

CABINET (HOUSING) COMMITTEE

22 September 2011

2011/12 PERFORMANCE MONITORING REPORT - HOUSING REVENUE  
ACCOUNT (HRA) SERVICES

REPORT OF HEAD OF LANDLORD SERVICES

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RECENT REFERENCES:

CAB2194 - 2010/11 Performance Monitoring Outturn - Housing Revenue Account (HRA) Services

EXECUTIVE SUMMARY:

This report sets out the financial monitoring and performance information as well as details on progress against business plan priorities for the first 5 months of 2011/12 services funded through the Council's Housing Revenue Account.

RECOMMENDATIONS:

That Cabinet (Housing) Committee notes the performance information and considers whether further actions are required to address any areas of concern.

CABINET (HOUSING) COMMITTEE22 September 20112011/12 PERFORMANCE MONITORING REPORT - HOUSING REVENUE ACCOUNT (HRA) SERVICESREPORT OF HEAD OF LANDLORD SERVICESDETAIL:1 Purpose of the Report

- 1.1 The Committee is asked to review and monitor the performance, on behalf of Cabinet, of services funded through the Council's Housing Revenue Account. The report includes both financial and performance information for those services for the period from April 2011 to August 2011.

2 Progress against Key Business Plan targets and objectives

- 2.1 All key service priorities are currently progressing in line with the Business Plan and no exceptions are reported. Key progress includes:
- a) Housing Finance Reform – Work on implementing self financing for Housing is progressing and the Government timetable remain on track for an April 2012 implementation. Further meetings will be scheduled in October and/or November to brief members in detail and to review the impact of borrowing and how this can be managed to ensure sufficient resources are available to fund long term housing maintenance requirements.
  - b) Sheltered Housing Classification Review – Housing staff are currently meeting with residents at sheltered housing schemes to discuss the potential impact of changing some schemes to general needs (mainly those with no lifts, too many steps and low demand). Once the consultation process and impact assessment is completed, a full report and recommendations for any proposed changes will be brought to this committee.
  - c) Responsive Repairs Contractor – Osbournes commenced as the Council's responsive repair and voids contractor in August. Developing an effective partnership is progressing well. 5 Osbourne officers now operate from City Offices.
  - d) Estate Improvements – The £250,000 programme for estate improvements is now over subscribed. Consultations with tenant groups are continuing and new proposals are still being considered. However, a number of works are well underway and the full programme will be completed by March 2012.

- 2.2 Members may be aware that the gas servicing contractor, Kinetics, has gone into administration. The local office providing services to this district has been taken over by Liberty Gas who have maintained services to tenants whilst a way forward is determined. It is now proposed to establish formal contract arrangements for a one year period to allow for a full tender process to be completed for this work. Further information on this matter is detailed in report CAB2229 (HSG) elsewhere on this agenda.

### 3 Performance

- 3.1 Performance against key indicators is included in Appendix 3. Key issues to note include:
- a) Voids – Void performance continues to improve and is currently less than 23 days. All procedures have changed in the last month with the commencement of the Osbourne contract. A short term drop in performance is anticipated as a result of delays caused by the handover between contractors. However, this should not impact on overall annual figures.
  - b) Gas Servicing – Performance remains just below 100%. Procedures have been reviewed for addressing broken appointments and further improvement in this area is anticipated in the next quarter.
  - c) Anti-Social Behaviour – There has been a significant increase in workload in this area since April. A number of cases have been referred to mediation although in 10 cases, it has been necessary to serve notices seeking possession in relation both to alleged drug offences and unacceptable behaviour. A further case has resulted in an eviction and one property has been subject to a “closure order”.
  - d) Repairs Indicators – All general repairs indicators are currently under review. The commencement of the new contract provides an opportunity to agree new targets and consult TACT and other tenant groups on tenant expectation. Any recommendations for change will be reported to the next meeting of this committee.

### 4 Housing Revenue Account Budget

- 4.1 At the end of August 2011, the HRA budget was subject to a variance of (£0.676m). The majority of this variance relates to the maintenance programme where a number of works are underway but not yet completed. Actual expenditure and variances by service are detailed in Appendix 1. The key service summary variances include:
- a) Housing Management (General) – (£0.046m) –.The most significant element of this variance relates to a lower than projected spend on external legal fees, training expenses,

miscellaneous supplies and services and insurance premia in the first half of the year.

- b) Communal Services - £0.033m – This relates to increased costs of contract cleaning and electricity charges.
- c) Disabled Adaptations – (£0.091m) – This relates to programming. Demand remains high and no year end variance is anticipated. In fact, a number of high cost schemes are currently underway which will add pressure to this service.
- d) Estate Maintenance – £0.028m – This relates to the estate improvement programme. However, consultation on proposals is complete and the programme is already over subscribed.
- e) Extra Care - £0.059m – This variance relates to staff costs, although it is offset by reduced staff costs in sheltered housing.
- f) Homelessness – (£0.017m) – This relates mainly to additional income received as a result of accepting homeless applicants from East Hants District Council who have no specific hostel provision.
- g) Sewage Works – 0.036m – This relates to programming and no year end variance is anticipated.
- h) Sheltered Housing – (£0.086m) – This relates mainly to reduced staff costs, although is partly offset by increased staff costs in Extra Care.
- i) Repairs Administration – (£0.086m) – This relates mainly to savings achieved through posts being held vacant and also as a result of budgeted provision for redundancy actually being spent in 2010/11.
- j) Repairs Works – (£0.347m) – This variance relates to programming and no year end variance is anticipated.
- k) Supporting People – (£0.032m) – This relates to increased income achieved through improved occupancy rates in relation to sheltered housing, which is currently under review by the Supported Housing Informal Policy Group.

4.2 With regard to the Subjective Summary detailed in Appendix 2, significant variances include:

- a) Employees – (£0.080m) – This relates to vacancy management. The HRA budget will be revised to account for this reduced spend.
- b) Premises – (0.419m) – This relates to programming for repairs and disabled adaptations.

- c) Supplies and Services – (£0.062m) – This relates to a number of variances across a range of services,
- d) Fees and Charges – (£0.134m) – Much of this relates to grants, fees and charges being received earlier than budgeted.

## 5 Capital Expenditure and Receipts

- 5.1 Spend on major repairs is currently £0.157m over budget. As with the revenue premises spend detailed above, this relates to programming and no year end variance is anticipated.
- 5.2 Receipts from the Council's asset sales programme are currently subject to review by the auditors. An issue has been raised regarding the treatment of receipts and pooling returns. The Government has recently written to the Council about its interpretation of the pooling rules regarding sales to individuals who retain the home for their own use and has stated that all such cases should be subject to 75% pooling. This interpretation was not clear when the policy was approved in 2006, and has not been raised by the Council's auditors until this year. The Council has challenged the Government interpretation and is currently discussing the issue with Department for Communities and Local Government officials. It is accepted by the Government that properties that were sold to developers were not subject to the pooling rules.
- 5.3 In a recent consultation paper, the Government accept the current rules are confusing and conflict with their own policy to allow councils to retain receipts if spent on affordable housing. However, unless the Government are prepared to relax their interpretation of the existing pooling rules, it is likely that £1.6 million of the £3.8 million receipts will be passed to the Government and provision for this is being made in the 2010/11 final accounts.
- 5.4 As a direct result of disposing of 15 properties that required major investment to bring to a decent homes standard, the Council has been able to invest £1 million in improving significantly outdated kitchens and bathrooms in Council stock and also support the development of 43 units of new social housing. Over £2 million of the receipts remain uncommitted. Therefore, the overall impact of the Government clarification could be a lost opportunity to further invest in affordable housing and this has been made clear to Government officials reviewing the case. Further information on this issue will be reported to the next meeting.

## 6 Benchmarking and Value for Money

- 6.1 Once again the service has been benchmarked against a group of our peers in the South East Area. A summary of the results are in Appendix 3. Generally the service has performed well, particularly with re-let times where our performance has improved from Bottom 25% in 2009/10 to Above Average in 2010/2011.

- 6.2 The full report and results can be viewed on the Council's website at: <http://www.winchester.gov.uk/Housing/CouncilHousing/HousingPerformance/>.

## 7 Conclusions and Recommendations

- 7.1 Winchester City Council's Landlord Services Team has performed well against their peers in the national benchmarking validated by Housemark. This improvement is demonstrated in Appendix 3, comparing 2009/10 results against 2010/11.
- 7.2 The initial look at the first five months performance from 2011/12 remains positive and all key business plan priorities remain on track.

## 8 TACT Comment

- 8.1 TACT will be meeting to consider all reports for this Committee on Wednesday 21 September. It has not been possible to consult the full group on the reports prior to dispatch to members. However, the initial comment below has been provided by the Chair of TACT. Additional views of the wider group will be reported verbally if necessary at the meeting.
- 8.2 There is much to be pleased with in this report. Voids improvement being top of the list, excellent work, well done to all concerned.
- 8.3 ASB is always a problem, But is being tackled with good results, showing the council will not tolerate such behaviour, another case of well done.
- 8.4 Repairs Indicators- show with new contracts in place that the opportunities exist to improve still further, TACT has met on several occasions with the contractors, and will continue to do so and monitor progress.
- 8.5 Sheltered Housing Classification Review- TACT will likewise be keeping a close eye on developments for the future of the schemes involved.
- 8.6 Gas Repairs and the problems of company's going into administration have been covered more fully in a separate paper.
- 8.7 Housing Revenue Account Budget- As Richard Botham explained, the majority of the variance relates to the maintenance programme where a number of works are under way but yet not completed.
- 8.8 Miscellaneous supplies, and services, and insurance premia, in the first half of the year TACT will look more fully into before the Cabinet Housing Committee meeting and any further issue from TACT members once Richard Botham has presented the papers to the next TACT meeting.

- 8.9 It would appear that the Council are doing the best they can in difficult times, along with many other types of council around the country.

OTHER CONSIDERATIONS:

9. SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 9.1 The Community Strategy places emphasis on strong performance management. This report forms part of the quarterly performance and financial monitoring processes, designed to check progress being made against agreed targets.

10 RESOURCE IMPLICATIONS:

- 10.1 There are no direct resource implications the need to be considered as part of this report, although obviously ensuring strong performance in areas such as voids and arrears is essential to the financial health of the HRA.

11 RISK MANAGEMENT ISSUES

- 11.1 Risk management plans form an integral part of the HRA Business Plan and key risks have been assessed and actions are in place to mitigate those risks.

BACKGROUND DOCUMENTS:

Working documents held in the Landlord Services Division

APPENDICES:

- Appendix 1: HRA Budget Monitoring to August 2011 – Service Summary  
Appendix 2: HRA Budget Monitoring to August 2011 – Subjective Summary  
Appendix 3: Landlord Services Performance Indicators  
Appendix 4: Benchmarking Summary for 2010/2011  
Appendix 5 Voids Scorecard

## Housing Revenue Account Budget Monitoring - April to August 2011

## Service Summary

Service	Budget	Budget YTD	Actual YTD	Variance	Notes
<b>Housing Management General</b>					
Estate Management	£679,577	£223,442	£209,145	-£14,297	
HRA General	£1,375,191	£222,650	£175,911	-£46,739	See para 4.1 a)
Joint Housing Register	£73,514	£0	£0	£0	
Removal Incentive Scheme	£6,000	£2,500	£0	-£2,500	
Rent Accounting	£199,517	£39,259	£30,525	-£8,734	
Tenants Information	£114,697	£37,532	£36,983	-£549	
Vacant Dwellings	£32,986	£2,920	£2,052	-£868	
<b>Housing Management General Total</b>	<b>£2,481,482</b>	<b>£528,303</b>	<b>£454,616</b>	<b>-£73,687</b>	
<b>Housing Management Special</b>					
Central Control	£200,263	-£24,305	-£37,802	-£13,497	
Communal Services	-£28,431	-£2,680	£30,359	£33,039	See para 4.1 b)
Disabled Adaptations	£470,073	£193,187	£102,329	-£90,858	See para 4.1 c)
Estate Maintenance	£461,446	£196,774	£169,224	-£27,550	See para 4.1 d)
Extra Care	£210,815	£67,376	£126,168	£58,792	See para 4.1 e)
Homelessness	£20,973	£19,754	£2,403	-£17,352	See para 4.1 f)
Sewage Works	£170,896	£6,524	£42,894	£36,370	See para 4.1 g)
Sheltered Housing	£1,078,672	£436,955	£350,036	-£86,919	See para 4.1 h)
<b>Housing Management Special Total</b>	<b>£2,584,707</b>	<b>£893,585</b>	<b>£785,610</b>	<b>-£107,975</b>	
<b>Repairs</b>					
Repairs Administration	£880,258	£284,518	£198,135	-£86,383	See para 4.1 i)
Repairs Works	£4,045,965	£1,561,669	£1,215,134	-£346,535	See para 4.1 j)
<b>Repairs Total</b>	<b>£4,926,223</b>	<b>£1,846,187</b>	<b>£1,413,269</b>	<b>-£432,918</b>	
<b>Capital Financing</b>					
Capital Financing	£3,940,146	£0	£0	£0	
<b>Capital Financing Total</b>	<b>£3,940,146</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	
<b>Housing Subsidy</b>					
Housing Subsidy	£10,001,412	£0	£0	£0	
<b>Housing Subsidy Total</b>	<b>£10,001,412</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	
<b>Rents and Other Income</b>					
Dwelling Rents	-£21,890,000	-£7,302,504	-£7,315,900	-£13,396	
Garage Rents	-£800,000	-£266,880	-£260,090	£6,790	
Other Income	-£235,000	-£87,056	-£91,078	-£4,022	
Sheltered Charges	-£450,000	-£150,120	-£168,852	-£18,732	
Supporting People	-£608,620	-£253,731	-£285,684	-£31,953	See para 4.1 k)
<b>Rents and Other Income Total</b>	<b>-£23,983,620</b>	<b>-£8,060,291</b>	<b>-£8,121,604</b>	<b>-£61,313</b>	
<b>Transfers</b>					
Transfer re Insurance Reserve	£49,650	£0	£0	£0	
<b>Transfers Total</b>	<b>£49,650</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	
<b>Grand Total</b>	<b>£0</b>	<b>-£4,792,216</b>	<b>-£5,468,109</b>	<b>-£675,893</b>	



## Housing Revenue Account Budget Monitoring - April to August 2011

## Subjective Summary













Subjective Heading	Budget	Budget YTD	Actual YTD	Variance	Notes
Employees	£3,287,371.00	£1,336,168.00	£1,255,445.17	-£80,722.83	See para 4.2 a)
Premises	£5,838,313.00	£2,280,589.00	£1,861,870.91	-£418,718.09	See para 4.2 b)
Transport	£266,225.00	£40,122.00	£35,570.45	-£4,551.55	
Supplies & services	£424,522.00	£165,803.00	£104,206.36	-£61,596.64	See para 4.2 c)
Third party payments	£41,000.00	£17,088.00	£14,792.13	-£2,295.87	
Support Services	£1,429,966.00	£0.00	£25,973.92	£25,973.92	
Capital financing Charges	£60,000.00	£0.00	£0.00	£0.00	
Depreciation/Impairment	£4,061,443.00	£0.00	£0.00	£0.00	
External income	-£25,008,590.00	-£8,631,986.00	-£8,765,967.52	-£133,981.52	See para 4.2 d)
Transfer payments	£10,001,412.00	£0.00	£0.00	£0.00	
Transfers	-£151,662.00	£0.00	£0.00	£0.00	
Internal Charges	-£250,000.00	£0.00	£0.00	£0.00	
<b>Grand Total</b>	<b>£0.00</b>	<b>-£4,792,216.00</b>	<b>-£5,468,108.58</b>	<b>-£675,892.58</b>	

## Landlord Performance Indicators 2011/12

CAB2227 (HSG)  
APPENDIX 3

PI Code	Short Name	2009/10			2010/2011			2011/2012			Notes
		Value	Target	Status	Value	Target	Status	Value	Target	Status	
NI 158 BV184a	% non-decent council homes	0%	0%		0%	0%		n/a	0%		Reported Annually – on target
NI 160 BV74a	Local authority tenants' satisfaction with landlord services	85.7%	85%		85.4%	85%		85.4%	85%		Last monitored Nov 2010
BV63	Energy Efficiency of Housing Stock	75	75		81	75		n/a	75		Reported Annually – on target
LPI	Current tenant rent arrears as a % of rent due	1.13%	1%		1.09%	1%		0.92%	1%		
LPI0270	Responsive repairs - % of jobs completed within target	91%	98%		89%	95%		All repairs indicators are under review			
LPI0271	Responsive repairs - % of appointments made and kept	98%	98%		95%	98%					
LPI0278	Gas servicing - The % of homes with current gas servicing certificate	98.94 %	100%		98.94 %	100%		99.47 %	100%		End of August
LPI0310	% Stock empty at the end of the year	1.47%	1%		1.09%	1%		1.14%	1%		End of August
LPI0314	Rent & charges lost through vacant dwellings (%)	1.52%	2%		1.12%	2%		1.4%	2%		End of August
LPI0372	Total number of tenancies/licencees owing over 13 weeks rent	32			35			40			End of August
LPI0378	Value of former tenant arrears	£222,288	£160,000		£179,071	£160,000		£186,046	£160,000		End of August

**Landlord Performance Indicators 2011/12****CAB2227 (HSG)  
APPENDIX 3**

BV212	Average re-let time for all properties (in days)	43.5	35		25.63	25		23.72	25		End of August
LPI0335	Average re-let time for General Needs properties (in days)	34.06	25		21.75	25		19.86	25		End of August
LPI0336	Average re-let time for Older Persons properties (in days)	50.51	40		27.5	40		23.68	40		End of August
LPI0337	Average re-let time for Hostels (in days)	49.85	25		32.1	25		33.64	25		End of August

**Landlord Performance Indicators 2011/12**CAB2227 (HSG)  
APPENDIX 3**Landlord Services - General Quantitative Indicators/Service Volumes**

Description	2009/10	2010/11	2011/12
	Value	Value	Apr - Aug
New tenancies - Waiting list	256	216	77
New tenancies – Transfers	136	72	30
New tenancies - Mutual Exchanges	94	79	38
No. of Introductory Tenancies commencements	236	196	73
Number of Evictions (rents)	6	5	1
Number of Evictions (nuisance)	3	2	1
Number of Notices Seeking Possession (rents)	645	677	291
Number of Notices Seeking Possession (nuisance)	8	10	10
Number of Acceptable Behaviour Contracts	1	2	0
Number of Anti Social Behaviour Orders	1	0	0
Number of Harassment Cases	2	4	3
Number of Closure Orders	0	0	1

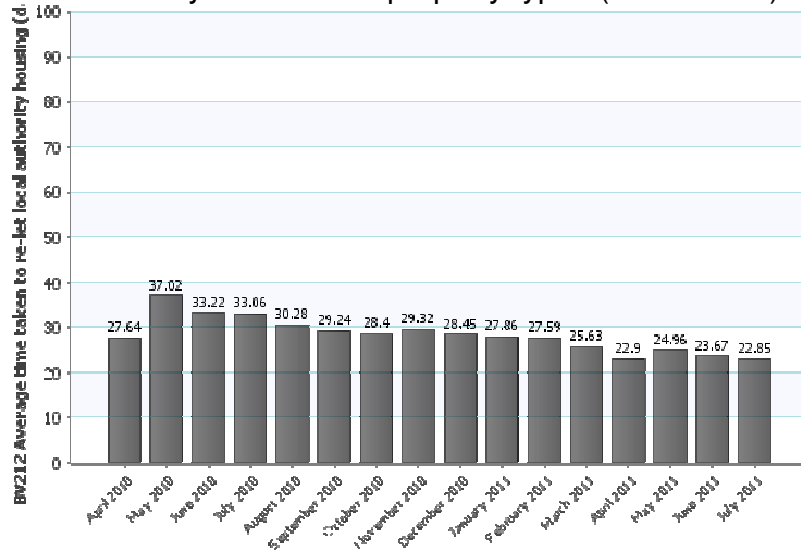
**Management Benchmarking Overview (Produced by Housemark)**

The following Value for Money Summary has been prepared by Housemark as part of an annual independent benchmarking exercise and is provided to illustrate the relationship between cost and performance across the main national TSA standards for Housing. It shows Winchester City Councils performance compared to 24 other local social housing providers. In the table, "top 25%" means we compare very well, "bottom 25%" means we compare poorly.

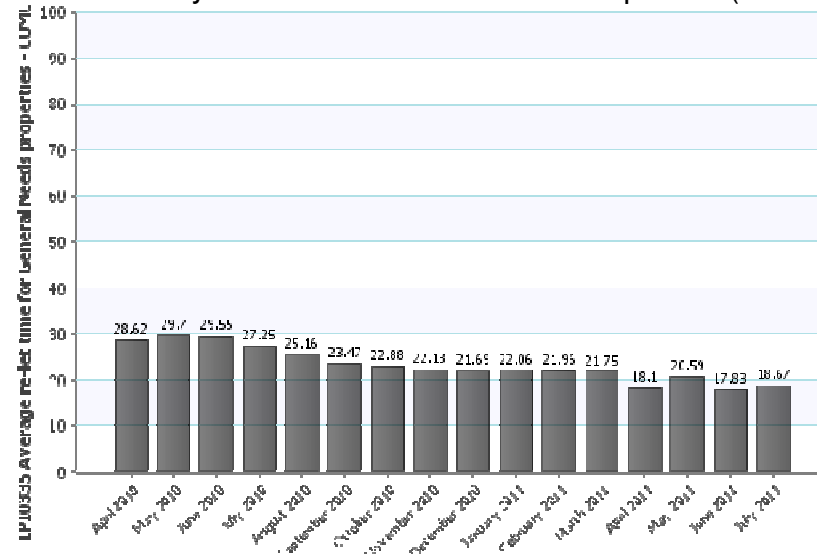
TSA Standard Summary for Winchester City Council						
Business Activity	Cost KPI	Cost KPI Quartile		Quality KPI	Quality KPI Quartile	
		Winchester City Council (2010/2011)	Winchester City Council (2009/2010)		Winchester City Council (2010/2011)	Winchester City Council (2009/2010)
Overheads	Overhead costs as % adjusted turnover	Above Average	Above Average	Overhead costs as % direct revenue costs	Below Average	Below Average
Major Works & Cyclical Maintenance	Total CPP of Major Works & Cyclical Maintenance	Above Average	Top 25%	Percentage of tenants satisfied with overall quality of home (GN)	Top 25%	Top 25%
				Percentage of dwellings failing to meet the Decent Homes Standard	Top 25%	Top 25%
Responsive Repairs & Void Works	Total CPP of Responsive Repairs & Void Works	Top 25%	Top 25%	Percentage of tenants satisfied with the repairs and maintenance service (GN)	Top 25%	Top 25%
				Percentage of all repairs completed on time	Bottom 25%	Bottom 25%
				Average time in days to re-let empty properties	Above Average	Bottom 25%
Housing Management	Total CPP of Housing Management	Above Average	Above Average	Percentage of tenants satisfied with overall services provided (GN)	Top 25%	Top 25%
				Percentage of tenants satisfied that views are being taken into account (GN)	Top 25%	Top 25%
				Current tenant rent arrears net of unpaid HB as % of rent due	Top 25%	No data
Estate Services	Total CPP of Estate Services	Top 25%	Top 25%	Percentage of tenants satisfied with their neighbourhood as a place to live (GN)	Top 25%	Top 25%

## Re-let times/rent lost for Vacant Properties

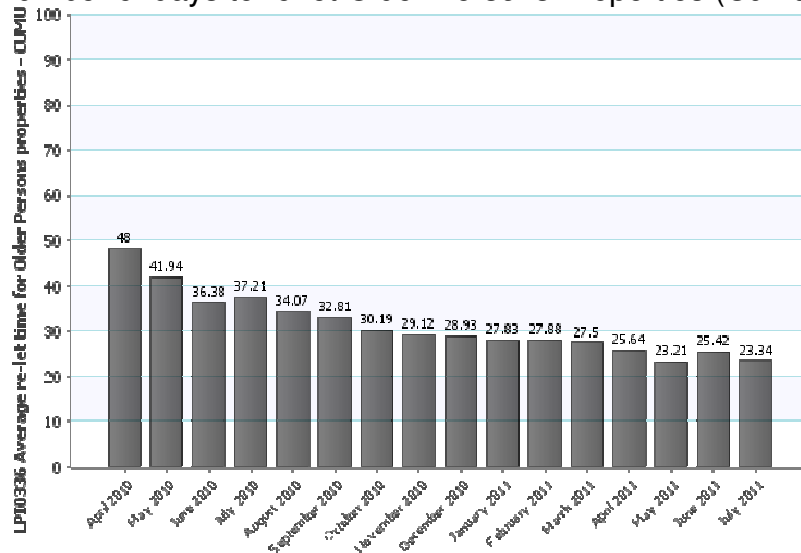
Number of days to re-let all property types (Cumulative)



Number of days to re-let General Needs Properties (Cumulative)



Number of days to re-let Older Persons Properties (Cumulative)



Rent lost through vacant dwellings

