

Report to Resources Committee

18 November 2015



Title: HouseMark Benchmarking Results 2014/15

Report of: Head of Corporate Services

Purpose of Report

1. To report on our cost and performance information as detailed in the HouseMark 'Summary of Benchmarking Results 2014/15' report.

Background

2. HouseMark was established in 1999 by the Chartered Institute of Housing (CIH) and National Housing Federation (NHF), both not-for-profit organisations. As a membership organisation, HouseMark aim to support housing providers across the country to achieve improved performance and Value for Money by comparison of their performance information against other organisations.
3. 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.
4. Housing providers are able to choose which peer group to benchmark against such as National or Northern Arms-Length Management Organisations (ALMO's), National or Northern Councils or all housing providers.
5. For 2014/15, HouseMark offered to develop bespoke benchmarking reports. To maintain consistency, the Company decided to benchmark initial 2014/15 data against the same Metropolitan peer group used in previous reports. Further benchmarking reports are available and can be measured against alternative peer groups if required.

Summary

6. A Value for Money and Performance Summary is shown in the Appendix for the main business activities of the organisation. They include Overheads, Major Works and Cyclical Maintenance, Responsive Repairs and Voids, Housing Management, Estate Services and Corporate Health.
7. Cost and performance data is categorised into quartiles. They include Upper, Middle Upper, Median, Middle Lower, Lower, Not Applicable and No Data.

8. Traffic lights were replaced in 2013/14 with new refreshed icons to demonstrate performance, however, it should still be acknowledged that average or higher than average costs may be acceptable or desirable where this is consistent with furthering business objectives, performance or user satisfaction.
9. For 2014/15, HouseMark have also developed a flexible Value for Money scorecard that can be used as a business effectiveness tool to help understand and challenge organisational performance and rates of improvement. The scorecard can be edited online to choose a bespoke basket of indicators relevant to the company.
10. The main points to note from the summary are outlined below:

Overheads

11. Benchmarking overhead costs are measured as a percentage of direct revenue costs and are separated into four categories: office premises, information technology (IT) and communications, and finance and central overheads. Overall overhead costs in 2014/15 increased to 15.27% from 14.55% in 2013/14 and as a result quartile performance has decreased from upper quartile to middle upper quartile. This is mainly due to one-off additional rental costs at the Civic Centre and the remainder of the Keelman House lease and in relation to the development of mobile working.

Major Works

12. Total costs per property (CPP) for Major Works have decreased from £991 in 2013/14 to £913 in 2014/15 and as a result quartile performance has increased from middle upper to upper quartile. This is due to reduced spend on the capital programme.
13. Performance has increased slightly for 'Average SAP rating' from 72.5 in 2013/14 to 73.00 in 2014/15. Performance improvement has maintained quartile position from 2013/14 as upper quartile. The improved thermal efficiency of our properties is due to works carried out in relation to insulation, replacement boilers and window replacements.

Cyclical Maintenance

14. Total CPP for Cyclical Maintenance have decreased and as a result quartile performance has improved from median quartile to middle upper. Costs reduced from £256 in 2013/14 to £232 in 2014/15. This was mainly due to reduced spend in relation to the painting programme. This will increase for 2015/16 as an additional £800k budget has been provided.
15. In 2013/14, 99.86% of all Gas Safety checks were completed. In 2014/15 this had decreased slightly to 99.75% which resulted in the quartile position remaining as middle lower for 2014/15. No access issues remain a barrier to achieving 100% completion.

Responsive Repairs

16. Total CPP for Responsive Repairs have decreased from £543 in 2013/14 to £520 in 2014/15. However quartile performance has improved to middle lower quartile

from a lower quartile in 2013/14. Repairs expenditure continues to be managed within existing budgets.

17. Performance for average number of repairs per property has improved from 3.49 repairs per property in 2013/14 to 3.21 in 2014/15. Performance improvement has resulted in an increase in quartile position from lower in 2013/14 to median in 2014/15.

Voids Works

18. The increased turnover of tenancies, higher numbers of vacant properties and increasing numbers of properties in low demand have all previously been identified as key challenges for TGHC.
19. Total CPP for Voids Works have decreased from £291 in 2013/14 to £287 in 2014/15, which when compared against the ALMO benchmarking group the lower quartile position has been maintained. This was due to slightly lower voids costs in 2014/15.
20. 'Average days vacant' performance has decreased significantly in 2014/15 with properties being vacant for 74 days compared to 41 days in 2013/14 maintaining a lower quartile position. This was mainly due to difficulty in letting low demand properties and an increase in the number of voids. This has now reduced to 60 days in Quarter 2 2015/16.

Housing Management

21. The Housing Management function includes rent arrears and collection, resident involvement and consultation, tenancy management, anti-social behaviour and lettings.
22. Housing Management costs per property have remained almost constant with a small decrease in 2014/15 to £332 when compared to £333 in 2013/14. This has maintained the same quartile position as middle lower in 2014/15.
23. Performance has increased in two of the five functions, maintained in two and decreased in one:
 - Rent Arrears and Collection – 'Rent collected as % of rent due' has remained consistent. 99.4% of rent was collected in 2013/14 and 99.4% in 2014/15.
 - Resident Involvement – The amount of customer diversity information held increased from 80% in 2013/14 to 82% in 2014/15.
 - Tenancy Management - Tenant satisfaction with the overall service provided has retained performance at 89% in 2013/14 and 2014/15.
 - Performance for Anti-Social Behaviour - The number of successfully closed cases has increased from 88% in 2013/14 to 90% in 2014/15.
 - Lettings – Rent loss due to voids as a % of rent due has increased in 2014/15 to 2.51%, compared to 1.74% in 2013/14. This was due to an increase in the levels of vacant properties linked to the impact of reductions in tenants Housing Benefit entitlement, due to the continuing impact of Welfare Reform.

Estate Services

24. The Estate Services function includes caretaking, grounds maintenance, concierge services, estate cleaning and lighting, CCTV and communal cleaning. CPP for this function has increased in 2014/15 to £89, from £84 in 2013/14, performance remains in the upper quartile position. This is mainly due to increased costs for pest control, clearance works and fly tipping.

Corporate Health

25. The average number of days lost to sickness has increased to 8.91 days in 2014/15 compared to 8.54 days in 2013/14. Despite this performance has remained in the middle upper quartile. At Quarter 2 2015/16, performance has shown improved compared to last year.

Link to values

26. This report relates to the Company values of being: -
- Customer Focused
 - Open and honest
 - Accountable
 - Innovative

Impact on tenants

27. HouseMark benchmarking information provides valuable cost and performance information that can be used to benchmark our services against other housing providers.
28. Identifying which services are high cost and low performance and taking the appropriate action to address any issues will lead to improvements in customer service delivery and budget management.

Risk Management Implications

29. Failure to use benchmarking data to identify those services that are under performing will result in customer satisfaction decreasing.

Financial Implications

30. Failure to identify those services that are expensive and under performing will result in unnecessary wastage of financial resources.

Equality and Diversity Implications

31. There are no Equality and Diversity implications associated with this report.

Value for Money Implications

32. HouseMark members acknowledge that average or higher than average costs are acceptable to further or achieve business objectives and can be justified in terms of high customer satisfaction or performance.

Health Implications

33. There are no Health implications associated with this report.

Environmental Implications

34. There are no Environmental implications associated with this report.

Consultation carried out

35. To allow for scrutiny of services, the Value for Money and Environmental Management Service Improvement Group (SIG) receive regular performance and budget information.
36. The report findings will be presented to the Value for Money and Environmental Management SIG at their next meeting to give customers the opportunity to scrutinise the Company's spend and performance against other housing providers.

Recommendation

37. The committee is recommended to note the findings of the report.