

REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	7th MARCH 2019	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (SERVICE DELIVERY)	OPEN
MEMBERS' CONTACT POINT:	MARTIN GUEST 01283 595940 <u>martin.guest@south-derbys.gov.uk</u>	DOC:
SUBJECT:	HOUSEMARK CORE BENCHMARKING REPORT 2017/18	TERMS OF REFERENCE: HCS01
WARD(S) AFFECTED:	ALL	

1.0 Recommendations

- 1.1 That the Committee notes the findings of the recent HouseMark report into performance across Housing Services for 2017/18.

2.0 Purpose of the Report

- 2.1 To report on the Housing Services cost and performance information as detailed in the HouseMark 'Core Benchmarking Results – Summary 2017/18' report shown in Appendix 1.

3.0 Detail

Background

- 3.1 HouseMark was established in 1999 by the Chartered Institute of Housing and National Housing Federation, both not-for-profit organisations. As a membership organisation, HouseMark aims to support housing providers across the country to achieve improved performance and value for money by comparing their performance information against other organisations.
- 3.2 Benchmarking information can be used as a self-assessment tool to understand, assess and challenge performance and costs, in order to improve the quality and value for money in service review and delivery. It can provide essential business insight to help provide assurance and drive improvement.
- 3.3 South Derbyshire District Council (SDDC) uses the national organisations group in HouseMark as the peer group for benchmarking purposes.

Summary

- 3.4 A summary of core benchmarking results is attached as a report in Appendix 1 for the main business activities of Housing Services. These activities include central

overheads, housing management, responsive repairs and maintenance, major works and cyclical maintenance and estate services.

- 3.5 Tenant satisfaction with the Housing Service is covered in a separate report on this agenda, Housing Services Annual Report and Survey of Tenants and Residents (STAR).
- 3.6 Cost and performance data has been categorised into upper, middle upper, middle lower, lower quartile position against the Council's national peer group for benchmarking purposes.
- 3.7 The information from the benchmarking report has been split up to reflect the five main business activities shown in 3.4.

Central Overheads

- 3.8 At the end of 2017/18, overheads as a percentage of operating costs within SDDC sat in the middle lower quartile at 12.67%, as shown in slide four in Appendix 1. Benchmarking overheads are measured as a percentage of operating costs and separated into four categories. These are office premises, IT, finance and central overheads.
- 3.9 As the operating costs used in this calculation in SDDC are lower than the same costs for the Council's peers in terms of level of spending in the Housing Revenue Account (HRA) this adversely impacts this indicator. This means that despite the Council's overheads reducing year-on-year (as shown in the table below), this has a limited impact on this measure and position compared to the Council's peers and reflects the middle lower quartile position.

17/18	Employee Pay Costs (EPCs)	Non Pay Costs (NPCs)	EPCs and NPCs
Office premises	£0	£76,604	£76,604
ITC	£43,953	£326,934	£370,886
Finance	£37,004	£182,585	£219,588
Central overheads (including HR)	£78,605	£667,523	£746,129
Total Overheads	£159,562	£1,253,645	£1,413,207
16/17	EPCs	NPCs	EPCs and NPCs
Office premises	£0	£121,205	£121,205
ITC	£32,923	£284,533	£317,455
Finance	£19,882	£202,909	£222,791
Central overheads (including HR)	£74,686	£711,072	£785,758
Total Overheads	£127,491	£1,319,719	£1,447,209

- 3.10 Whilst it is generally preferable to have low overheads, the right level of investment in this area is also essential to effectively support front line activities.

Housing Management

- 3.11 The Housing Management function includes rent arrears and collection, resident involvement and consultation, tenancy management and lettings.

3.12 Housing Management direct costs per property (DCPP) at £116.43 is the lowest cost in the peer group. This has increased from £112.08 in 2016/17 to £116.43 in 2017/18. The Council's housing management DCPP is lean and places the Council in the upper quartile when compared with the peer group with the lowest costs for any of the peer group organisations, as shown in the graph overleaf.



3.13 If this figure is broken down further (see slide six in Appendix 1) to look at the separate functions of Housing Management it can be seen that the DCPP for arrears collection is £59.19 against a median of £82.74, the DCPP for resident involvement is £14.70 against a median of £25.55, the DCPP for anti-social behaviour is £7.45 against a median of £35.18, the DCPP for tenancy management is £20.42 against a median of £74.26 and the DCPP for lettings is £14.42 against a median of £40.44.

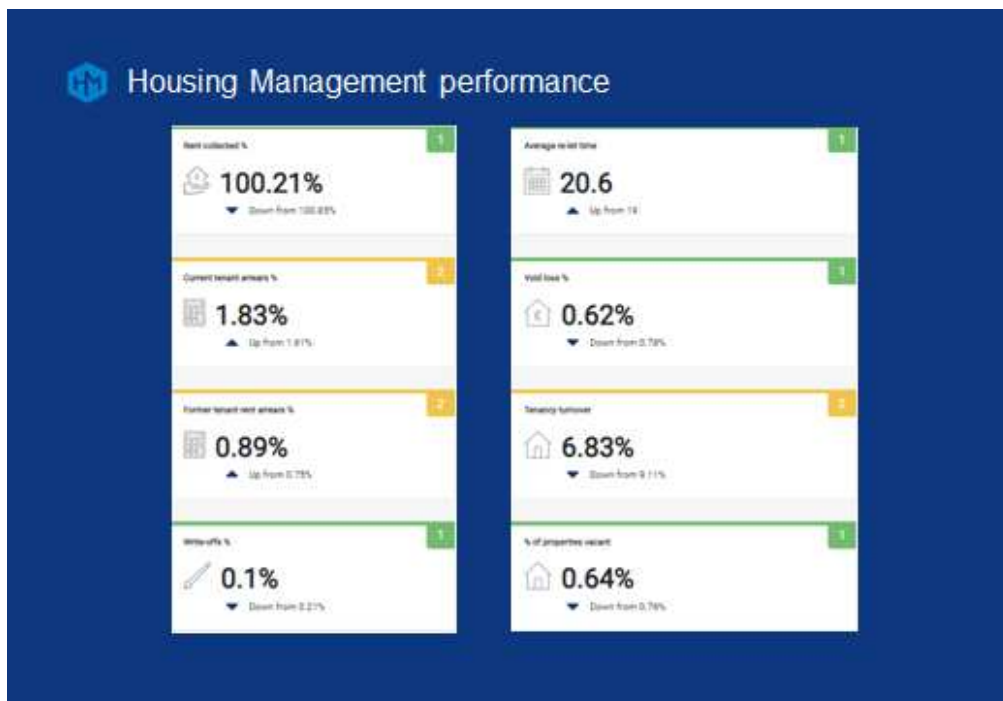
3.14 The breakdown of these costs shows that across the board for Housing Management the Housing Service is spending less than its peers on this service. This can be in part be explained by lower salary costs compared to similar posts at peer organisations particularly those in London and the South East.

3.15 The District is also a relatively compact geographical area compared to other landlords and this has meant larger patch sizes and lower levels of Housing Management staff than in other organisations.

3.16 To address these issues a review of the Housing Service was undertaken in 2017/18 and a subsequent restructure of this service was implemented to address gaps in the service and to put a structure in place to improve the service for tenants.

3.17 Despite these low costs, the service performed well in 2017/18 with rent collection remaining in the upper quartile at 100.21% despite a slight reduction from 100.85% in the previous year. Current tenant arrears at 1.83% and former tenant arrears at 0.89% also performed well and are in the middle upper quartile despite a slight increase from the previous year.

3.18 The Housing Service also performed well in terms of re-let performance with an average re-let time of 20.6 days on average per property maintaining an upper quartile position despite a slight increase from the previous year. Void rent loss reduced compared to the previous year and stood at 0.62% of the annual total rent roll, keeping the Council in upper quartile performance. Both vacant properties 0.64% of total stock and tenancy turnover of 6.83% have reduced since the previous year and performed well in upper quartile and middle upper quartile respectively.



3.19 High levels of performance have been maintained across the Service despite a challenging environment during 2017/18 with the implementation of Universal Credit, Homelessness Reduction Act and the restructuring of the service.

Improvements in this area in 18/19

3.20 Universal Credit has been implemented in two stages in South Derbyshire, in June and then November 2018. Working together with Revenues and Benefits and partner agencies, an implementation plan has been developed to minimise the impact of changes on existing claimants. There are currently 36 Council tenants in receipt of Universal Credit. Phase two of the Implementation Plan is being developed and the Committee will be updated on the impact on Council tenants and the general public later in the year.

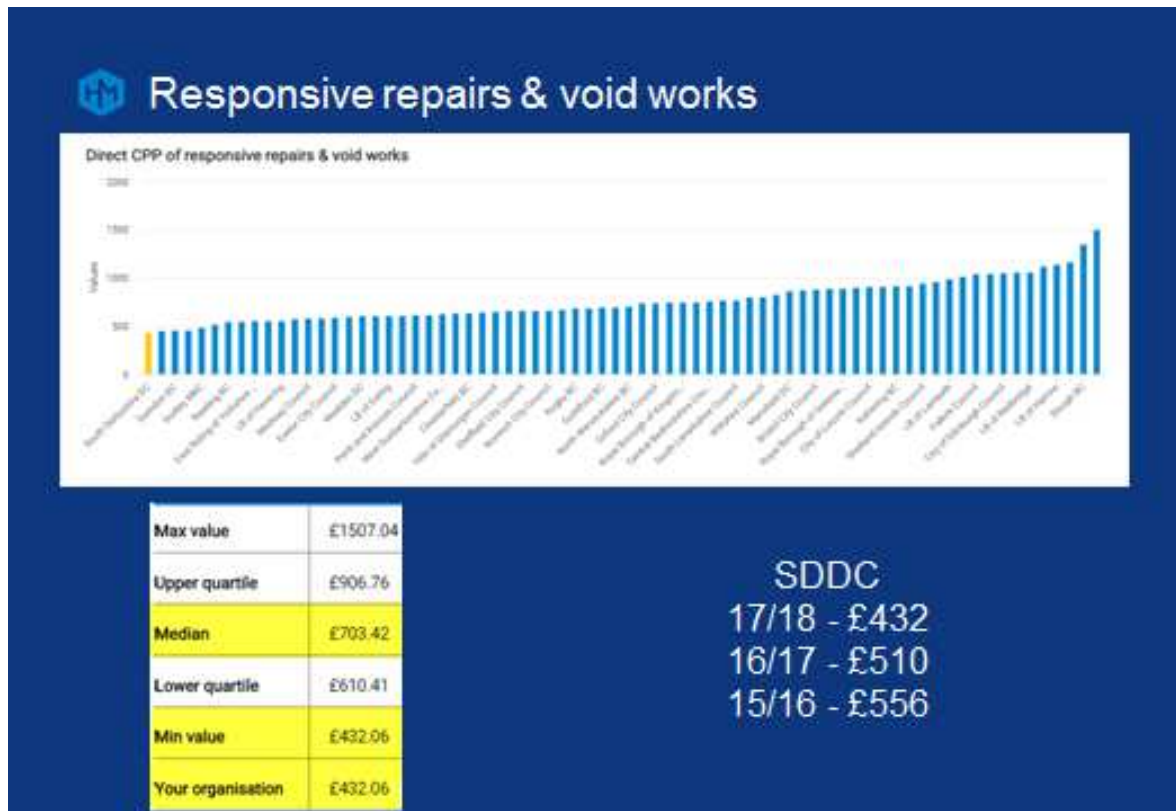
3.21 To assist in managing the emerging new types of anti-social behaviour including "cuckooing" in Council properties, the current procedures and processes for dealing with tenancy management issues have been reviewed. New procedures supported by a newly developed Information Technology module and further staff training will be in place from March 2019. New working arrangements including joint training and briefing sessions for all Housing Staff are already in place.

3.22 Rent arrears processes have also been reviewed in order to assist with the general management of rent accounts and specifically the provision of more direct support to tenants facing financial difficulty and/or their management of Universal Credit. The

necessary changes to the Housing Management I.T systems to facilitate this new process are in the process of being implemented.

Responsive Repairs and Maintenance

3.23 Total DCCP of responsive repairs and void works has decreased from £510 in 2016/17 to £432 in 2017/18; this places the Housing Service in the upper quartile and having the lowest cost of all the organisations in the peer group, as shown in the graph below.



Improvements in this area in 18/19

3.24 A full review of the Repairs and Maintenance service was undertaken by Housing Quality Network in 2018, the Service is starting to implement a number of the recommendations to improve the service delivered to tenants.

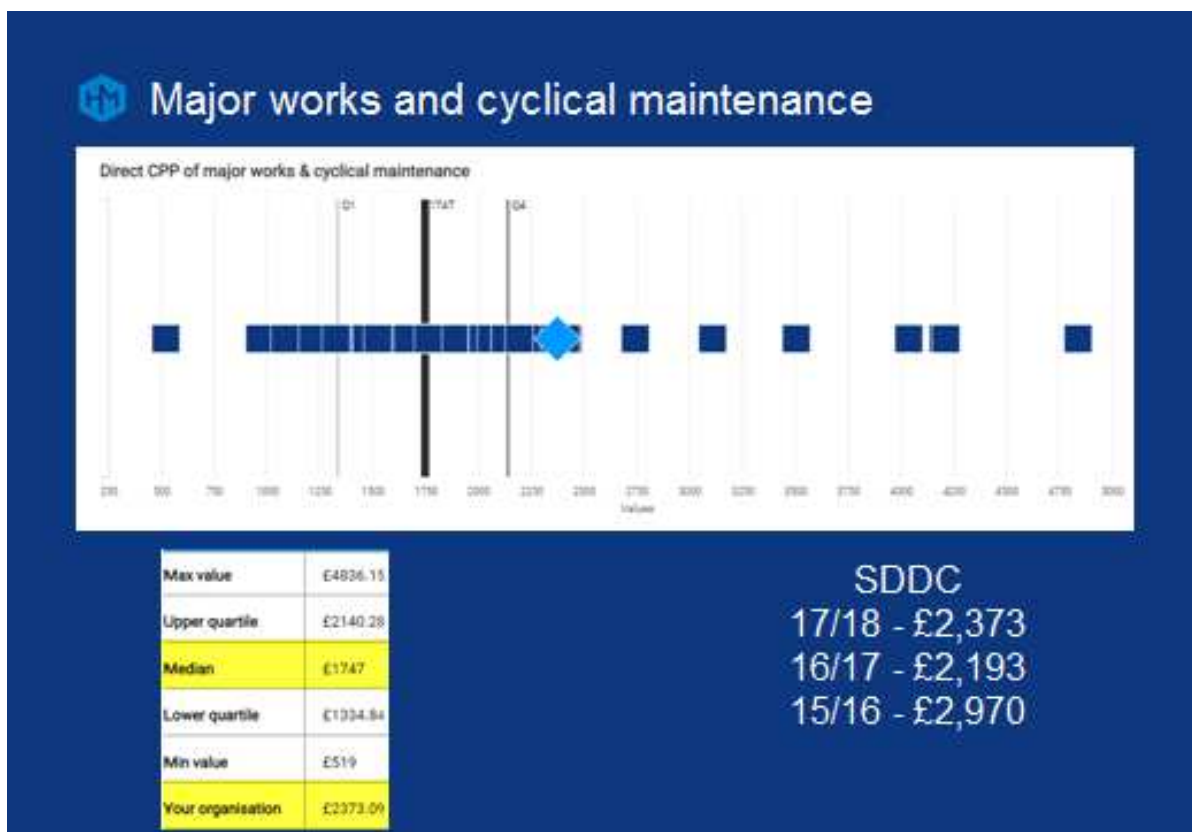
3.25 The recommendations within the report will inform the development of a three-year plan to improve the entire service covering:

- A strategic approach to asset management, gas servicing and cyclical maintenance
- Responsive Repairs
- Void Repairs
- Contract Management
- Management of the Direct Labour Organisation

3.26 A project plan for the delivery of these improvements is under construction and will be presented to the Committee during 2019. A number of short-term actions to improve the Service are already in place, including the re-specification and procurement of cyclical maintenance and responsive repairs support.

Major Works & Cyclical Maintenance

3.27 Total DCP on major works and cyclical maintenance has increased from £2,193 in 16/17 to £2,373 in 2017/18. With an increase in spend this places the Housing Service in the lower quartile for the peer group, as shown in the graph below.



Estate Services

3.28 The Estate Services function includes grounds maintenance, estate and communal cleaning. DCP on major works and cyclical maintenance has increased from £42 in 2016/17 to £72.7 in 2017/18 (as shown in slide 11 in Appendix 1). Despite this increase this still places the Housing Service in the upper quartile for its peer group.

3.29 This low cost service relates to a low spend per property on our estates. The Housing Service also does not levy any service charges to tenants for services provided on its estates.

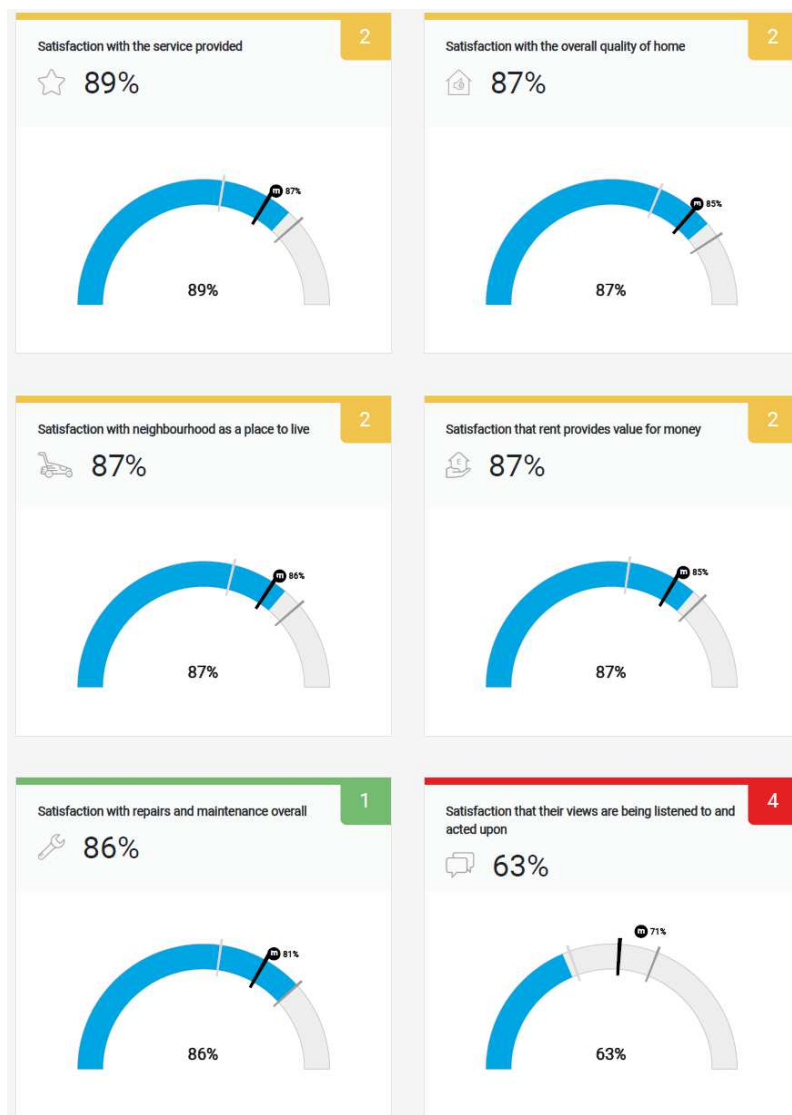
Improvements in this area in 18/19

3.30 Concerns have been raised by members with regard to the management and condition of Council Housing properties and land. As indicated earlier these concerns have also been reflected in the responses of Council tenants to the STAR survey. This Committee agreed a new set of Service Standards for the management of internal and external communal areas in April 2018. A schedule of works to prune and maintain hedges and shrub beds in Housing Areas has now commenced, the new schedule for cleaning internal areas will commence in April 2019 at a higher specification than at present. A schedule of regular inspections of shared facilities on estates is currently being implemented.

3.31 A survey of tenants in flats with communal facilities has been carried out. This has provided more detail with regard to the issues raised by tenants living in these blocks. This information will be used alongside the stock condition data to inform major investment decisions regarding physical improvement to these blocks.

Tenant Satisfaction with Services

3.32 A summary of this satisfaction is shown below and shows the Council in upper and upper middle quartile position against all indicators except 'satisfaction that their views are being listened to' which is in lower quartile. The black 'm' symbol shows the median position for all benchmarked organisations and the Council's position is shown by the end of blue bar.



3.33 The STAR Survey reported to members in November 2018, highlighted tenant dissatisfaction with how their views on services are responded to and how well the Council performs at communicating with them in general. Actions to address these issues are covered in a separate report on this agenda, Housing Services Annual Report and Survey of Tenants and Residents (STAR).

4.0 Financial Implications

4.1 There are no financial implications associated with this report.

5.0 Corporate Implications

Employment Implications

5.1 None.

Legal Implications

5.2 None.

Corporate Plan Implications

5.3 Providing high performing low cost services that meet the needs and aspirations of customers is a key aim of the Housing Service and contributes to helping the Council deliver on several Corporate Plan priorities including:

- PE1 – Enabling people to live independently
- PE2 – Protect and help support the most vulnerable including those affected by financial challenges.

Risk Impact

5.4 The report highlights how the Council is performing in terms of the collection of its rental income which relates to risks SD1 – Loss of income to the Housing Revenue Account and SD 4 – Universal Credit.

6.0 Community Impact

Consultation

6.1 None.

Equality and Diversity Impact

6.2 None.

Social Value Impact

6.3 Identifying which services are high cost and low performance, and taking the appropriate action to address any issues, will lead to improvements in service delivery. The report highlights how Housing Services is performing in meeting the needs of tenants who live in many of the diverse distinct communities across the District.

Environmental Sustainability

6.4 None

7.0 Background Papers

7.1 Appendix 1 shows the HouseMark report 'Core Benchmarking Results – Summary 2017/18'