

Corporate plan

2007-09



November 2007

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Foreword

The next two years will be exciting times for the Housing Corporation. This year, we will deliver our biggest ever investment programme, delivering new affordable homes for those who need them most. Across England, our investment will help thousands of people on modest incomes to move into home ownership, including key workers. We will build more rented homes for those in housing need and we will support new provision of homes for older people, and those with disabilities or particular support needs.



Peter Dixon
Chairman

At the same time, we will be working to lay the foundations for successful delivery of affordable homes and mixed communities through the process of creating Communities England. This new body will combine roles of the Housing Corporation, English Partnerships and some of the housing and regeneration delivery function from Communities and Local Government. It promises to be the largest agency of its kind in Europe with an expected budget of over four billion pounds a year.

We will also work closely with the Government to implement decisions made on the future of regulation, following the publication of the Cave Review of social housing regulation. Our current regulatory role ensures high quality delivery of services to some five million people living in housing association homes. We will seek to ensure that a new Regulatory regime genuinely meets the needs of a diverse 21st Century market of providers and, crucially, that the interests of residents are placed at the centre of any new regulatory settlement. As we prepare for the future, we will ensure our current regulatory regime is delivered effectively and efficiently.

We will continue to assist in the delivery of other government priorities to tackle crime and promote respect, deliver decent homes and cohesive communities, address the climate change impact of new and existing buildings, tackle homelessness, develop social enterprise, champion the tenant voice, tackle worklessness, regenerate areas suffering from low housing demand and build new sustainable communities. In doing so, we will work closely with our partners in national, regional and local government and English Partnerships.

This is the Corporate Plan of the Housing Corporation. The actions and aspirations set out here will help shape the investment programme and regulatory regime well into the next decade and our strong relations with local authorities, housing associations and now, developers, will underpin the success of the new institutional landscape. Our aim, as a Housing Corporation Board, is to not only deliver the Government's housing targets in 2007/08 but also gear up to achieve the delivery targets for the 2008-11 period.

Introduction

The Housing Corporation supports communities across England by investing in the supply and regulating the quality of affordable housing. Through our work, we transform the lives of people with needs which cannot easily be met on the open market, including low income families, key workers and people who require supported accommodation including homeless households.

We aim to create and sustain vibrant, mixed use, mixed tenure communities with excellent community facilities, an attractive public realm, strong local economies and an inclusive environment.

We value the principles of equality and diversity and recognise that the communities we serve present new and existing challenges for housing and community cohesion.

We also want to reduce the impact of housing on climate change. Domestic housing is one of the biggest contributors to carbon emissions that lead to global warming and we are working to help the sector blaze the trail towards carbon neutrality.

Our role

We have the following three key roles:

Investor

We help develop and implement regional and national housing strategies, using public subsidy to procure affordable housing which provides

quality homes in the places where our help is most needed across the country. Each year, we support over 3,000 housing developments which will provide around 45,000 homes in 2007-08 to individuals and families who would otherwise be unable to access new high-quality housing.

Regulator

We are the statutory regulator for housing associations. We drive improvements in housing association efficiency and performance, and help to ensure that associations continue to attract private finance at very competitive rates to build and improve affordable homes whilst delivering excellent services to their residents and communities. Across the country, some five million residents benefit from a stable sector, focused on meeting their needs and those of their communities.

Influencer

We help shape housing, community and regeneration policy nationally, regionally and locally. With our extensive network of regional offices and close relations with housing associations and regional and local government, we are able to bring high quality market information and unrivalled delivery expertise to bear on national policy development.

This plan

Following the Housing and Regeneration Review, the Government has announced that it intends to create a new national housing and regeneration agency, Communities England. Communities England will combine roles of the Housing Corporation, English Partnerships and some of the housing and regeneration delivery function from Communities and Local Government (the Department).

Communities England promises to be the largest agency of its kind in Europe, with an expected budget of over £4 billion a year. Subject to legislation, we anticipate that Communities England should be fully operational by April 2009. Therefore, this should be the penultimate plan for the Housing Corporation and covers the period April 2007 to March 2009. This plan will cover not only what the Corporation will be doing during these two years, but will also recognise the emerging Communities England plan and agenda to ensure continuity between the two agencies.

At the time of writing, the Cave report has not produced its recommendations for regulation. The Corporation has contributed to the Cave Review and we will help the Department develop and then implement its response to the review. This plan assumes that the current regulatory regime will remain in place as part of the Corporation during the lifetime of the plan.

In February 2007 John Hills published his long-awaited report on the future roles of social housing in England. This comprehensive study provides a strong evidence base and context within which we will look to take our work forward. It identifies a number of key directions in which housing policy could evolve, notably increasing the attention given to existing stock and tenants, supporting mixed incomes within existing communities, supporting livelihoods and examining a more varied menu of housing options for both prospective and existing tenants.

Registered social landlords (RSLs) and other social landlords have a key role to play in meeting the challenges emerging from John Hills' report – especially their contribution as community organisations in building social capital and supporting wider community development. In this plan we will be looking, in particular, at how they can help address worklessness.

At the heart of John Hills' work is a stronger emphasis on increasing the voice of tenants. Involving tenants and residents in decision making is central to the Corporation and we will continue to work to implement the recommendations of the Elton review and our new Involvement Policy. We will also continue to support work that ensures RSLs are ever more responsive to the needs of residents and that genuine tenant choice is developed further.

This corporate plan sets out how we will use the resources made available to us by the Department

to increase the number of new homes and take steps to make housing more affordable. Through our investment and regulatory activities we also assist in the delivery of other Government priorities to tackle crime and promote Respect, deliver decent homes and cohesive communities, tackle homelessness, develop social enterprise, champion the tenant voice, regenerate areas suffering from low housing demand and build sustainable communities in which the overall area of green belt is protected and new homes are built to higher environmental standards.

We intend to make the optimum use of our research further to develop a clear and distinctive voice for the Corporation contributing effectively to the national policy debate across all areas relevant to our role and purpose.

This plan is being written ahead of the conclusion of the Comprehensive Spending Review 2007 (CSR07) which will determine both the resources available for investing in new homes and for operating the statutory and support functions of the Corporation itself. We will be following up our preparatory work on CSR07 published in *Unlocking the Door: Delivering More Homes* from the Comprehensive Spending Review 2007 in order to support the Government in its aim to further increase the supply of new homes.

The output targets for our investment programme from 2008-09 will be agreed following the conclusion of CSR07.

Our operating context and political environment

Context

The task ahead of us as we move towards Communities England and a new regulatory framework is challenging. Despite the significant progress that has been made in recent years in tackling rough sleeping, ending the use of bed and breakfast accommodation, improving the standards of existing housing and building more new homes, too many people remain without a place to call home, in communities where they want to live.

Today, just under 100,000 people remain housed in temporary accommodation, two thirds of whom are living in London. And although overcrowding has stabilised since the late 1990s, up to half a million people continue to live in overcrowded conditions

Furthermore, the pressures on affordability and supply remain pronounced. In 2000 the average first-time buyer price for England was £81,185 – today it is over £150,000. Consequently, nationally, only half of all working households under 35 can afford to buy in the open market, with this decreasing to 35% in London. The sheer scale of unmet demand, as outlined in the Barker Review, requires at least 40,000 new social rented homes to be delivered each year – a figure that is at over 10,000 more than we are delivering in either year of our 2006-08 programme.

If we are to realise our ambitions to reach this target we need to continue to drive further efficiencies from our investment programme, working in partnership with housing associations, private developers, local authorities and other partners. Key challenges will include maximising the contribution of the planning system, making the best use of RSL financial capacity, bringing public sector land to the table and the outcome of CSR07, addressing the cost and supply of land.

Sustainability

We also face significant challenges in delivering an improved contribution from social housing to environmental sustainability. Over the next couple of years there will be increasing focus on addressing carbon emissions from housing, both from new homes and, in particular, the two million existing RSL homes. Our record in delivering EcoHomes sees us well placed to deliver new homes in line with the Sustainable Buildings Code, and our EcoHomes XB model provides a valuable tool for assessing existing homes, we know that more must be done. In 2050, 70% of the homes in existence will be homes that already exist now. If the Government is to meet its long-term emission targets, we need to find ways to reduce carbon outputs from those homes by up to 60%.

Demographics and population changes

We need to be planning not only housing for today but also housing for the future. We know that homelessness, housing need and the backlog of households in temporary accommodation are likely to mean continued demand for social housing. We also know that we will face major demographic changes as our population ages, a process which will have important implications for pensions, benefits and housing provision. Demographic change will have a big impact on housing markets. Perhaps the most pressing challenge is our ageing population. The number of people aged 65 and over in the UK is set to increase from 9.4 million in 2001 to 12.3 million in 2021, and 16.1 million by 2040. The housing needs of an increasingly active elderly population differ markedly from those of working age.

As well as an ageing population, we also face other social changes which will further alter the composition of our society. The number of households is rising and we are witnessing a sharp increase in the number of people living by themselves. We have also seen a significant number of new migrants settle in many parts of the country, particularly in the South East and London, and many of these groups have little social or cultural similarities to previous black and minority ethnic (BME) groups, for example, Somalians, Iraqis, Congolese, A8 migrants. Many of these groups now face more acute housing need than 'historical' BME communities.

These demographic changes are significant and understanding their implications is essential if we are to ensure that we are able to meet the changing needs of society.

Working with partners

We will work closely with the Department and English Partnerships over the next two years to ensure a smooth transition to the new institutional arrangements.

Working with English Partnerships we have identified four key objectives that we will use to assess how our Joint Strategic Projects are delivering our common aim of working together more effectively. The objectives for the projects are:

- highly effective partnership working;
- the most effective and efficient use of resources
- high quality design and environmental standards; and
- high quality, sustainable, long-term management arrangements.

We know that working with partners helps us achieve things we couldn't do on our own. We'll be using our relationship and contract management expertise to ensure we get the maximum value from our broad range of partners both within and outside the housing association sector, including private developers and local authorities.

We'll work with housing associations to achieve the challenging targets set by the Gershon Report, which involve making efficiency savings of £355 million by 2007-08.

In recent years the Corporation has been proactive in developing its relationships with local government. We will continue to strengthen our relationship with local authorities, supporting them in their local strategic housing role, including preventing and tackling homelessness, promoting choice, addressing anti-social behaviour, releasing land assets, supporting vulnerable people and maximising the role of the planning system. We will develop our expert partner role providing advice and support for local government, helping to build capacity to unlock strategic land assets and helping deliver its place-shaping role.

In late 2006 we signed a national protocol agreement with the Local Government Association and subsequently rolled out a programme of local variants with over 20 strategic local authorities across England. We will develop further protocols to support and enhance partnership working with local authorities.

We are also building on the foundations provided by the protocols to look at how better RSLs can be engaged with local authorities. Taking forward ideas set out in the Neighbourhood and Communities Strategy, we have developed a mechanism to enable local authorities to feedback on the performance of housing associations in their areas and have also taken steps to link

housing associations into local overview and scrutiny functions.

Following on from the publication of the Local Government White Paper we also have an important opportunity to further engage with local government in both taking forward the development of new housing, supporting their leadership role in relation to place making and improving the services provided for existing tenants and wider communities

We will continue to work with the Regional Assemblies and the Mayor of London to develop joint pipeline plans, reflect PPS 3 priorities, develop strategic sites, and ensure best use is made of land assets and asset valuation.

At Ministers' request we have established a Rural Housing Advisory Group. Bringing together a wide range of stakeholders and specialists, the group will act as an advocate both for existing good practice and for innovation in affordable rural housing. The group will report to Ministers annually.

We are also committed to working with key partners at the regional and sub regional level. These include the core cities, Greater London Authority and engage in the emerging city regional agenda.

we will measure the success of our regional partnership working through a regional stakeholder survey.

Target 1

Achieve 80% satisfaction of key external stakeholders which will be measured by an independent survey of regional stakeholders.

In summary, we will strengthen our relationship with local government, supporting them in their local strategic role and work closely with our partners in Government, English Partnerships and the regions, including Government Offices and localities, to achieve our corporate plan.

Our values

Our values define the principles that guide our work and the way in which we aspire to serve the communities of England.

Transforming lives and places

We believe that access to decent homes helps to transform lives and create strong communities.

Innovation and continuous improvement

By sharing knowledge and expertise within the Housing Corporation and across the wider housing and regeneration community we will bring about significant fresh thinking, continuous learning and improvement.

Openness and integrity

We will work collaboratively with all stakeholders and communities to develop trust and respect through good communication, honesty and transparency.

Delivering excellence

We will deliver excellence by fostering individual and collective responsibility, supporting people and teams, developing expertise, holding ourselves to account and celebrating success.

Our objectives

Our three roles of investor, regulator and influencer describe what we do. The four objectives set out below describe the outcomes we aim to deliver:

More quality homes

We will expand our investment programmes to fund more new high quality affordable homes and complete our transition from a giver of grant to an investor in physical and social capital. We will develop greater competition in provision through actively encouraging a range of providers. We will drive even greater efficiency in the investment programme and ensure a role for specialist providers within the partnering framework. We will use our registration and regulation powers to ensure all housing association homes meet, or exceed, the Decent Homes Standard by 2010.

Improving landlord performance

We will foster and challenge housing associations, and unregistered bodies managing grant-funded homes, to provide excellent services, be efficient and devise innovative housing and community solutions. We will ensure that we, and our partners, place the views of tenants at the heart of their processes. We will regulate in proportion to risk, rewarding sustained good performance with less intrusive regulation. We will work towards continual improvement in the sector's response to the needs of existing and emerging communities and ensure that our equality duties are incorporated into our work with the sector.

Making best use of our expertise

We will disseminate our research and use our business intelligence to focus on critical aspects of the housing agenda and we will add value to the development and implementation of housing policy access to the public and private sectors.

Developing our can-do culture

We will continue our shift from a reactive, process-based culture to one that is much more proactive and value adding. In doing so we will unlock the skills and knowledge of our people and harness the relationships we enjoy with our partners and stakeholders to make an even bigger difference to the two million households we serve.

Public service agreements

As part of the Spending Review process HM Treasury entered into Public Service Agreements with Spending Departments which set the priorities and targets for the use of the resources allocated to them. It is the Housing Corporation's task to help our sponsor Department to achieve its targets.

The four targets from the 2004 Spending Review period that are most relevant to us are set out below:

- **PSA 2** – make sustainable improvements in the economic performance of all English regions by 2008, and over the long term reduce the persistent gap in growth rates between the regions [Joint with the Department of Trade and Industry and HM Treasury];
- **PSA 5** – achieve a better balance between housing availability and the demand for housing, including improving affordability in all English regions while protecting valuable countryside around our towns, cities and in the green belt and the sustainability of towns and cities;
- **PSA 7** – by 2010, bring all social housing into a decent condition, with most of this improvement taking place in deprived areas, and for vulnerable households in the private sector, including families with children, increase the proportion who live in homes that are in decent condition; and
- **PSA 8** – Deliver cleaner, safer and greener public spaces.

More quality homes

We are expanding our investment programme to fund more new high quality affordable homes than ever before. This will enable the Government to meet its target over the 2004 Spending Review period of providing 75,000 social rented properties by 2007-08, and to be on track to help 120,000 households into low-cost home ownership by 2010 through publicly funded equity schemes.

New supply

During 2007-08 we have to complete the 2006-8 investment programme. Through this programme we will deliver 84,000 homes – of these, at least

49,000 will be available for social rent and 35,000 for low-cost home ownership. In 2007-08 there is a significant increase in our social rent target – we will need to deliver some 5,000 additional homes for rent over 2006-07 levels, which presents us with a considerable programme delivery challenge.

In 2006-07 new products on expanded Open Market HomeBuy and Social HomeBuy were introduced and offered through HomeBuy Agents and RSLs. Working with the Department, the challenge for 2007-08 will be to monitor the demand for these products and work with Homebuy Agents and investment partners to deliver the associated housing targets.

Target 2

Deliver 49,000 completions of new social rented homes from National Affordable Housing Programme in 2006-08.

Social rent			
Region¹	2006/07 Target	2006-07 Actual	2007-08³ Target
North East	580	808	518
Yorkshire and Humberside	879	1,124	907
North West	1,415	1,703	1,932
East of England	2,455	2,815	3,794
East Midlands	1,041	1,181	1,517
West Midlands	1,137	1,197	1,448
London	6,029	6,191	8,004
South East	3,857	4,130	4,727
South West	1,970	2,241	2,781
Sub Total	19,363	21,390	25,628
Over achievement from prior year carried forward	1,637	1,270	2,372
RCGF, DPF and supported housing re-improvements in year		712	
Total²	21,000	23,372	28,000

On behalf of the Department, the Corporation will run a competition in 2007-08 to implement the recommendation of the Shared Equity Task Force and to develop the expanded Open Market HomeBuy product. The competition

will be launched in the summer of 2007 and conclude in time for new products to feed into the Corporation's National Affordable Housing Programme being delivered from April 2008.

Target 3

Deliver 35,000 new low-cost home ownership completions through the National Affordable Housing Programme 2006-08.

Low-cost home ownership			
Region ¹	2006-07 Target	2006-07 Actual	2007-08 ³ Target
North East	59	100	57
Yorkshire and Humberside	180	334	108
North West	462	789	311
East of England	1,496	1,558	2,005
East Midlands	812	862	1,072
West Midlands	758	788	1,018
London	5,531	5,312	7,874
South East	3,038	3,991	3,245
South West	827	945	1,025
Sub Total	13,163	14,679	16,715
Over achievement from prior year carried forward	2,574	3,049	2,548
RCGF in year		557	
Total ³	15,737	18,285	19,263

¹ Each region has to achieve 90% (or more) for each of the years 2006-07 and 2007-08. The national target must be met over the two-year period. Over performance against target in 2005-06 for social rented homes will count towards the 2006-08 two-year target. A national tolerance of +/- 5% against the national 2006-07 milestone is agreed and any under or over achievement can and will be carried forward into 2007-08.

² These figures may be subject to change due to possible reductions in funding.

Target 4

Number of homes for key workers through the National Affordable Housing Programme (this is a subset of the Target 3).

Key worker homes			
Region	2006-08 Target	2006-07 Actuals	2007-08 ³ Targets
East of England	770	397	373
London	5,592	2,771	2,821
South East	2,682	1,576	1,106
Total	9,044	4,744	4,300

Our key worker living target is based on current assumptions about the delivery of the current eOMHB product to key workers. We will strive to make good progress towards the Government's overall 2010 targets for key worker living and we will be treating this as a floor target in 2007-08. We expect that further development of the eOMHB product and the work that HomeBuy Agents and housing associations are doing to market new build properties for key workers will result in strong performance against this target and 5,000 key workers being helped into home ownership in the year ahead. We want to help create sustainable communities, where people can stay in the area they live as their needs change over time. That's why at least 34% of the new rented homes we fund in Greater London in 2006-08 will be larger family homes. Not only will this help address overcrowding but also fewer families will have to move out of the capital to find

homes with enough bedrooms. Similarly, we will be supporting the increased provision of specialist housing for diverse communities such as Lifetime Homes for disabled people, larger homes for BME communities where need is identified, and housing appropriate for men and women.

Target 5

Increase the percentage of larger properties available for affordable rent provided in London through the National Affordable Housing Programme from 26.6% in 2005-06 to 34% in the 2006-08 allocation. Nationally, exceed 7,000 larger home completions available for affordable rent in 2007-08.

We are also committed to providing homes in rural areas. We have allocated funds to schemes to deliver 6,332 rural homes as part of our 2006-08 bid round. This will see us continue to work with local authorities and communities to identify land – such as old car parks or disused schools – that

³ DCLG has agreed that the over delivery can be carried towards the target for 2007-08. When adding up figures over the years 2005-08, this should be deducted to avoid double counting.

can be turned over to housing. We will use the deliberations of the Rural Housing Advisory Group to inform Regional Housing Strategies for the 2008-11 period.

Target 6

Monitor and report on the delivery of rural housing informed by the Regional Assemblies.

We also recognise the shortage of accommodation for gypsies and travellers. We will encourage our Partners to help address this shortage by increasing their involvement in both the provision

and management of sites, and traditional housing, for these groups.

The Housing Corporation will work with the Olympic Delivery Authority, the London Boroughs, the Greater London Authority and other key partners to develop the Olympic site and ensure the 2012 games are successful and that the regeneration objectives in east London are achieved. The Corporation has agreed in principle to commit £80 million towards the affordable housing on the site and will work with partners to ensure this contribution produces an appropriate mix of housing and a lasting housing legacy for London.

Target 7

Reduce average level of grant required to deliver programme.

Average level of grant to deliver programme (unadjusted)	2004-05	2005-06	2006-07	2007-08
Average grant per new rented home (gross)	£66,571	£59,245	£60,741	£61,554
Average grant per person housed in rented homes	£18,463	£16,171	£16,922	£16,678
Average grant per low-cost home ownership completion (includes NBHB, excludes OMHB)	£36,813	£35,881	£26,615	£26,540

Source IMS: The table above is based on allocation data and therefore changes in year as schemes drop from the programme and substitutes are brought in. All figures include nil grant outputs.

The 2004-05 and 2005-06 years were part of the 2004-06 programme where lower cost schemes were included in the second year of the programme. The 2007-08 targets are projections based on the 2006-08 target in the last Corporate Plan updated for actual performance in 2006-07.

Improving efficiency

We want to bring about even higher levels of efficiency in our investment programme and develop greater competition and partnership working in housing provision. Working with traditional and a wider range of new providers of affordable housing, including private developers, potentially ALMOs and Local Authority Special Purpose Vehicles, offers an opportunity to increase efficiency in procurement costs offer a chance to cut building costs. This will enable more homes to be provided for the same amount of government money, and more individuals and families to find a high quality home.

In fact, we aim to achieve savings of £160 million in 2007-08 against a baseline of 2003-04. Together with the savings achieved in 2005-07, this will generate the equivalent of an extra 6,000 new homes from the same level of resources. As part of CSR07 we will agree new efficiency targets for the period 2008-09 onwards.

We will work with Regional Assemblies and the Mayor of London to assist in creating and developing best practice and seek to influence resource distribution to focus on deliverability of outputs and outcomes rather than historical allocations.

We also want to improve our target for the number of homes provided that are built using modern approaches to construction. Devices such as steel frames, ready-made floor, ceiling and wall panels,

pre-fitted windows and complete bathroom pods can reduce construction times and, therefore, costs.

Target 8

At least 25% of approvals for homes in the National Affordable Housing Programme use modern approaches to construction.

We estimate that our own resources of approximately £3.9 billion over the 2006-08 period will lever in private sector investment of at least £5.5 billion.

We're working to improve procurement practices throughout the sector, using long-term partnerships and supply chain management. This includes concentrating the delivery of over 90% of our 2006-08 investment programme through 84 partners.

But that doesn't mean we'll overlook smaller housing associations. We will ensure there are dedicated resources for specialist providers, including supported housing, rural, black and minority ethnic specialists and environmental sustainability specialists and providers.

Future investment approaches

Over the last year we have developed, working with a range of partners across affordable housing, a set of Future Investment Approaches which we believe will make us a more intelligent and responsive investor. We will be putting these proposals into practice in 2007-08 to develop the

2008-11 National Affordable Housing Programme.

This will include:

- moving to regular market engagement so that we do not commit all of our resources in one hit but time our interventions to fit with our Partners' business models, drive up competition and ensure that we achieve the best possible value for our funding;
- longer-term funding on strategic sites so that we are able to commit funding on strategic sites up to five years into the future. We will use this flexibility to ensure that our approach on strategic sites is proactive and that we can use our partnership expertise and our financial leverage to ensure that projects can be delivered. We will use our differential engagement on strategic sites as a way of

	Regular market engagement	Long-term five-year allocation	Levering additional capacity	Partnership Plus	Overage arrangements	Equity stakes/ Joint Ventures /Community Land Trust
Strategic growth sites		✓	✓	✓	✓	✓
Estate regeneration		✓	✓	✓	✓	✓
Mixed-use regeneration			✓	✓	✓	✓
Affordable housing s106	✓		✓	✓		
Affordable housing brownfield	✓		✓	✓		
Supported Housing	✓		✓			
Rural	✓		✓			

- trailing different approaches to funding; and
- the introduction of Partnership Plus status for our best performing partners.

This will not be a one-size-fits-all approach – we will be using experiences over 2006-07 in both Northern Housing and Cambridge Challenge competitions to use new tools for investment approaches where we believe they can add the most value.

The table on page 17 shows how each of the new tools set out in the Future Investment Approaches paper will help extract value over the CSR07 period by reducing costs, stretching capacity, increasing supply chain certainty and better sharing risks and rewards.

These changes will enable us to:

- grow the affordable housing provider market and ensure competition;
- further develop the mixed economy by bringing Arms Length Management Organisations and, potentially, Local Authority Special Purpose Vehicles into the competition;
- work closely with Regional Assemblies, the Mayor of London and local authorities to develop long-term strategies and delivery targets; and help develop a methodology based on outcomes/outputs;
- use the opportunity to ‘up our game’ on planning and land supply in the context of a growing programme over time, and to develop

- our use of the Economic Assessment Tool (EAT) and our advice to local authorities;
- establish a flatter trajectory on delivery through the year;
- deliver an efficiency target of at least 18% on new supply of low-cost home ownership over the CSR07 period; and
- prepare for the delivery of challenging efficiency targets for the supply of rented homes.

Design and quality

Design and quality standards

Having a home is one thing. Having one that is fit for purpose is another. We must both increase delivery and raise standards by:

- setting the agenda through the revision of our design and quality standards;
- using clear measures to improve achievement; and
- ensuring the design emphasis is not just on homes but also on place and the public realm.

We have set out our expectation of higher standards in our Design and Quality Strategy. The approach outlines the importance of:

- designing for mixed communities;
- designing places where people want to live;
- designing for climate change;
- having mechanisms in place to ensure that the standards are met;

Our newly introduced Design and Quality Standards are primarily targeted at new developments and place a keen emphasis on developing a sense of place. The use of Housing Quality Indicators, Building for Life criteria and the Code for Sustainable Homes underpin our standards. This approach, which includes looking at the external environment was welcomed in the Williams Commission report on design and quality in the Thames Gateway (commissioned by the Corporation).

The performance of our investment partners in meeting and exceeding our standards is assessed by a number of measures that include compliance audit, the use of our value for grant comparator, and impact assessments. Impact assessments are undertaken on developments that have been completed for over one year and are occupied in order that residents' views may be fed into the overall assessment. Performance of Investment Partners against these standards will be part of our continual assessment of Partner performance. The Corporation also supports its partners in developing their expertise in this area through specific training and regional Design Forums.

Climate change

We also want to reduce the impact of housing on climate change as domestic housing is one of the biggest contributors to carbon emissions that leads to global warming. Our funding programme for 2006-08 stipulates that all new homes we fund must meet the EcoHomes 'very good' standard.

This will save nearly 50,000 tonnes of carbon dioxide a year. We're now working to gain even greater carbon dioxide savings through:

- implementing the Code for Sustainable Homes;
- implementing the recommendations of the Williams Commission on design and quality in the Thames Gateway; and
- helping the sector blaze the trail towards zero carbon new homes by exploring the implications on cost, public and private investment and overall deliverability.

We will explore approaches to minimise the impact of existing stock on climate change, including through further promotion of Ecohomes XB, the target setting tool developed on behalf of the Housing Corporation by BRE.

Target 9

Introduce the requirement that a 3 star rating in the Code for Sustainable Homes level 3 becomes the minimum standard for the 2008-11 bidding round.

Decent Home Standard

The new homes we fund each year account for only a small fraction of the two million rented homes in use. We will use our registration and regulation powers to ensure all housing association homes meet, or exceed, the Decent Home Standard by 2010. That means that they will be in a reasonable state of repair, have reasonably modern facilities and services and provide a reasonable degree of thermal comfort.

Target 10

To ensure that all HAs with more than 1,000 homes are on track to meet the 2010 Decent Home Standard.

Making best use of existing stock

We know that the management of existing stock plays a vital role in meeting England's housing needs. We intend to develop ideas around more creative supply of homes, tenures and home ownership through use of existing stock.

We will continue to encourage innovation through:

- Developing options on mono-tenure estates including the use of existing stock;
- exploring opportunities to identify housing that have adaptations for disabled people and ensuring that they are allocated appropriately;
- through the development of our fourth Housing Corporation Assessment traffic light, ensuring the asset management strategy of existing stock is appropriately reconciled with financial and development strategies;
- conducting a review of low-cost home ownership products with Communities and Local Government and English Partnerships and making recommendations for improvement; and
- exploring options for improving land supply and new forms of ownership including Community Land Trusts and Real Estate Investment Trusts.

Tackling homelessness

Published in December 2006, our Homelessness Strategy sets out what the Corporation requires housing associations to do to tackle homelessness and prevent it in the first place. There are six key themes:

- developing better partnership working with local government;
- working towards sustainable, mixed communities;
- preventing homelessness by promoting successful housing allocation and management and support for tenants;
- encouraging better use of existing stock;
- working with Regional Assemblies and the Mayor of London to best direct Corporation investment; and
- disseminating good practice to support landlords in raising performance standards.

Significant progress has been made in implementing this strategy including an extensive programme of stakeholder engagement and the creation of a homelessness action team based in London jointly with the Department, to drive forwards the delivery of the strategy through direct engagement with local authorities and housing associations. We will now ensure promotion and dissemination of this work.

Target 11

To ensure that the promotion and dissemination of the Homelessness Strategy is delivered through a national programme of activity which will include at least one event in each of the nine English regions.

Neighbourhoods and communities strategy

In October 2006 we published our Neighbourhood and Communities Strategy. This strategy sets out the Housing Corporation strategic vision for neighbourhoods and communities, and the role we see for social housing providers as key partners in delivering that vision.

Many proactive affordable housing providers play an active role in delivering more than just homes and landlord services. As the largest non-profit social businesses in England, housing associations play an important role, above and beyond their core housing functions. Our Neighbourhood and Communities Strategy sets out clearly how we wish to see housing associations develop this role through six key areas:

- **working together** – we will promote housing associations working with local authorities and others, particularly residents, to build and maintain sustainable neighbourhoods;
- **sustaining mixed communities** – we will ensure mixed communities are a key consideration in our investment programme, particularly in growth and market renewal areas, and by working with the Department and local authorities to address the problems in mono-tenure areas where there are also problems of deprivation;
- **adding community value** – we will encourage associations to invest in added value activities as part of local strategies and their own business plans and promote associations working with social enterprises and third sector organisations to help strengthen local economies. We will continue to support and develop techniques for associations to demonstrate the community value they are adding;
- **building Respect** – we will promote further association involvement in neighbourhood and community management schemes to provide cleaner and safer neighbourhoods. We will work with partners to provide advice and good practice on associations' roles in delivering effective local community cohesion strategies;
- **empowering communities** – we will ensure that tenants and residents can influence their housing and community services, through Community Calls for Action or similar processes. We will promote associations' roles as community facilitators or 'hubs' to develop local capacity and social capital. We will investigate with associations how the uses of their assets can empower communities, including through Community Land Trust arrangements; and
- **a Communities Standard** – we will also examine the possibilities for a Community Standard for housing organisations, and the relationships with local Sustainable Communities Strategies.

Improving landlord performance

Resident involvement

We want residents to have a greater say in how their housing association is run and in decisions that affect their lives, as this is critical to the effective delivery of housing and housing related services. During 2006 we ensured that all housing associations with 1,000 homes had developed and implemented resident involvement strategies. This year we will be publishing our new requirements of housing associations, ensuring that they have resident representation on the board with service delivery responsibility. We will also foster solutions from an à la carte menu of options for resident involvement to reflect what works locally; and encourage and promote best practice among associations. Underpinning this work will be an emphasis on ensuring that the needs of diverse communities are incorporated into resident involvement structures. We will look at barriers to participation and creative methods of removing barriers and engaging with under-represented groups.

Target 12

To ensure that 95% of housing associations have resident representation on the board with service delivery responsibility by 2008-09. Performance against this target will be monitored from March 2009.

Regulation

We don't want to burden housing associations with too much paperwork. In 2006 we implemented the recommendations of the Elton Review which reduced the regulatory burden on housing associations by 10%. We've moved to a system of regulating in proportion to risk, whereby housing associations with sustained good performance are rewarded with less intrusive regulation.

But we are determined not to stop there and we intend to make further improvements to our risk-based approach during this year as we begin to see the emerging proposals from the Cave Review.

Our priority this year is to cut down on the duplication of requirements between different regulators and the Memorandums of Understanding which we signed last year with the Charity Commission, Audit Commission and FSA should enable us to deliver. We aim to further reduce the administrative burden on associations by 3% over the next 12 months.

Reducing the regulatory burden to the smaller and best-performing associations doesn't mean that we won't be keeping a close eye on the rest. Through the Cave Review we are looking to strengthen the powers to step in where necessary to help those associations that are seriously underperforming.

We will also continue to ensure that housing associations are meeting the needs of all parts of the community and aren't discriminating on grounds of gender, ethnicity, disability, sexual orientation, age or faith.

We'll help housing associations achieve real efficiency savings when procuring capital works, management and maintenance and commodities. During the plan we will focus on housing management and maintenance which are the two largest areas of spend. In doing so we will use Performance Indicators more assertively including the use of league tables which will help concentrate attention on the competitive performance of housing associations. We will continue to encourage housing associations to improve the use of data to benchmark both relative performance and improvements over time.

We are working to reduce costs across the sector by £195 million in 2007-08.

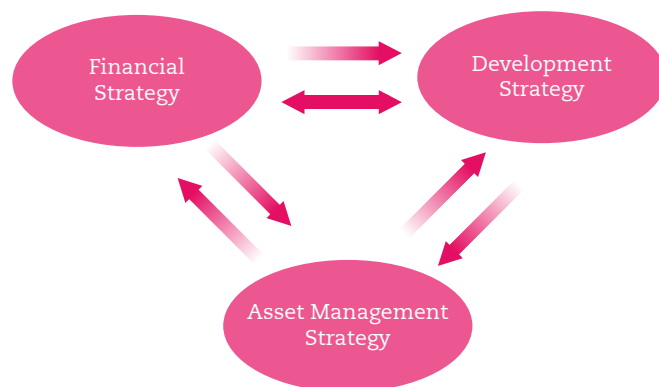
Our procurement strategy looks likely to deliver 6,000 homes that would not otherwise have been built and we are committed to revising and updating our procurement strategy in the light of the excellent progress associations have made this year.

Target 13

Efficiency gains	2006-07 £ million	2007-08 £ million
New supply	140	160
Capital works	30	60
Management and maintenance	60	80
Commodity goods and services	30	55

Data source: Value for grant efficiency index and housing association self assessment returns

During the year we will consult on developing our approach to the assessment of housing associations' investment performance – recognising that there are competing priorities for investment in new build and existing stock. We want to ensure housing associations have appropriately reconciled the aspirations of their development, asset management and financial strategies to ensure that existing capacity is used to help fulfil our respective social agendas.



We will continue to develop special tools for smaller associations relevant to their needs. This will include work aimed at smaller housing associations, including specialist supported housing, BME and rural providers. We will consider the benefits of creating support centres for small housing associations.

We expect to see a continuing flow of proposals for mergers and acquisitions within the housing association sector. We will continue to be demanding in ensuring that there is real evidence that such proposals will bring benefits to residents and the overall business efficiency and delivery. But even more importantly, we will improve our monitoring of the commitments that are made at the point of merger to ensure that they are actually delivered.

We will continue to improve our system of supervision for associations that start to fail. Over the next year we will make our processes more transparent and give extra guidance to landlords on how to complete the journey out of supervision as quickly as possible.

We will work with colleagues in the Department and English Partnerships to determine how the Large Scale Voluntary Transfer and Decent Homes programmes will be delivered in the future as part of the transition to Communities England.

We are working to help housing associations provide the best quality and choice of services in the most cost-efficient way.

We regulate nearly 2,000 housing associations in England and we want to make sure that they – and other unregistered bodies that manage grant-funded homes – provide the very best services and devise innovative housing and community solutions.

Target 14

Maintain up-to-date Housing Corporation Assessments for the larger associations and all those in receipt of investment funding – with an estimated 200 HCAs produced in the calendar year ending December 2007.

Target 15

We will undertake reviews of all supervision cases on a three-monthly basis and produce action plans with milestones including monthly update on progress by lead officers.

Target 16

We want at least two out of three RSLs to improve performance against the indicators below.

	Percentage of RSLs that showed improvement between 2005-06	Percentage of RSLs targeted to show improvement between 2006-07
% general needs vacant	62%	66%
% average days to relet	64%	66%
Average SAP rating	87.4%	66%
% of routine repairs in target	62.3%	66%
% rent arrears	64.8%	66%

Data source: Value for grant efficiency index and housing association self assessment returns

Making the best use of our expertise

The Corporation will continue to prioritise the collection, analysis and sharing of knowledge and good practice on all aspects of the provision of affordable housing and the development of strong communities. We will use this to drive continued improvement and innovation in the delivery and management of affordable homes. We will ensure that the knowledge and information we hold is widely promoted and accessible both to our staff and the wider housing community.

Top-quality research – developing a distinctive voice

Through our new Centre for Research and Market Intelligence in Cambridge, we will commission further high quality research to assist us in establishing a distinctive voice addressing key issues, ensuring we are well placed to contribute to the development of future approaches to the delivery and management of affordable homes, prioritising in particular:

- meeting the housing needs of vulnerable people and diverse communities;
- ensuring we are responding effectively to the challenges of an aging population;
- addressing climate change by reducing the carbon impact of existing and future affordable homes;
- developing our understanding of future demands on affordable housing, and the likely changes in the range of delivery partners available to us;

- better understanding of the tools needed to deliver effective and sustainable estate renewal and promote the development of mixed and cohesive communities; and
- better understanding of the extent to which current approaches are meeting the needs of BME communities.

We will complete our existing flagship research project on understanding the impact of demographic change on housing need, and the attitudes, needs and desires of social housing tenants.

We will seek to develop a joint approach to research on homelessness, working in partnership with the Department, Joseph Rowntree Foundation, Homelessness Link and the Economic and Social Research Council (ESRC).

We will ensure that the key findings of this research feeds directly into the development of policy and operational approaches both within the Corporation and amongst our wider stakeholder and partner group.

We will further develop the emerging partnership approach now being piloted with the ESRC to identify other areas where joint approaches to research can increase the effectiveness of our research effort avoid duplication, identify material gaps and achieve greater value for money.

During this plan we will concentrate on the delivery of existing policy commitments, but will

review our policy approaches in a number of key areas, including:

- rural issues;
- housing for vulnerable people; and
- meeting the needs of older people.

Where appropriate, we will also issue new or revised strategy statements.

In addition we will continue to explore with CLG and local authorities issues relating to the resource aspects of providing managed sites for gypsies and travellers.

Target 17

To inform our policy development and operations with residents' views and aspirations by means of feeding into our research six surveys of the Resident Consultation Panel.

Promoting best practice and innovation

We will continue to administer our Innovation and Good Practice (IGP) programme to support the development of innovative responses by housing associations and the promotion of best practice.

In doing so, we will maintain our recent approach of funding smaller numbers of projects addressing specific 'themes', with the aim of ensuring high quality outputs and maximising impact.

We will fund 20-30 new IGP projects developed in response to the 2006 IGP prospectus, focusing on the following themes:

- meeting the needs of an ageing population;
- tackling Respect;
- promoting home ownership;
- land availability; and
- housing management in the 21st century.

We will ensure that the projects we select for funding reflect current and emerging policy concerns so that they inform and contribute to improved operational practice by being innovative and capable of being replicated.

We will continue with our process review to ensure that the management of our IGP programme is efficient and effective. We will commission focused evaluations of at least four projects to ensure that we can demonstrate value for money and impact.

In summer 2007 we will publish a prospectus inviting bids for IGP funding for 2008-09 to promote best practice and innovation within the affordable housing sector, focusing on key challenges facing the sector.

Target 18

Improve dissemination of completed IGP projects through a range of media by ensuring a dissemination plan and impact appraisal is incorporated into every project contract for 2007-08.

We will build on our emerging partnership approach to the delivery of best practice. We will identify preferred partners for longer-term funding support in the following key areas:

- sustainability;
- design; and
- modern approaches to construction.

We will consider in what other areas of policy this approach might offer benefits.

The Gold Awards for Excellence

Following its successful launch, the Gold Award has established itself as a flagship programme for the Housing Corporation. The Gold Award 2006 dissemination programme continues to drive replicable best practice initiatives through the sector for the benefit of residents. We will evaluate the impact of the 2006 Awards and identify improvements made through the themes of 'tackling homelessness' and 'innovation in procurement'.

The Gold Awards 2007 saw an increase in applications of 43%, with entries received from all regions. Over the next 12 months we will promote the excellent practice identified through the two themes of 'environmental sustainability' and 'empowering communities'.

In autumn 2007, we will launch the next round of Gold Awards, highlighting two new themes, to be announced in June 2007.

Target 19

Successfully disseminate good practice of 2007 Gold winners. Successfully launch new round of Gold Award, generating at least 50 high quality applications from housing associations.

Making the best use of our information

We will ensure that the data, information and knowledge that we hold, develop and commission in future is used to best effect, not only to enable our staff better to inform their delivery decisions but also to drive forward improvements in operational performance across the social housing sector.

As part of our enhanced approach to promoting and disseminating good practice, research and data analysis we will:

- continue to develop our internet facilities to provide better access and knowledge transfer, including overhauling our library of best practice and creating a single point of entry for all information on different housing associations and other key stakeholders;
- publish three editions per year of our national magazine, 'Open', exploring different themes

and providing a directory of all our tools and publications;

- publish quarterly bulletins of high level data analysis, tailoring them to individual organisational needs;
- deliver a programme of training for our staff and stakeholders to make better use of RSR and CORE data;
- continue to support CLG in the development and roll out of the National Register of Social Housing (NROSH) and assist in managing the transition from CORE and RSR to NROSH in the context of the recommendations of the Cave review;
- ensure that future publications funded through the IGP grant are accompanied by a summary
- ensure that future publications funded through the IGP grant are accompanied by a summary digest of findings and recommendations through our new In Brief series; and
- require all IGP grant outputs to be disseminated according to a contractual plan.

Developing our can-do culture

We will lever more value from our resources and exert greater influence on housing providers and policy makers by continuing our shift from a process-based culture to one that is much more proactive and relationship based.

Through this journey our staff and teams are changing from being 'owners of process' and 'controllers of information' to becoming flexible specialists supporting each other in the delivery of the first three corporate priorities.

A good example of this is how we are using the expertise of our Financial Appraisal Teams to help unlock the capacity of RSLs in preparation for the challenging targets that will flow from CSR07. Over the period of this plan we want to do more to break down 'silos' and hierarchies within the Housing Corporation. We will further develop our specialisms and create communities of practice for the sharing of knowledge and ideas.

We are continuing to support positive and inclusive employment practices and become an employer of choice for all communities.

We will embed our new approach to Pay and Reward through the introduction of market-based salary reviews and the development of voluntary benefits. This work will also ensure that we conduct regular equal pay audits to ensure that performance adheres to best equality practice.

We will move towards a unified equality strategy and launch a single new equalities action plan that

includes representation, and understanding of diversity issues.

With the announcement of the creation of Communities England we will work closely with our partners in central government and English Partnerships to ensure we all make the most of the opportunities offered by this change. Together, we will undertake the preparatory work necessary to bring together our systems and process – Information Systems; Human Resource; Business Planning and Finance – to help support the expanded remit of Communities England. We aim to maintain morale by ensuring that members of staff are involved in the development of and kept informed about the progress of Communities England and the outcome of the Cave Review

We will ensure all our staff have access to the highest quality learning and development opportunities to help refresh skills for the new agency and so open new opportunities for career development. We will evaluate the impact of our increased investment in Learning and Development that was funded in 2006-07 and conduct a skills and knowledge audit to ensure we make the most of our investment in 2007-08.

There will be limited resource redeployment during 2007-08 but we will focus growth in resource in key relationship management roles and staff providing high level analytical skills. We will fund these increases with a reduction over time in data entry/processing and low-level analytical support staff.

Corporation staff have come up with the idea of putting in place a framework to promote corporate community and social responsibility activities, called 'Community Matters'. We will introduce Community Matters to support the development of a corporate environment and culture that is proactive in encouraging and enabling staff to access and make the most of opportunities to support charity and community endeavours. As a business and employer, in our demand for goods and services, we also recognise our impact on communities. We will use Community Matters to seek ways to ensure that as we carry out our core business we do so in a socially responsible manner

We will introduce new systems that help join up information we hold about our customers in different systems – helping us better to share knowledge and add value. We want work “to be the thing we do, not the place we go to” and we will continue to support our staff to work flexibly with the provision of remote and mobile working technologies that provide full access to all our key systems via the web.

During the next two years we will:

- deliver the successor to our current ASP contract;
 - further develop our intranet to provide a common portal of information across the distinct business streams of the Corporation and also promote knowledge sharing by creating online Communities of Practice; and
 - improve performance management systems.
- We will take into account the needs of the new institutional framework in delivering our IS strategy to provide scaleable and flexible solutions.
- Target 20**
Implement environmental management across the Corporation by gaining full recognition of ISO 14001 by autumn 2008.
- improve the management of diversity intelligence;
 - devote resources to key elements of the Regulation Management System rewrite;
 - deliver a management system to capture bids in support to the 2008-11 bidding round and deliver the new Programme Information Management System (PIMs);

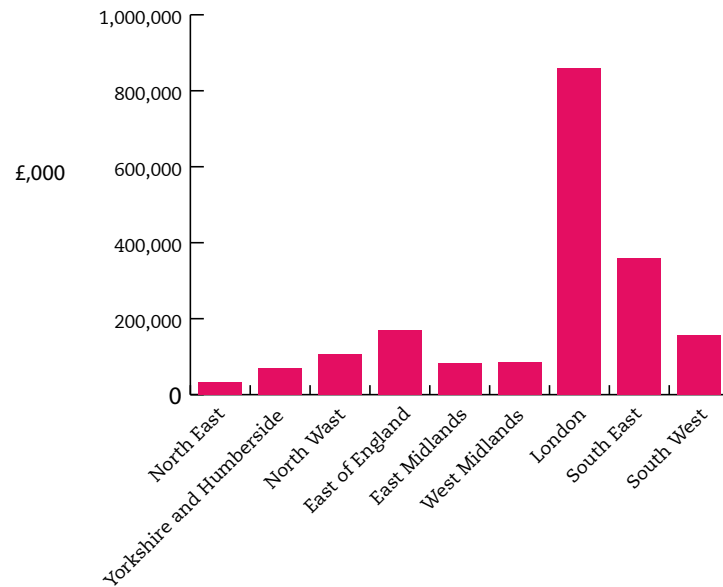
2007-08 budget

Resource near cash and non cash

Near cash budget		2007-08 budget £000
Expenditure heads		
Staffing costs		
	Staff Costs	26,742
	Travel and Subsistence	1,050
Total staffing costs		27,792
Non-staff costs		
	Premises	3,355
	Running costs	1,415
	Fees	3,436
	Training and Publications	2,601
	IGP/Research and Innovation	5,780
	Tenant Empowerment Programme	2,490
	Contingency	133
	Receipts F1	-1,400
	Interest payments	100
	Total non-staff costs	17,910
	Total near cash budget	45,702
Non cash budget		
	Depreciation	1,850
	Cost of capital – H1	300
Total non cash budget		2,150
Total resource consumption budget		47,852
Resources available		
	2004SR	45,212
	TEP	2,640
Total resources available		47,852
Surplus/Deficit		0

The regional expenditures limits for 2007-08 broken down by each region

Total regional expenditure limit is £1,958,797,000.

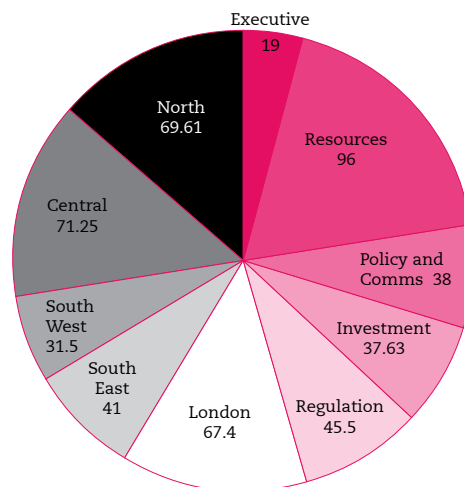


Capital admin

The capital admin budget is £905,000

Staff numbers

Number of staff in each directorate



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We can provide copies in large print, Braille and audio cassette, on request. Other language versions may also be available.

Corporate plan 2007-09

This corporate plan sets out how the Housing Corporation will use its investment funds and regulatory powers to improve people's lives over the next two years. It shows how the organisation will deliver on its four objectives, of providing more quality homes, improving landlord performance, making best use of its expertise and developing its can-do culture.

