welsh Assembly Government that found that the quality of participation practice by social landlords was uneven, some of it poor, resources and support for tenants to participate unequal, and that tenants felt their views and contributions had little impact.

All social landlords were required to provide a Local Participation Strategy by Oct 2008.

9.3 First Choice’s Tenant Participation Strategy - “Taking Parting in First Choice”
The Association built on its existing Tenant Participation Plan – “Taking Part in First Choice”, incorporating the good practice guidance and recommendation contained within the National Tenant Participation Strategy.

The main aim of the Association’s Strategy is:
• To improve the quality and delivery of First Choice Housing Association’s services by improving the participation of our tenants in the planning and operation of our systems and services.

The main objectives of the Association’s Strategy are:
• To improve our services through greater involvement by our tenants.

• To develop a culture of participation within First Choice Housing Association so that all planning, decision making and review processes are open to tenant input.

• To increase the involvement of our tenants by ensuring appropriate opportunities for involvement, gaining necessary skills and confidence, and providing adequate resources.
9.3 First Choice’s Tenant Participation Strategy - “Taking Parting in First Choice” (cont)

To achieve these objectives the Association will continue:-

- To help and encourage tenants to get involved in First Choice.
- To regularly find out what tenants think about First Choice.
- To give tenants good, clear information.
- To promote Taking Part in First Choice.
- To strive to be an innovator in tenant participation for people with learning disabilities.
- To work in partnership to encourage participation and to stay abreast of good practice.

9.4 Monitoring and review

The Association’s Strategy is monitored and reviewed by the Taking Part Consultative Group, which meets 3 times a year. This ensures that the Association is meeting its outlined targets and that the plan remains both relevant and appropriate.

Minutes of the Taking Part Consultative Group are provided to the Association’s Board of Management.

The Welsh Assembly Government outlines that a fundamental review should be carried out every 3 years. However, the Association aims to carry out a fundamental review annually to ensure the plan is an active, working document.

All actions are carried through to individual staff work plans.
The Association has 5 strategic objectives around which its business planning is focused. These objectives are set by the Board of Management and reviewed annually.

All the Association’s activities fall within the Associations’ objectives.

<table>
<thead>
<tr>
<th></th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Association will strive to achieve best practice in governance. The Association will ensure that there is an effective business planning process in place to create the vision for the future, out of which results clear and realistic aims, objectives and targets.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Quality Services and Performance Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>The Association will strive to develop and continuously improve its performance management function and systems in order to progressively improve the quality of service delivery.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Organisational development and staffing</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>The Association will ensure that it has the appropriate staff complement with the appropriate skills, training and support to enable the Association to deliver its aims.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Tenant Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>The Association will strive to progressively improve the quality and delivery of First Choice Housing Association services by increasing the opportunities for Tenant involvement and influence, engaging as many of our Tenants as possible.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>The Association will strive to develop a diverse range of accommodation options, primarily within Wales, to meet the complex and varied needs of our customers.</td>
</tr>
</tbody>
</table>

The Operational Plan at Appendix VI outlines the key tasks during 2010/11 to meet the Association’s strategic objectives.

Progress towards completion of the Operational Plan is reported to Board and Audit and Performance Management Committee on a quarterly basis.
11.1 Performance Management system – balanced scorecard

The Association developed and implemented a balanced scorecard in 2009/10 to ensure a robust performance management system exists within the Association. The balanced scorecard measures all critical business areas covering the following:

- Customer
- Innovation, learning and growth
- Finance
- Internal business

Progress towards completion of the Operational Plan is incorporated within the balanced scorecard and also reported to Board and Audit and Performance Management Committee on a quarterly basis.

11.2 Benchmarking

Undod consortia

The Association benchmarks with its Undod consortia partners. A range of performance indicators is in place, primarily in relation to the maintenance function. The Association consistently performs well in relation to its partners within the consortia. Performance against the Undod performance indicators is reported to the Association’s Audit and Performance Management Committee and Board on a quarterly basis.

Peer Associations

In order to ensure that the Association is meeting the highest of performance standards a benchmarking group has been established with 5 Housing Associations providing learning disability services in England. Advance, Golden Lane Housing, Choice Housing and Progress Care

An initial share of proposed benchmarking information has taken place and further work to provide clear definitions is being undertaken. It is intended that full benchmarking data will be available from April 2010. It is intended to extract useful data from the benchmarking for inclusion in the Association’s Balanced Scorecard.

The Association’s Senior Regulation Manager has provided details of a possible Scottish peer Association, which the Association will contact. She will also liaise with her Scottish and English regulation counterparts to ascertain whether there are other similar specialist housing associations with whom it may be helpful for First choice to benchmark.

The Association will also be exploring whether there are other similar “family groups” such as learning disability organisations with whom it would be fruitful to benchmark with.
11.3 Welsh Local Government Data Unit
The Welsh Government Data Unit produces an annual report on a range of standardised Key Performance Indicators required annually from Registered Social Landlords by the Welsh Assembly Government. Due to the Association’s specialist nature many of the indicators are not useful comparators for the Association to measure performance, therefore, as outlined above, the Association is developing benchmarking with similar organisations in England.

11.4 Welsh Assembly Government new regulatory framework
Consultation is currently underway on the Welsh Assembly Government’s proposed new regulatory framework for Housing Association in Wales.

A new suite of Performance Standards is also in consultation. The Association has responded to the consultations already undertaken and will respond to further proposed consultations.

The development of these Performance Standards, in essence, will be statements of intent that Associations will aspire to. The Standards will provide strategic shape and direction to Self Assessment whilst not being overtly prescriptive. They will provide a focus for the establishment of strong supporting evidence and will be accessible to Boards, the Executive Team, tenants and regulators.

The proposed Standards also aim to improve accountability by letting all Housing Association tenants / customers know what they should expect from the Association, drive service improvement and help provide structure to any regulatory review.

A full suite of Activity Standards will be made available in 2010, at which time the Association will design an evidence matrix to demonstrate the delivery of a robust, evidence-based and Board driven annual Self Assessment.

Further information is provided in the section “Regulatory review – developing a new modern regulatory framework for Housing Associations in Wales”.

25
12.1 Internal Audit
The Association contracts with an external agency to undertake internal audits of the Association.

The Association’s latest 3 year programme, undertaken by The Internal Audit Association (T.I.A.A), was completed this year. The programme was set in conjunction with T.I.A.A and approved by the Association’s Audit and Performance Management Committee. T.I.A.A also selects a “wild-card” audit topic, thus providing random audit of an unprepared topic.

T.I.A.A’s reports and recommendations are considered by the Audit and Performance Management Committee, targets are set and monitored on a quarterly basis.

T.I.A.A meets with the Audit and Performance Management Committee at least once a year.

The 2009/10 programme comprised of the following:

<table>
<thead>
<tr>
<th>Block 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standing Orders</td>
</tr>
<tr>
<td>Treasury &amp; Banking</td>
</tr>
<tr>
<td>Budgetary Control</td>
</tr>
<tr>
<td>Purchasing &amp; Payments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Block 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs and Maintenance</td>
</tr>
<tr>
<td>Wales Audit Office</td>
</tr>
<tr>
<td>Governance</td>
</tr>
</tbody>
</table>

The 2010/11 programme, to be undertaken by T.I.A.A is comprised of the following:

<table>
<thead>
<tr>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance – Performance Management</td>
</tr>
<tr>
<td>IT Security-Management Controls</td>
</tr>
<tr>
<td>Document Retention/Data Protection</td>
</tr>
<tr>
<td>Self Assessment against the Regulatory Code</td>
</tr>
<tr>
<td>Risk Management Arrangements</td>
</tr>
<tr>
<td>Internal Controls</td>
</tr>
<tr>
<td>Audit Planning/Meetings</td>
</tr>
<tr>
<td>Wild card – any topic identified by the internal auditor</td>
</tr>
</tbody>
</table>

The programme is subject to change to respond to any change in priority areas.
12.2 **External Audit**

The Association produces its annual accounts in accordance with the Industrial and Provident Societies Act 1965 to 1978: Schedule 1 to the Housing Act 1996, the 2008 SORP and the “Accounting Requirements for Social landlords registered in Wales General Determination 2000”.

The Association’s external Auditor Haines Watts LLP examines:

- the Association’s accounting arrangements to ensure that they appear adequate to provide the Board with a proper understanding of the financial position of the Association

- the systems and controls in operation, to support that financial records are being operated properly and in accordance with the Association’s policies and procedures

- internal controls, to ensure that they are satisfactory.

The external auditor meets with Board at least once a year.

It is worthy of note that the Association has once again received an unqualified report from its Auditors with no issues raised in the management letter.
13.0 CONTINUOUS IMPROVEMENT STRATEGY

13.1 Continuous improvement
First Choice is committed to continuous improvement. The Association’s Continuous Improvement Strategy is integral to its performance management systems.

There are many reasons to strive for continuous improvement, including:-
• a commitment to providing a high quality tenant focused service,
• a commitment to achieving excellence and thereby becoming the provider of choice to as many local authorities as possible,
• a commitment to controlling financial pressures and maintaining financial stability, whilst providing excellent tenant and property services.

Achieving continuous improvement
The Association subscribes to the National Housing Federation’s approach to continuous improvement, as contained within the publication “Making it Work – approaches to improving service delivery”. This cites five elements necessary to achieve continuous improvement, namely:
• Effective planning
• Putting service users at the centre
• Engaging staff at all levels
• Ensuring availability of good quality information
• Managing performance effectively

The Association’s Continuous Improvement Strategy also meets the demands of its regulators and the efficiency agenda, as contained within key documents such as “Making Connections - Delivering Beyond Boundaries”, and “Developing Partnerships: A new approach to Social Housing Grant Programme Distribution and Delivery”.

13.2 Providing assurance
The Association proactively meets its obligations in relation to:
• External Audit
• Internal Audit
• Fraud and corruption
• IT security
• Standing Orders
• Meeting financial regulations

13.3 Driving efficiency
Whilst striving for improved efficiency and effectiveness is a key issue the priority attached to this area has heightened significantly over recent years. Delivering or exceeding Government targets is fundamental to the business.

A Summary of Continuous Improvement 2009/10 can be found under Appendix VII
14.0 PROGRESS AGAINST OBJECTIVES 2009/10

14.1 Operational Plan 2009/10
The Association’s operational plan 2009/10 consisted of 37 objectives.

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>objectives completed in timescale</td>
</tr>
<tr>
<td>17</td>
<td>objectives progressed to be completed in 2010/11</td>
</tr>
<tr>
<td>1</td>
<td>objective not completed and carried over to 2010/11</td>
</tr>
</tbody>
</table>

See Appendix VIII – report on Progress on Business Plan Objectives 2009/10

14.2 Action Plan arising from Wales Audit Office inspection 2009/10 and 2010/11
The Action Plan arising from Wales Audit office inspection consisted of 57 objectives.

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td>objectives scheduled for 2009/10 were completed</td>
</tr>
<tr>
<td>10</td>
<td>objectives scheduled for 2010/11 were completed ahead of timescale</td>
</tr>
<tr>
<td>15</td>
<td>objectives are scheduled for completion during 2010/11</td>
</tr>
<tr>
<td>4</td>
<td>objectives scheduled for completion in 2011/12 will be completed by June 2011</td>
</tr>
</tbody>
</table>

15.1 Tenant Satisfaction
The Association is committed to providing the best quality service to its tenants and as such measures tenant satisfaction. The Association records consistently high levels of satisfaction with its services, evidenced through maintenance satisfaction surveys, tenant surveys and surveys of tenants’ support providers.

15.2 Maintenance satisfaction survey
The Association sends out maintenance satisfaction questionnaires for all works excluding servicing.

During the first 3 quarters of 2009/10 the Association received 356 maintenance satisfaction surveys from tenants following work carried out at their homes.

This reflects a 28.1% return on the number of questionnaires sent out. The Association will be encouraging tenants to return the satisfaction questionnaires through the use of incentives during 2010/11.

Of the 356 questionnaires that were returned 98.1% of tenants were happy with the work carried out on their homes.

15.2 Exceeding Welsh Assembly Government Target Completion Rates
The Association monitors its target completion rates for maintenance services against the Welsh Assembly Government’s target completion rate of 90%. The Association has consistently exceeded the target and up to quarter three in 2009/10 achieved the following results:

- Emergency repairs (within 24 hours) 100%
- Urgent repairs (within 7 calendar days) 95%
- Day to day repairs (within 30 calendar days) 96%

15.3 Independent organisational survey
An independent survey of the Association’s stakeholders was conducted in 2009/10 for the second year running. The Association received excellent feedback. The full report can be found at Appendix X, pages 1-13.

Key stakeholders consulted were:
- Chief Executives of Domiciliary Care Agencies
- Local Authority Commissioners
- Development and Maintenance Consultants
- Contractors
- New business partners
- Finance / Funders / Business Advisors
- Undod Consortia Chief Executives

The key messages from stakeholders included areas that First Choice does well:
- Providing quality accommodation and understanding the needs of people with learning disabilities
- Providing relevant, accessible information for our tenants
- Sharing information and ideas with stakeholders.
15.3 Independent organisational survey (cont)
The key areas for improvement were:
- Better promotion and marketing of our services and the innovative ways we proceed with developments
- Due to our geographical spread it has been noted that regular face to face contact has been difficult in North Wales and that some stakeholders want to build stronger relationships with us in these areas.

The Association’s Management Team will be taking forward the comments for improvement contained in the report.

15.4 Annual Housing Management Review
The Association conducts an Annual Housing Management Review with the Support Team Leader at each property. As part of the review format a satisfaction questionnaire is completed by the Support Team Leader and also by each of the tenants in the property, if they are able to express their views. Statistics for 2009/10 have not yet been collated.

Support Team Leader feedback 2006/07 2007/08 2008/09
The feedback from Support Team Leaders has been consistently extremely positive.

<table>
<thead>
<tr>
<th>% responses over 3 years</th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>How responsive is First Choice to queries?</td>
<td>99% - 100%</td>
<td>Good or excellent</td>
<td></td>
</tr>
<tr>
<td>Does First choice provide good information?</td>
<td>99% - 100%</td>
<td>Good or excellent</td>
<td></td>
</tr>
<tr>
<td>Is First Choice good at consultation?</td>
<td>96% - 99%</td>
<td>Good or excellent</td>
<td></td>
</tr>
<tr>
<td>Is First Choice easy to contact?</td>
<td>99% - 100%</td>
<td>Easy or very easy</td>
<td></td>
</tr>
</tbody>
</table>

Tenant Feedback 2006/07 2007/08 2008/09
The feedback from Tenants has been consistently extremely positive. Maintenance is still viewed as the Association’s most important service by the tenants.

<table>
<thead>
<tr>
<th>% responses over 3 years</th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is First Choice a good landlord?</td>
<td>87% – 94%</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5% – 12%</td>
<td>Don’t know</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1% – 2%</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Does First Choice listen to you?</td>
<td>83% – 85%</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>14% – 15%</td>
<td>Sometimes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1% – 2%</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Does First Choice provide clear information?</td>
<td>78% – 82%</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>14% – 19%</td>
<td>Don’t know</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2% – 4%</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>What is First Choice’s most important service?</td>
<td>12% – 19%</td>
<td>Tenancy issues</td>
<td></td>
</tr>
<tr>
<td></td>
<td>16% – 18%</td>
<td>Tenant participation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>65% – 70%</td>
<td>Maintenance</td>
<td></td>
</tr>
</tbody>
</table>
15.0 SATISFACTION WITH THE ASSOCIATION'S SERVICES

15.5 Full Tenant Survey – 2009/10

A detailed tenant has recently been undertaken. To date the Association has achieved a 30% return rate. The Association is aiming to increase the return rate before compiling the report. The survey addresses the following areas:

- Listening
- Information
- What is important to tenants
- Getting things fixed
- Does your home meet your needs?
- Taking Part in First Choice
- Providing a good service
- About you (tenant profiling information)

The outcome of the survey will contribute to how the Association provides its services.
16.1 **Background – The “Essex Review”**

The June 2008 report by the Welsh Assembly Government’s Affordable Housing Task and Finish Group, also known as the Essex Review, provided a strong platform for change to the housing sector in Wales. Establishing a new regulatory framework for Housing Associations, characterised by robust local Self Assessment and a rigorous, risk-based and proportionate regulatory approach, formed a core part of the report recommendations.

16.2 **Self Assessment : Guiding Principles for Housing Associations in Wales**

In 2009 the Welsh Assembly Government issued Circular RSL 33/09 “Self Assessment: Guiding Principles for Housing Associations in Wales”. The Circular set out revised guidance relating to the delivery of a Self Assessment approach as part of the new regulatory framework. It outlined the need for Self Assessment to cover three core areas of financial viability and management, overall corporate governance and service delivery.

The development of this approach has been a collaborative process tested and consulted on with the Essex Regulation Workstream, a working group of Housing Associations and Community Housing Cymru. The emerging framework/guidance has also been part of a formal pilot process.

2010/11 is a pathfinder year with full implementation in 2011/12.

16.3 **Whole Association Assessment (WAA)**

An annual WAA will be undertaken by the Assembly’s Senior Regulation Managers based on clearly defined information sources provided by Associations, and the range of external information available. The WAA will be linked to Self Assessment. Any regulatory response to the WAA will be based on risk and will be proportionate to local circumstances. These responses will cover a potential broad range from improvement support to more formal regulatory intervention.

16.4 **Performance Standards**

Performance Standards are an essential component of the new regulatory framework. The consultation on Performance Standards, in essence statements of intent that all Registered Social Landlords can aspire to, was completed in February 2010. The final Standards will be issued during 2010.

The Performance Standards are currently under consultation have been designed to provide a framework for the review of Self Assessment and Whole Association Assessment processes for both the regulator and regulated. They were designed bespoke for Wales reflecting its unique policy contexts and sector circumstances, but they also have strong links to the existing Performance Standards adopted and applied successfully in Scotland and that are emerging in England.
16.4 Performance Standards (cont)
The Assembly has outlined that they believe that Performance Standards can:

- provide strategic shape and direction to the new Self Assessment arrangements for Housing Associations, whilst not being overtly prescriptive;

- provide a focus for the establishment locally of a strong supporting evidence base accessible to Boards, the Executive, tenants and regulators for example;

- improve accountability by letting all Housing Association tenants/customers know what they should expect from their landlord;

- drive service improvement; and

- help provide structure to any regulatory review by the Assembly.

A common set of service or “Activity” Standards that relate to all social housing landlords also exist elsewhere in the UK. The Assembly believes that developing a common set of Activity Standards for all social landlords in Wales is compelling. It is the intention therefore for the Assembly to consult Registered Social Landlords now on the Governance and Management Standards that will be relevant to the sector and help shape Self Assessment and regulatory review in those areas. They will then consult with Registered Social Landlords and Local Government on a common set of Activity Standards as soon as possible.

This latter consultation will also provide an opportunity for the Assembly to consult on whether and on what basis any common set of Activity Standards could be evaluated as part of a single approach to regulation of social landlords (domain regulation) in the future.

16.5 Financial Viability Assessment - Discussion paper
As part of the development of the Whole Association Assessment the Assembly issued a discussion paper in February 2010 addressing the issue of financial viability. It sets out key questions on how the financial viability of Housing Associations should be assessed. The discussion paper is designed to:

- highlight the key regulatory activities within the financial viability assessment;
- consider the Assembly’s approach to financial viability
- highlight key elements of the financial viability assessment;
- highlight other related issues that also need to be considered.

16.6 Governance – Discussion paper
As part of the development of the Whole Association Assessment the Assembly will issue a discussion paper this year on governance issues. It is important to note that financial viability is inextricably linked to governance. Financial viability is a fundamental part of the overall governance of an Association or group.
16.7 **Senior Regulation Managers**
All Registered Social Landlords now have an identified Senior Regulation Manager who will be responsible for undertaking the annual Whole Association Assessment and building a relationship with the Association in order to understand the specific circumstances of their business.

16.8 **Regulatory Board**
The Welsh Assembly Government is in the process of setting up a Regulatory Board for Wales (RBW). The RBW will examine the regulatory performance and activity of the Welsh Assembly Government and the housing sector. It also will advise the Deputy Minister for Housing and Regeneration on the performance of the regulator and the sector and make recommendations for any policy implications or changes that are required to the regulatory framework in Wales.
17.0 GOVERNANCE

17.1 Corporate Governance / Self Assessment / Whole Association Assessment
The Welsh Assembly Government Circular RSL 33/09 “Self Assessment: Guiding Principles for Housing Associations in Wales”, outlines that corporate governance will be one of the three core areas of Self Assessment within the new regulatory framework.

As part of the development of the Whole Association Assessment the Welsh Assembly Government will be issuing a discussion paper this year on governance issues.

17.2 Citizen-centered governance – from principles to practice
A consultation is currently underway on Community Housing Cymru’s document “Citizen-centered governance – from principles to practice”. It takes account of the emerging new regulatory framework in Wales and is intended to support Community Housing Cymru members to continue to follow the highest standards of governance.

The detail of the new regulatory framework is still emerging and Community Housing Cymru is working closely with the Welsh Assembly Government to ensure alignment between this document, the revised Regulatory Code and the new Performance Standards.

The Code aims to assist Community Housing Cymru members both to put the citizen centered principles of governance into practice and to work to the highest standards of governance, thereby maintaining and enhancing the reputation of the sector.

17.3 First Choice governance review
During 2009/10 the Association completed a detailed review of the governance of the Association using best practice guidance from sources such as the National Housing Federation (England) and Community Housing Cymru (Wales).

An action plan is in place to strengthen the Association’s governance processes.

Any additional requirements arising on governance within the Welsh Assembly Government’s final regulatory framework will be addressed by the Association.

A Governance Committee is in place which reports back to main Board on new initiatives.

The Association has scheduled an internal audit by The Internal Audit Association on governance during 2010/11.
18.1 **One Wales – A Progressive Agenda for the Government of Wales**
Published in June 2007, this document outlines the Welsh Assembly Government’s programme for Government over this Assembly’s term. The principles of social justice, sustainability and inclusion underpin the programme with meeting housing need a central theme. The One Wales document outlines the need to build 6,500 new homes over a four year period in conjunction with a Ten Year Homelessness Action Plan and affordable housing delivery plan.

18.2 **National Housing Strategy - Better Homes for People in Wales**
The aims and objectives of the Welsh Assembly Government were first outlined within its National Housing Strategy for Wales “Better Homes for People in Wales” published in July 2001.

In January 2008, the Deputy Minister for Housing announced that a new national housing strategy was needed to replace Better Homes for People in Wales due to the Strategy being out of date, the housing context changing and the implementation of the One Wales policy statement.

A new strategy is expected in 2010/11.

18.3 **Making the Connections – Delivering Beyond Boundaries**
“Making the Connections – Delivering Beyond Boundaries” was published by the Welsh Assembly in November 2006 and is about transforming public services. It is a response to the report produced in July 2006 by Sir Jeremy Beecham, Beyond Boundaries. The key themes of “Making the Connections” are:
- developing an even stronger public service commitment within public service bodies
- become more efficient
- building the capacity of the workforce
- reducing the complexity of the machinery of Government
- putting citizens first
- working together to deliver better value for the Welsh pound

Funding in the future will be more closely linked to efficiency. The key areas of scrutiny for Housing Associations are cost, value for money, efficient processes and procurement. The Welsh Assembly has stated that they do not believe that traditional processes lead to best value, that culture should be changed to collaborative working, that Associations should select on value not price, and that contracts should be used for mutual benefit.

18.4 **Ten Year Homelessness Plan for Wales 2009 -2019**
The Ten Year Plan sets out some guiding principles for the development and delivery of homelessness services. It is a working document and will be continuously reviewed. At the time of writing, there is a downturn in the global economy, the impact of which is likely to continue to be felt over the coming years. This will pose particular challenges and make it even more important that services for those at risk of, or experiencing, homelessness, are as effective as possible.
18.4 Ten Year Homelessness Plan for Wales 2009-2019 (contd)
The strategic aims underlying the Plan are:
• preventing homelessness wherever possible;
• working across organisational and policy boundaries;
• placing the service user at the centre of service delivery;
• ensuring social inclusion and equality of access to services;
• making the best use of resources.

18.5 Developing Partnerships: A New Approach to Social Housing Grant Programme Distribution and Delivery
In 2005, the Welsh Assembly Government introduced new procedures for the development of housing using Social Housing Grant. This dictated that Associations should come together, within consortia, to take forward the Welsh Assembly Government’s partnership and collaboration agenda which aims to:
• improve programme planning by replacing a formula distribution mechanism with a multi-year bidding process, (for SHG)
• promote collaborative working between Housing Associations to build capacity and achieve more efficient programme delivery,
• promote joint procurement programmes to achieve economies of scale and more effective local supply chain management.

The Assembly Government is commissioning research into consortia during 2010/11.

18.6 Housing Directorate focus 2010/11 – main areas
• Implementing the New Regulatory Framework
• Supporting people review
• Rent benchmarking regime review
• Welsh Housing Investment Trust

18.7 Code for Sustainable Homes
The UK Government’s Code for Sustainable Homes came into effect in April 2008. The Code proposes that all new homes are to be built to zero carbon standards by 2016. A zero carbon home has been seen as one that is able to:

‘deliver zero carbon (net over the year) for all energy use in the home – cooking, washing and electronic appliances as well as space heating, cooling, ventilation, lighting and hot water’.

The Welsh Assembly Government has already decided to fast track its carbon cutting, ahead of the UK wide target. Wales has set a target of 2011, followed by a programme of cutting total emissions by three per cent each year to achieve a total reduction of 80 per cent by 2050.

All of the Association’s new build developments will attain Code 4 compliance and/or BREEM “good” standard.
19.0 POLICY CONTEXT - LEARNING DISABILITY AND “SUPPORTING PEOPLE”

19.1 The Welsh Agenda
For many years the thrust of learning disability policy in Wales has been to enable people with a learning disability to live in ordinary housing in their local community.

Local authorities must measure a range of quality of life outcomes for adults with a learning disability which includes the impact of their living environment and rights such as security of tenure under the law.

There are two key documents all learning disability services should now be planning to: “Service Principles and Service Responses” and “Statement on Policy and Practice for Adults with a Learning Disability”.

The policy approach is for adults with a learning disability to fully participate in discussions and decisions about their living arrangements and to have a choice about the nature and location of their accommodation.

This is also outlined in further Welsh Assembly Government Strategy and guidance “A Strategy for Social Services in Wales the Next Decade – Fulfilled Lives, Supportive Communities”, the “Supporting People Strategy” and The Welsh Assembly Government and NHS Wales joint guidance “Creating a Unified and Fair System for Assessing and Managing Care”.

19.2 Service Principles and Service Responses
The Welsh Assembly Government’s guidance “Service Principles and Service responses for Adults and Older People with Learning Disabilities” was issued to local authorities in August 2004 under Section 7(1) of the Local Authority Social Services Act 1970. The guidance outlines the Welsh Assembly Government’s future vision for people with a learning disability.

Local authorities’ proposals for the future development of learning disability services, including accommodation, were submitted to the Welsh Assembly Government within “Service Principles and Response Action Plans”.

19.3 Statement on Policy and Practice for Adults with a Learning Disability
The Welsh Assembly Government’s guidance “Statement on Policy and Practice for Adults with a Learning Disability” was issued to local authorities in March 2007 under Section 7(1) of the Local Authority Social Services Act 1970.

The guidance outlines the Welsh Assembly Government’s future vision for people with learning disability. This is the strongest guidance the Assembly can issue. This moves learning disability policy into the twenty first century and lays out a challenging vision of fuller and more complete lives for people with a learning disability.
19.3 **Statement on Policy and Practice for Adults with a Learning Disability (contd)**

The proposed Action Plan to complement the Statement on Policy and Practice for Adults with a Learning Disability, drawn up by the Welsh Assembly Government’s Learning Disability Implementation Advisory Group (LDIAG) during 2009/10, has not been supported by the Deputy Minister for Health and Social Services.

The Deputy Minister called the Action Plan’s main priority for new investment to expand the availability of supported accommodation “not affordable” but advised that local authorities need to continue to assess and respond to the demand for supported accommodation.

19.4 **A Strategy for Social Services in Wales the Next Decade – Fulfilled Lives, Supportive Communities – 2008-2018**

This strategy outlines the Assembly’s vision for the next ten years: to ensure that social services are modernised in order to provide more accessible, personalised care for people and to ensure that people are supported earlier and helped to retain their independence for longer.

A consultation was undertaken during 2009 on **Fulfilled Lives, Supportive Communities Commissioning Framework and Guidance**. Part 1 outlined standards local authorities are expected to achieve in their commissioning plans and Part 2 outlined challenges under the good practice framework based on a model of commissioning which places the citizen at the centre of commissioning activity.

The Association welcomes a robust and enforceable framework of commissioning standards in social care. Commissioning practices have varied in the past and this guidance has the potential to go a long way in ensuring consistent good practice is evident across the whole of Wales.

19.5 **Independent Commission on Social Services in Wales**

In November 2009 an **Independent Commission on Social Services in Wales** was announced by the Deputy Minister for Social Services to consider how best social services and social care can meet the needs of the citizens of Wales over the next decade and in particular how the Assembly Government can:

- support further development of professional practice
- build inclusive social services based on the contribution of partners who work in social care
- effect a step change in collaboration between social services and other key services
- ensure integrated social services capable of meeting the needs of children, young people and adults and older people in the cost effective way.

The Commission is tasked with reporting the outcome of its work in November 2010/11. The reform of health and social care services in Wales presents significant opportunities to explore citizen centred and co-production models of delivery.
19.6 Supporting People Strategy
Supporting People, set up in 2003, provides a policy and funding framework for voluntary organisations, local authorities and Housing Associations to provide housing help and advice to the most vulnerable people in Wales. It is centred on supporting independent living.
Supporting People Grant funds part of the overall support package received by the Association’s tenants and is administered by each Local Authority, alongside revenue funding through Social Services Departments.
This Strategy and the Ten Year Homelessness Plan sit under the National Housing Strategy. All three documents are built on the same complimentary principles.

A review into how the Supporting People Scheme works was announced in Dec 2009 by the Deputy Minister for Housing. The review will examine current policies and resources that deliver housing related support. The aim is to complete the review for September 2010.

The Supporting People programme makes a significant contribution to the public purse, there is an estimated saving of £1.68 for every £1 spent on housing related support services.

The strategic aims for the review are that Wales has housing related support services that:
• are tailored to meet individual needs
• provide maximum gain from all resources utilized
• provide high quality service
• demonstrate value for money

19.7 Individualised Budgets / Citizen Directed support
Individualised Budgets, where the service user is in control of how their support funding is spent, is becoming increasingly the norm in England. The Welsh Assembly Government has not yet made a commitment to Individualised Budgets in Wales. However, seven local authorities and 7 Domiciliary Care Agencies in Wales have signed up to undertake pilot projects. There is no single model but the principle underpinning the approach is that services will be shaped by service users and their needs, they will be outcome focused, transparent and sustainable. Individualised Budgets aim to bring together the resources from several funding streams for which the individual is eligible. The resources can then be used flexibly according to the individual’s priorities and desired outcomes

Evidence from England shows no significant difference in cost for Individualised Budgets or conventional care
19.8 **UN Convention on the Rights of Persons with Disabilities**

The ratification by the UK of the UN Convention on the Rights of Persons with Disabilities will bring about a fundamental change in the relationship between disabled people and public bodies. The duty to promote independent living will, for example:

- Require that health and social care services are delivered in a way that promotes independence. It will no longer be sufficient simply to argue that an institutional setting for care services is cheaper.
- Require substantial investment in disabled facilities support and adapted housing.

19.9 **Disability Discrimination Act (DDA) 1995**

The recognition of the right to independent living comes at a time when the courts are giving force to the new ‘disability equality’ duty under the Disability Discrimination Act (DDA) 1995 s49A. The courts have recently held that social services, when tightening eligibility criteria, have acted unlawfully by failing to consider their ‘disability equality’ duties.
20.1 Demographic

Official figures, as at March 09, show that there are 14,100 people in Wales registered as having a learning disability, although the true figure may be much higher, as registration is voluntary.

Additionally, research has shown that the numbers of people with a learning disability is increasing, due in large part to advances in healthcare, with more and more children born and surviving into adulthood and people living longer due to better healthcare.

A recent research project completed in Sept 2009 on the number of adults with a learning disability across 6 North Wales Counties predicted that the number of adults with a learning disability is likely to rocket by 1000 people - around 44% by 2021. The hike will lead to a 38% increase in council spending, costing the public purse over £20.3million.

There is also a significant increase in the number of younger people identified as being on the autistic spectrum who may also fall within learning disability services and a significant number of young people transferring to adult services who will be in need of accommodation over the coming years.

Demand for housing is also likely to come from the growing number of adults with learning disabilities who live with elderly or infirm parents who may not be able to continue caring for their children indefinitely.

In addition there is a growing desire to bring back to their home area the many hundreds of people with disabilities who have had to be placed in costly ‘out-of-area’ services. This situation has arisen due to a historic lack of services, particularly for those with the most complex needs. The revenue costs associated with out of county placements are proportionally much higher than for those receiving a service within Wales and within their own county.

As the learning disability accommodation and service infrastructure has improved, primarily as a result of funding associated with the hospital resettlement programme, local authorities are increasingly looking to provide services in county for those currently in out of county placements.

Individuals and their families are also much more aware of their right to live independently with the support they need. For many individuals having suitable housing close to their own community is central to their quest to live independent and contented lives.
20.2 Stakeholders response to First Choice survey on current / future shortfall in accommodation

Local Authority Commissioners and Chief Executives of Domiciliary Care Agencies were consulted through an independent survey undertaken by Lumus on “Where do you believe the current /future shortfall in accommodation needs lies?”. See Appendix X pages 14-17

Local Authorities advised: respite care, enhanced supported living schemes, semi supported living, bedsits, new models without grant

Domiciliary Care Agency Chief Executives advised: younger adults with complex (and sometimes life threatening) health conditions, independent units or individual flats in a complex, properties to meet the needs of those on the autistic spectrum, not for profit registered care homes providing nursing care and short stay respite care, extra care type accommodation.

20.3 Challenges - Social Housing Grant (SHG)

Following the end of top slicing of SHG for hospital resettlement, Local Authority commissioners have had to bid for grant alongside all other Local Authority housing priorities. Additionally, accommodation for individuals with complex needs is costly in comparison with general needs housing and therefore, with limited resources, accommodation for people with a learning disability is often not a priority.

Alongside this, as a consequence of the current economic climate, the Welsh Assembly Government brought forward SHG from 2010/11 in order to stimulate the economy meaning that in 2010/11, apart from committed schemes, there is no new SHG available. Indicators for 2011/12 and 12/13 are that SHG will be limited.

Changes to the way in which SHG is distributed and managed will take place in 2011/12 with SHG being allocated to local authorities, rather than Housing Association consortia, based on evidence of housing need. Local authorities will be responsible for allocating their “funding” to schemes which meet their strategic housing need and for programme management delivery, rather than WAG - WAG will take overview.

However, there are concerns over the ability of local authorities to resource programme management and whether they currently have the expertise to do so. The Welsh Local Government Association and Welsh Assembly Government will be working closely with local authorities over the coming year to try to ensure that there is a smooth handover.

But unless local authorities are able to evidence demand for accommodation for people with a learning disability and strong links are made between commissioners and Housing Strategy people with a learning disability will not be a priority.
20.4 Challenges - Lack of data and robust planning processes
Against the background of growing need and shrinking resources, First Choice undertook research into the preparedness of local authorities to meet this challenge. Our findings certainly give cause for alarm. Essentially many authorities lack the information they need to inform their decisions and strategies and to plan for individual’s housing needs. What is more alarming is that planning processes are variable across Local Authority areas with, in some instances, poor understanding and links between commissioners and Housing Strategy Departments.

For example, although no longer required to do so by the Welsh Assembly Government, most local authorities still produce a Local Housing Strategy. However, of the 21 councils which did have strategies, 14 made no reference at all to learning disabilities. This is hardly surprising as Assembly Government guidelines on producing such documents does not include a ‘learning disability’ section under the heading of ‘vulnerable groups.’

Although the Local Housing Strategy is no longer compulsory authorities are nevertheless required to submit a ‘Supporting People Operational Plan’ to the Assembly. This is intended to provide information on the current supply of accommodation-related support within each area and to identify the future needs of vulnerable people, including capital requirements. The plan acts as a bidding document for funds to meet future needs, but our analysis of documents from the various local authorities found that only four of the 22 gave estimates of the number of housing units needed by people with learning disabilities.

Each authority should also have a Learning Disability Accommodation Strategy which feeds into the Local Housing Strategy and ‘Supporting People Operational Plan’. Our research found that only four authorities actually produced a Learning Disability Accommodation Strategy.

20.5 Meeting the accommodation challenge
To drive this agenda forward there needs to be a strong dialogue between the Welsh Assembly Government and Welsh Local Government Association to ensure that the accommodation needs of people with a learning disabilities are addressed, underpinned by an agreed strategy, action plan and funding commitment.

Collectively there must be a more innovative approach to accommodation provision. For example: the use of 100% private finance by Housing Associations and new models of provision, such as shared ownership or leasehold schemes.

Good quality information must be provided by local authorities on current and future need.

Strong links need to be built between Housing Strategy and Social Services Departments to ensure that existing and emerging demand is planned for.
20.5 Meeting the accommodation challenge (contd)

The Association has a responsibility to ensure that people with a learning disability have the opportunity to live in their own, good quality homes. The Association will therefore:

- Actively explore new development models. The Association has launched two new initiatives; shared ownership for people with learning disabilities and property leasing. Neither model requires Social Housing Grant, which enables the Association to be more flexible in responding to the demand for its services. Additionally, both models are less capital intensive than traditional build / purchase models.

- Engage with local authorities at cabinet, senior and operational levels on accommodation for people with a learning disability

- Continue to support and build relationships with Social Services Commissioners and Local Authority Strategic personnel, contributing to strategic documents such as the Supporting People Operational Plan / Local Housing Strategy / Affordable Housing Delivery Statements

- Respond to relevant national consultations from the Welsh Assembly Government on accommodation for people with a learning disability

- Engage with local authorities and Health Boards around the Out of County agenda

- Assist local authorities, where possible, in strengthening the relationships between Social Services and Housing Strategy departments.

- Engage with the Welsh Assembly Government on the learning disability accommodation agenda.
21.0 OPPORTUNITIES

21.1 Reputation
A key strength of First Choice is the excellent reputation it enjoys amongst the local authorities and organisations with whom it works for the development, management and maintenance of accommodation for people with a learning disability.

The individual attention First Choice gives to the development of each property, coupled with the high level of service and a flexible approach, facilitated by the size of the Association, has enabled the Association to develop and maintain a strong position within the market, generating a considerable amount of repeat business and an increasing number of approaches from new partners. The Association's success in this area can be measured by its healthy development programme.

21.2 Scheme cost
The capital cost of accommodation provided by First Choice is competitive with general needs associations, belying the conventional wisdom that economies of scale can be achieved.

21.3 Demand for accommodation
There is a high and increasing demand for the accommodation provided by the Association, as outlined in detail in the previous section.

21.4 Private finance
First Choice’s robust financial systems and asset base have enabled the Association to successfully secure private finance, at a competitive rate, to provide properties where Social Housing Grant is unavailable.

21.5 Strategic Capital Investment Grant (SCIF)
The Association was successful in achieving SCIF funding through the Welsh Assembly Government in 2009/10 and sees no reason that the Association would not be successful again were the funding to become available in 2010/11.

21.6 Shared ownership for people with a learning disability
The Association recently launched its model for Shared Ownership for people with a learning disability. The Association is working with a number of clients and local authorities on providing accommodation and anticipates completing its first scheme in 2010. This model does not require Social Housing Grant therefore the Association can be reactive to expressed interest. In addition this model requires less capital input from the Association.

21.7 Property leasing
The Association is developing property leasing as a new accommodation option for people with a learning disability. The advantages to the Association in property leasing are threefold
- small initial capital outlay in comparison to the purchase or building of a property,
- contribution to the Association’s overheads through rental income,
- meeting the Association’s aims in providing accommodation for individuals with a learning disability.
21.8 Partnership working
The Association aims to establish closer links with organisations with similar aims, in order to share expertise, encourage innovation and increase the accommodation available.

The Association is also working with a number of private developers who are interested in providing capital funding for the development of accommodation for the Association. The Association would then lease the accommodation from the developer.

21.9 Charitable funding
The Association is currently providing two properties funded by a charitable organisation and will be further exploring opportunities to work with charitable organisations which may provide capital funding.

21.10 Assistive technology
The development of the use of assistive technology to enable people with learning disabilities to have more independence in their own homes has two clear advantages. Firstly, properties will meet the needs of the Association’s client group. Secondly, savings may be made by commissioning authorities on revenue support costs, freeing up funding to support more people in their own homes.

21.11 Marketing and PR
The Association has a comprehensive marketing and PR strategy in place in line with its development priorities. A marketing and PR consultancy undertakes this function for the Association and has been successful in raising the Association’s profile. The Association will be concentrating on this area further in 2010/11.
22.0 RESPONDING PROACTIVELY TO THE ECONOMIC ENVIRONMENT

22.1 First Choice response
First Choice has responded to the challenges presented by unfavourable financial conditions arising from the “credit crunch” head on. The Association has made appropriate changes to its Business Plan, development programme and objectives, to ensuring continuing viability and indeed to maintain its robust financial position whilst still growing the business and meeting the demand for its services.

The Association:
- is financially secure
- has a private finance facility in place to service its development programme
- has chosen to “stretch” its current private finance facility to 2013 recognising unprecedented change in borrowing terms and conditions for associations. In spite of the sector’s strong credit history, the cost of new borrowing is more expensive
- has the capacity to borrow further private finance to service its future development programme
- has and maintains a positive relationship with its funders
- closely monitors funders’ covenants.
- has reviewed its investment strategy and is ensuring that all excess funds held are invested to make a return.

Additionally, the Association:
- works proactively with local authorities to maximise its share of Social Housing Grant
- is developing new business models such as leasehold schemes and shared ownership
- ensures that its finances are well managed by experienced, professional staff
- ensures that the Board of Management includes members with financial expertise

The social housing sector is well regulated and changes to regulation currently under way will strengthen the sector even further.

22.2 Accurate forecasting and business planning
Accurate forecasting and business planning is essential, with sensitivity analysis undertaken, with the focus on viability and cashflow. Detailed information can be found in Section 23 and the following appendices.
Appendix XI - Cash flow projections
Appendix XII - Balance sheet projections
Appendix XIII- Sensitivity analysis

22.3 Revenue income
The Association generally adheres to the annual rent increase percentage advised by the Welsh Assembly Government. However, it is not required to do so as a provider of supported housing. First Choice therefore can therefore service its borrowing and continue to provide high quality, responsive, maintenance and housing management services.
22.4 Opportunities
The Association aims to ensure that its takes advantage of opportunities arising out of the current external financial environment, not only to overcome the challenges in the short term but to adopt smarter ways of working and develop its skills for the long term. The Association aims to become more targeted, continually improving its risk management and working better together within the organisation, as well as with external partners.

22.5 Future borrowing
Whilst funders have withdrawn from the social housing market in recent times, the higher margins currently in place and potential for shorter maturities have attracted new funders or the return of previous funders to the market. First Choice will continue to maintain dialogue with its current funders but in addition will ensure that it is proactive in discussion with all funders to ensure that no opportunities are missed when the Association is in the market to negotiate a new private finance facility.

22.6 Housing Association’s in general
According to a study published by the Tenant Services Authority (England) entitled “The Impact of the Credit Crunch on Housing Associations”, Housing Associations have successfully fought their way through the credit crunch to stay in good financial health. The report found that Associations’ quick response to the economic downturn meant they continue to offer a more secure return to investors than is available in other parts of the housing sector. The report says: ‘Overall, the Registered Social Landlord sector’s trading performance has come through the economic turbulence relatively unscathed. Revenues have continued to grow throughout, and while there have been some falls in margin, these can largely be attributed to factors other than the credit crunch.’ However, the report warns much of the stability social landlords have experienced in recent years relies on ‘a number of circumstances which may change as a result of the economic downturn and its aftermath’. Future risks include cuts to government grants, and a depression in the industry leading to a reduction in the number of properties becoming available through section 106 agreements.

22.7 Welsh Assembly Government budget 2010/11
The Welsh Assembly government will see cuts of £416 million in 2010/11 as a consequence of the Chancellor’s Budget Statement. WAG revenue baseline cut by £216 million from 2010/11 onwards and the capital budget cut by £200 million.

The public sector in Wales needs to work together quickly to protect citizens and public services in the face of these budget cuts. The challenge for WAG is to create the right conditions for collaboration, a creative inclusive approach to value for money. Authorities in Wales recognise that there is scope for further efficiencies, as there are across all parts of the public sector but have warned WAG not to assume that further efficiencies will be easy to achieve or desirable in the short term.
23.0 FINANCIAL PLAN

The Association has shown excellent financial management over the years and this has resulted in a robust financial position from which to consider the future. The Association has a strong asset base, equity within its balance sheet and reserves in excess of £2.7m which will allow future development and growth of the organisation. Almost half of these reserves are designated reserves set aside to meet future planned maintenance needs.

The figures in this report are derived using the Brixx planning software, with year 1 based on the 2010/11 budget.

23.1 Capital funding

The Association’s properties are funded by either:

A) A combination of Social Housing Grant, a capital grant administered through the Welsh Assembly Government, and private finance. Social Housing Grant, will typically fund approximately 78% of a First Choice property. This is a higher percentage than for general needs housing. The balance of 22% is funded by a commercial mortgage, usually over a 25 or 30 year term.

B) 100% private finance, where Social Housing Grant funding is unavailable. Private finance facilities are negotiated as required and funds are drawn in tranches in order to sustain cash flow. The Association currently has facilities with two funders, Dexia Public Finance Bank and Royal bank of Scotland.

23.2 Rental income

First Choice’s revenue costs are funded by rents payable by tenants and charges payable on properties where respite and emergency intervention services are provided. The Association is not required to apply benchmark rents, due to its specialist nature, and is able to obtain the rent levels it requires to service its mortgages and manage and maintain its properties. The Association’s rent is also guaranteed through a Support Agreement with the commissioning authorities.

23.3 Projected income and expenditure - summary

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<th>2014 Projected £'000</th>
<th>2015 Projected £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Income</td>
<td>2,101</td>
<td>2,306</td>
<td>2,788</td>
<td>3,299</td>
<td>3,641</td>
<td>3,906</td>
</tr>
<tr>
<td>Interest &amp; Other Income</td>
<td>9</td>
<td>32</td>
<td>4</td>
<td>8</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Capitalised Development</td>
<td>187</td>
<td>222</td>
<td>233</td>
<td>245</td>
<td>257</td>
<td>270</td>
</tr>
<tr>
<td>Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Income</td>
<td>2,297</td>
<td>2,561</td>
<td>3,026</td>
<td>3,552</td>
<td>3,900</td>
<td>4,180</td>
</tr>
<tr>
<td>Expenditure on</td>
<td>555</td>
<td>820</td>
<td>847</td>
<td>951</td>
<td>1,035</td>
<td>1,057</td>
</tr>
<tr>
<td>Properties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage costs</td>
<td>481</td>
<td>473</td>
<td>542</td>
<td>734</td>
<td>784</td>
<td>870</td>
</tr>
<tr>
<td>Organisational Costs</td>
<td>1,115</td>
<td>1,034</td>
<td>1,095</td>
<td>1,150</td>
<td>1,146</td>
<td>1,199</td>
</tr>
<tr>
<td>incl. abortive costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>2,151</td>
<td>2,327</td>
<td>2,484</td>
<td>2,834</td>
<td>2,966</td>
<td>3,126</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>146</td>
<td>234</td>
<td>542</td>
<td>717</td>
<td>934</td>
<td>1,053</td>
</tr>
<tr>
<td>Transfer (to) / from</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Reserves</td>
<td>39</td>
<td>17</td>
<td>(233)</td>
<td>(281)</td>
<td>(310)</td>
<td>(384)</td>
</tr>
<tr>
<td>Retained Surplus</td>
<td>185</td>
<td>251</td>
<td>309</td>
<td>437</td>
<td>625</td>
<td>669</td>
</tr>
</tbody>
</table>
23.3 Projected income and expenditure - summary (cont)

**Interest receivable**
All surplus cash is automatically swept into an investment account which earns interest at a rate just below base rate. This cash is available on instant access. Private finance is managed in order to avoid holding large cash balances, which inevitably cost more than they can earn. Where this is not achieved, surplus funds are invested.

**Transfers to or from designated reserves**
These are transfers to or from designated reserves for major repairs and cyclical maintenance, which enable the Association to fund repairs and maintenance in future years, and smooth the impact of these types of expenditure on the Income and Expenditure Account. The projections also include amounts transferred to a voids reserve. This is to cover any losses arising from possible future voids, which are the responsibility of the Association.

The gross amount transferred to designated reserves is reduced by the amount spent during each year. The erratic movement of the net transfer to or from designated reserves is explained by the variation in major repairs spend each year, which is dictated primarily by the stock condition survey system, fine-tuned by the results of property inspections.

The amounts of the gross transfers to reserves are calculated to be sufficient to meet future costs of cyclical maintenance and major repairs. In the case of major repairs, the calculation is based on a planned programme covering the next 35 years.

23.4 Cash flow projections (See Appendix XI)
The cash balances consist of the Association’s own cash plus grants received from the Welsh Assembly Government for the development of specific properties.

23.5 Balance sheets projections (See Appendix XII)
By 31st March 2015 the Association is projected to achieve an accumulated surplus of £4m and have designated reserves of £2.2m and net assets of £6.2m. Due to the planned completion of 2 shared ownership projects, net current assets includes contingent liability with respect to the potential buy-back of sold units, giving rise to negative net current assets.

23.6 Sensitivity analysis (See appendix XIII)
The sensitivity analysis shows the effect on the Association of a change in an assumption. The table in Appendix XII assumes that all changes are of an adverse nature and result in a reduction in the Association’s surplus. It is of course valid to assume that changes could be for the better and this would result in an increase in the surplus.
23.6  **Sensitivity analysis** (cont)
Event 1 in appendix XIII shows the effect of a reduction in property development. The reduction in surplus is caused by an increase in overheads, which would have been capitalised if the development had taken place. There is also a loss of rent due to the properties not coming into management.

23.7  **30 year financial plan**
The Welsh Assembly Government (WAG) requires all Associations to submit a 30 year financial plan each year. WAG use the plan to analyse the Association’s projections and to produce a consolidated picture of the Welsh Housing movement.

First Choice, like most Housing Associations in Wales, uses Brixx software to construct a 30 year financial plan. The Financial Plan is utilised to create the financial elements of the 5 year Business Plan.

The plan evidences a growing, financially healthy organisation. The plan is utilised as a tool for financial planning and management, prudent use of assets, long term funding arrangements and risk management. A professional plan review was undertaken during 2010.

In 2009/10 the Association tested the Association’s 30 year financial plan further by applying a number of scenarios the results of which were shared with the Association’s funders.

23.8  **Welsh Housing Sector key Financial Ratios**
The Association exceeded the sector average key financial ratios used in the Welsh Housing Sector in a number of areas, as outlined below. (Figures show the Association’s achievements for 2008 and 2009 and the sector 2008 average for comparison)

<table>
<thead>
<tr>
<th>Financial Ratio</th>
<th>2009</th>
<th>2008</th>
<th>Sector 08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth in SBIT (surplus before interest and tax) %</td>
<td>37%</td>
<td>1%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Growth in total assets %</td>
<td>18%</td>
<td>48%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Growth in total capital and reserves</td>
<td>7%</td>
<td>6%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Operating margin %</td>
<td>29%</td>
<td>25%</td>
<td>15.6%</td>
</tr>
<tr>
<td>Interest cover %</td>
<td>139%</td>
<td>147%</td>
<td>110.7%</td>
</tr>
</tbody>
</table>
24.0 RISK MANAGEMENT

24.1 Risk
The Association is faced with a variety of financial and other risks. Significant risks are identified and managed with the aim of reducing the likelihood of an event occurring, or minimising the impact on the Association if it does occur.

24.2 Risk Management
A Risk Management Strategy, Risk Map and Disaster Recovery Policies are in place, which identify risks and potential disasters and considers how they can be managed. The Association’s Risk Map currently identifies risk under the following headings:

- Development
  - General
  - Leasehold
  - Shared Ownership,
- Borrowing
- Maintenance
- Housing Management
- Finance
- IT
- General

The Association is incorporating occurrence of identified risks, under the scoring of critical, significant or minor within the Balanced scorecard from Quarter 4 2009/10. Exceptions will also be reported and how the risks were dealt with.

24.3 New business risk – internal audit
An internal audit on new business risk was undertaken by The Internal Audit Association in 2008/09 and all recommendations have been actioned.

24.4 Review of Risk Strategy
Due to the changing environment within which the Association is working and the introduction of a new regulatory framework in 2010/11 the Association will undertake a comprehensive review of risk in 2010/11. This review will be led by the Chief Executive and will involve the Board as well as Officers of the Association.

See Appendix XIV for Risk Management Strategy
25.1 Maximising value from the use of IT

There is significant pressure upon business to maximise value from I.T. and to transform services using technology to maximise efficiency and the quality of service to tenants. The Association is embracing this agenda and implementing and exploring the use of new technologies. Over the last few years it has utilised equipment such as PDA’s, laptop’s with docking stations and VPN connections for remote working staff and a tablet laptop with hand writing recognition for on-site data capture.

The Association designs, produces and manages its own Intranet that contains information and links for staff.

The Association’s external website is designed in-house and aims to be as accessible as possible for tenants. A new version of the website in early 2010 will have enhanced features such as dedicated accessible text that can be switched on or off as required and new interactive features.

The Association aims to constantly utilise I.T. to maximise efficiencies in data management. A number of new integrated databases have been developed in-house to provide the Association with centralised data, intelligent data validation and accurate efficient reporting, and more are planned for 2010/11. Retaining I.T. skills within the Association gives the flexibility of adapting the systems to changes in the sector and stream-lining internal processes and is extremely cost-effective.
26.1 Consultation areas
The Association consulted with its stakeholders on 3 of its Strategic Objectives;
- Quality Services and Performance Management
- Tenant Participation
- Development

26.2 Independent survey undertaken by Lumus
The followings stakeholders were consulted through an independent survey undertaken by Lumus. See Appendix X, pages 14-17.
- Chief Executives of Domiciliary Care Agencies
- Local Authority Commissioners
- Finance / Funders / Business Advisors

26.3 Summary of feedback from Lumus independent survey
Chief Executives of Domiciliary Care Agencies, Local Authority Commissioners, Finance, Funders and Business Advisors were asked the following questions;

- Tenant Participation: The Association aims to increase the opportunities for tenant involvement / feedback / influence in order to use their input to further improve service delivery. **Please share your thought on how the Association can best achieve this.**
  
  The main area suggested was repairs and maintenance. This is consistent with the main focus of general needs Association tenants and is reflected in the Association’s Annual Housing Management Review responses from tenants, as outlined above.

- Quality of Service: The Association aims to continue to improve its quality of service delivery. **Please identify which areas you believe the Association should focus on first**
  
  The main area suggested was repairs and maintenance. This is consistent with the main focus of general needs Association tenants and is reflected in the Association’s Annual Housing Management Review responses from tenants, as outlined above.

- Development: The Association aims to develop a diverse range of accommodation options, with and without grant, in order to meet the complex and varied needs of its clients. **Where do you believe the current /future shortfall in accommodation needs lies?**
  
  Local Authorities
  Shortfall in accommodation: Respite, enhanced supported living schemes, semi supported living, bedsits, new models without grant
26.0 STAKEHOLDER CONSULTATION ON BUSINESS PLAN

26.3 Summary of feedback from Lumus independent survey (cont)

Domiciliary Care Agency Chief Executives
Shortfall in accommodation: Younger adults with complex (and sometimes life threatening) health conditions, independent units or individual flats in a complex, properties to meet the needs of those on the autistic spectrum, not for profit registered care homes providing nursing care and short stay respite care, extra care type accommodation.

Finance / Funders / Business Advisors
This group did not provide a response in relation to current / future accommodation shortfall but 1 respondent suggested: Ensure that the Association’s properties are fit for the needs of tenants, working closely with local authorities. Consider potential funding options in detail to identify and address all risks.

26.4 Tenant consultation on Business Plan
A small focus group attended by tenants and their support staff was held to obtain tenants’ views on the Association’s proposed Business Plan and Strategic Objectives. The five Strategic Objectives which underpin the Association’s Business Plan were explained to the tenants and the following areas were outlined as the areas for consultation:
• Providing quality services
• Tenant Participation
• Development

The following pieces of work were discussed as examples of the work undertaken and services provided by the Association in these areas:

Providing quality services
• Tenants’ survey
• Service standards
• Re-let standards
• Review of review processes

Tenant Participation
• Tenants’ Voice
• Newsletter
• Taking Part Group
• Consultation
• Tenant Board Member

Development
• Shared ownership
• Leasehold properties
• Private finance and grant funding
26.5 Tenant consultation on Business Plan (cont)

The tenants were asked for their views on the work that had recently been completed in relation to the three specific objectives, as well as the work that the Association planned to do. The tenants were also asked if they felt any other objectives should be included by the Association.

Two pieces of work were chosen from each strategic area. The feedback received on the Association’s current objectives was very positive and comments are outlined below:

<table>
<thead>
<tr>
<th>Strategic Objective: Providing quality standards</th>
<th>Tenants’ survey</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Helps meet tenants’ needs</td>
<td>The pictures helped me fill it in.</td>
<td>Good layout</td>
<td></td>
</tr>
<tr>
<td>Easy to understand pictures</td>
<td>Very good</td>
<td>Large print</td>
<td></td>
</tr>
<tr>
<td>Pictures are a good idea</td>
<td>Clear and easy to understand</td>
<td>Easy to read</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic Objective: Providing quality standards</th>
<th>Re-let standards</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lets tenants have their needs met in best possible way</td>
<td>Good idea</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The standards are good – hope you see them work</td>
<td>Very good</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is clear and useful to involve new tenants</td>
<td>Good idea</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic Objective: Tenant Participation</th>
<th>Tenants’ Voice newsletter</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prizes for tenants’ contributions</td>
<td>Star letter with prize</td>
<td>Very good</td>
<td></td>
</tr>
<tr>
<td>‘Tenants’ involvement in newsletter</td>
<td>Colours stand out</td>
<td>Tenants involved</td>
<td></td>
</tr>
<tr>
<td>I like it – good work</td>
<td>Cover nice and bright</td>
<td>Interesting</td>
<td></td>
</tr>
<tr>
<td>Nice to hear about other tenants and what they are doing</td>
<td>It’s a good colourful booklet</td>
<td>Print large</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic Objective: Tenant Participation</th>
<th>Consultation</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I like to hear what other people think</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I like to be kept informed and put forward my views at Tenant Participation meetings</td>
<td>Consultation is the best way to go</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
26.0 STAKEHOLDER CONSULTATION ON BUSINESS PLAN

26.6 Tenant consultation on Business Plan (cont)

<table>
<thead>
<tr>
<th>Strategic Objective: Development</th>
<th>Shared Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenants have more choice</td>
<td></td>
</tr>
<tr>
<td>Tenants can live near family or on their own</td>
<td></td>
</tr>
<tr>
<td>People can live on their own</td>
<td></td>
</tr>
<tr>
<td>I like the idea of giving tenants the opportunity to buy their own properties</td>
<td></td>
</tr>
<tr>
<td>Benefit to tenants who are self supporting but not for those with high support needs</td>
<td></td>
</tr>
<tr>
<td>Shared ownership is good for some people</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic Objective: Development</th>
<th>Leasehold properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenants still have a house that suits their needs and in a lovely condition</td>
<td></td>
</tr>
<tr>
<td>Helps to keep costs down</td>
<td></td>
</tr>
<tr>
<td>It should enable FCHA to keep a good stock of available properties</td>
<td></td>
</tr>
<tr>
<td>It is good to have leasehold properties</td>
<td></td>
</tr>
</tbody>
</table>

26.6 Action arising from Tenant consultation on Business Plan

The Association will endeavour to increase the response rate for the 2009/10 Tenant Survey in order to create a more comprehensive bank of data.

The re-let standard questionnaire will now be issued to new tenants moving into First Choice properties.

The tenant newsletter has been comprehensively developed and these improvements should be continually built on.

Questionnaires for tenants, their support staff and commissioning authorities in relation to newly developed properties will now be issued.

The Association will endeavour to complete a shared ownership scheme.

The Association will continue to pursue leasehold opportunities.

More tenant meetings and events will be held by the Association. New tenant forums and conferences will be implemented in 2010/11.

The use of assistive technology and environmentally sustainable products in the Association’s properties will be progressed.
26.7 Tenant feedback on consultation on Business Plan
The tenants completed a feedback form on the consultation process and confirmed that they felt listened to and had had their say.

<table>
<thead>
<tr>
<th>Tenants’ feedback on consultation event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interesting</td>
</tr>
<tr>
<td>Everyone had the chance to speak</td>
</tr>
<tr>
<td>Very friendly and relaxed</td>
</tr>
</tbody>
</table>

The Association recognises that consultation with more tenants is required for future Business Plans and this will be scheduled to fit in with future business planning schedules.
27.0 AWARDS

27.1 Investors in People
The Association was proud to have achieved the Investors in People Award during 2009/10. The Investors in People award recognises effective management and development of staff in conjunction with business performance.

27.2 Leading Wales Award
The Association’s Chief Executive was awarded the Leading Wales Award 2010 for leadership in the Voluntary and Not for Profit Sector. The Leading Wales Awards recognise leadership at all levels across the public, private and voluntary sectors in Wales, and celebrates individuals whose leadership skills have made a strong impact and resulted in positive change within their organisations.

27.3 Green Dragon Environmental Award
The Association was awarded the Green Dragon Environmental Award, level 2, during 2009/10.

27.4 Positive About Disabled
The Association was awarded the Positive About Disabled Award during 2009/10.

28.0 EQUALITY AND DIVERSITY

28.1 Equality Bill
The Equality Bill is expected to receive Royal Assent in spring 2010. The purpose of the Bill is to simplify current discrimination law and to introduce new measures to tackle discrimination and inequality. The Bill will tackle discrimination in a number of key areas by:

• placing a new single equality duty on public bodies
• banning age discrimination outside the workplace
• introducing gender pay and equality reports
• permitting positive action
• strengthening the powers of Employment Tribunals
• protecting carers from discrimination
• improving protection from disability discrimination

Many of the provisions of the Bill are expected to come into force in October 2010.

28.2 Equality Statement
The Association is fully committed to equality and diversity and it is our aim to provide all of our services and employment opportunities on a fair and equitable basis.

The Association implemented a comprehensive Equality and Diversity Action Plan during 2009/10 to help achieve our aim. The Association will evaluate the effectiveness of these actions during 2010/11 through performance monitoring and will report on the actions on an annual basis.
29.1 The Association’s Welsh Language Scheme
First Choice has adopted the principle, that in the conduct of public business in Wales, that it will treat the Welsh and English languages on the basis of equality. The Association has therefore implemented a Welsh Language Scheme, which outlines how we will operate in providing services to the public in Wales.

The objectives of the scheme are:
- to enable everyone who uses a service or is in discussion with the Association to do so through the medium of Welsh or English according to the personal choice of the individual,
- to ensure high quality services through the medium of Welsh.

The Association acknowledges that members of the public can express their opinions and needs better in their chosen language. It also acknowledges that enabling the public to use the Welsh language is a matter of good practice rather than a concession, and that denying them the right to use their chosen language could place them in a disadvantaged position. The Association will therefore offer the public the right to choose which language to use when dealing with it, in accordance with the principle above.