

PERFORMANCE MONITORING: NEWARK AND SHERWOOD HOMES & THE HOUSING REVENUE ACCOUNT

1.0 Purpose of Report

- 1.1 To provide the Committee with performance information relating to the operations of Newark and Sherwood Homes (NSH) in accordance with the Management Agreement and Annual Delivery Plan.
- 1.2 The report will also provide the Committee with an update on current performance of the Housing Revenue Account (HRA).

2.0 Background Information

- 2.1 During the process to formulate the new Management Agreement with NSH, the Policy Committee at its meeting on 19th September 2013 resolved that the Homes & Communities Committee have the remit to '*undertake scrutiny of the operational performance of the Council's wholly owned housing management company*', with the Policy Committee taking responsibility for the determination of the Key Performance Indicators (KPI's) for NSH.
- 2.2 In establishing the suite of KPI's there was a need to ensure that the Council has in place a robust performance framework that includes a core set of strategic KPI's covering the expectations of the new management agreement (including the service specification) and to sustain the viability of the Council's Housing Revenue Account Business Plan (HRA BP). Set alongside this was the need to avoid duplication between the respective monitoring roles and responsibilities of the Company's Board and the Council in order to make the best use of resources and to ensure a consistent, transparent framework is adopted.
- 2.3 The Board already consider and scrutinise a comprehensive range of performance information covering housing management & maintenance, the housing capital programme, rents, governance, diversity, staffing, risks, costs/finance, income, management costs, satisfaction, complaints and health & safety compliance. This is so the Board can robustly challenge the operations of the Company to ensure it functions properly and meets its vision "to deliver excellent Housing Services".
- 2.4 Policy Committee considered the above points and agreed to the strategic KPI's as set out at **Appendix A**, which the Council monitors and scrutinises through the remit of this Committee.
- 2.5 The report that was presented to the Policy Committee at its meeting on 19th September 2013 advised that the set of KPI's be presented to Members bi-annually and by exception where a red indicator appeared within a set of tolerance levels for each KPI. A quarterly finance statement would still be reported covering HRA income.
- 2.6 To compliment the KPI'S and ensure ongoing scrutiny of NSH, the management agreement stipulates that the Company provides in consultation with the Council the following documents annually:

- a) Delivery Plan
Along with setting the Company's main activities, targets or standards under the provisions of the management agreement for each financial year, it also records the KPI's, benchmarking information and work of the Tenants Panel.

The Committee will note that the Annual Delivery Plan for 2016/17 is being presented at this meeting for approval.

- b) Asset Management Programme
- c) Tenant Panel Feedback/Work Programme
Tenant Panel representatives presented the Panels Annual Report to the Committee at its meeting on 26th January 2015. It was noted that the review of the repairs function was still to be finalised and the Committee invited the Panel to present their findings once completed. In this respect the Panel are now looking to finalise their report for consideration by the Company's Board, which will then be followed by a report to this Committee.
- d) Assurance Report *(covering financial affairs & governance)*
- e) Details of formal complaints *(outcome)*
- f) List of let contracts
- g) Procurement Plan
- h) Management Fee

2.7 The majority of the above matters have to be approved by the Policy & Finance Committee, prior to which consultation is undertaken with the Strategic Housing Liaison Panel.

2.8 All the KPI's are recorded and monitored on the Council's Performance Management System, Covalent. Senior officers of the Council and Company meet on a regular basis to review the workings of the management agreement, discuss progress to deliver the Annual Delivery Plan and how the Council's strategic objectives are being met to ensure both parties obligations under the management agreement are being scrutinised and reviewed.

3.0 Newark and Sherwood Homes Performance

3.1 An overview of NSH performance for Quarter 2 of 2015/16 is provided at **Appendix B**, which shows a positive picture with the majority of KPI's meeting or exceeding the targets set. The paragraphs below will provide narrative to some key points of focus.

Customer

3.2 Under the Customer heading at **Appendix B** the KPIs relating to the Survey of Tenants and Residents (Star Survey) for period 2014/2015 are now available. For this period, the survey results indicate that there has been a slight decline in the majority of satisfaction levels recorded. The Company report that the decline does not accord with the levels of performance being achieved or the satisfaction levels obtained through their internal mechanisms. The Company are to undertake an analysis to gain an understanding of the level of satisfaction demonstrated through the STAR survey and consider whether any additional actions should be undertaken

Income

- 3.3 The KPI covering '*% of supported housing tenants in support charge arrears*' is currently significantly higher than that of the target, which is primarily due to changes in the responsibility for payment of the charge further to the withdrawal of supporting people subsidy.
- 3.4 Each customer impacted by the withdrawal of the subsidy has been contacted to ensure they are aware of the changes and support provided to enable them to pay the charge. For those tenants who have not paid the charges, a personal visit has been progressed with a tailored support plan and work continues with those households as required to support income maximisation.

Welfare Reform

- 3.5 As the Committee will note the '*% of general needs tenants under occupying and in rent arrears*' is above target but has decreased from the previous 2014/15 figure. Many of the tenancies impacted by under occupation and the spare room subsidy are challenging cases and the Company are working with each household to deliver tailored actions seeking to reduce arrears and to support sustainable tenancies.
- 3.6 The second KPI of interest is the '*% of number paying by direct debit*', the figure is still significantly below target but the percentage has increased from 2014/15. The Company have specific work strands focused on having a positive impact on this performance and continue to promote the benefits of direct debit sign up through a range of communication methods.

4.0 Housing Revenue Account Performance

- 4.1 The rent debit as at 30th September 2015 is £10,709,099.53; this rose against a profiled budget of £10,253,630. The debit amount raised takes account of empty properties (voids) but bad debts are dealt with at year end.
- 4.2 The HRA BP carefully manages the debt position of the HRA and it can be seen that the Council is able to maintain a good headroom level in which to operate and deliver HRA capital schemes.

HRA Headroom calculation	£000
Housing Revenue Account – Borrowing Cap	112,475
Housing Revenue Account CFR (capital Financing Requirement) as at 31 March 2014	104,175
Headroom as at 31st March 2015	8,300

- 4.3 In accordance with the Management Agreement, the Council is now formulating the management fee for the financial year 2015/16 in negotiation with the Company for approval by the Policy & Finance Committee.

5.0 Proposals

5.1 The Committee note the performance information supplied in relation to the activities of Newark & Sherwood Homes, set against the requirements of the Management Agreement, and the HRA making any observations as appropriate.

6.0 Equalities Implications

6.1 The KPI's set to monitor the activities of NSH include an assessment of tenant satisfaction for the core housing services provided by NSH. Here further interrogation could be made where satisfaction levels decline and adversely impact on equality and diversity issues for tenants.

7.0 Impact on Budget/Policy Framework

7.1 The establishment of a robust housing performance framework to monitor the activities of NSH is critical to ensure delivery of the core principles of the management agreement, to sustain a viable HRA Business Plan and to measure delivery of the wider strategic housing priorities.

8.0 RECOMMENDATION

That the strategic performance information supplied in relation to the activities of Newark and Sherwood Homes and the Housing Revenue Account is noted with the Committee making any observations as appropriate.

Reason for Recommendation

To ensure a robust performance framework is put in place to monitor the strategic performance activities of Newark & Sherwood Homes in accordance with the management agreement and to sustain a viable HRA Business Plan.

Background Papers

Nil

For further information please contact Rob Main, Strategic Housing on ext: 5930.

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NEWARK AND SHERWOOD HOMES - KEY PERFORMANCE INDICATORS

Performance Indicators	Frequency
Income	
% of rent collected from current tenants as a % of rent owed	Quarterly
Amount of current arrears as a % of annual rent debit	Quarterly
% of rent loss through dwelling being vacant	Quarterly
Former tenant arrears as a % of annual rent debit	Quarterly
% of current leaseholder arrears	Quarterly
% of rent arrears written off	Quarterly
% of supported housing tenants in support charge arrears	Quarterly
Right to Buy	
Number of RTB sales	Quarterly
Average RTB value	Quarterly
Average RTB discount	Quarterly
Asset Management	
% of properties meeting the Decent Homes standard	Quarterly
% split between responsive repairs (revenue) and Asset Investment Programme (capital)	Annual Statement
Welfare Reform	
% of general needs tenants under occupying and in rent arrears	Quarterly
% of tenancies paying by Direct Debit	Quarterly
Number of general needs tenants in receipt of housing benefit (Universal Credit)	Quarterly
Number of supported housing tenants in receipt of housing benefit (Universal Credit)	Quarterly

Performance Indicators	Frequency
Customer	
% of general needs tenants satisfied with the quality of their home	Annual Statement
% of supported housing tenants satisfied with the quality of their home	Annual Statement
% of general needs tenants satisfied with the responsive repairs service	Annual Statement
% of supported housing tenants satisfied with the responsive repairs service	Annual Statement
% of customer satisfaction with responsive repairs	Quarterly <i>(Recording to commence 2015/16)</i>
% of tenants satisfied with supported housing services	Annual Statement
% of general needs tenants satisfied with landlord/overall service	Annual Statement
% of supported housing tenants satisfied with landlord/overall service	Annual Statement
% of general needs tenants satisfied with the neighbourhood	Annual Statement
% of supported housing tenants satisfied with the neighbourhood	Annual Statement
% of properties in low demand	Quarterly
Complaints received referred to Tenant Panel and/or Housing Ombudsman	Quarterly
Sustainability	
Inward investment achieved	Annual Statement
Efficiency delivery achieved (as specified in the Management Agreement)	Annual Statement
Revenue spend for management and maintenance costs against budget	Annual Statement
Level of reserves	Annual Statement
Finance available for growth (e.g. use of RTB receipts, reserves (year-end position), debt cap)	Annual Statement
Change in Stock Size	Annual Statement

NEWARK AND SHERWOOD HOMES ACTUAL PERFORMANCE 2015/16
Quarter Two Performance

Performance Indicators	Performance 2015/2016	Annual Target 2015/2016	Performance 2014/15	Performance 2013/14
Income				
% of rent collected from current tenants as a % of rent owed.	98.27%	96.25%	98.75%	98.73%
Amount of current arrears as a % of annual rent debit (measure of bad debt).	1.85%	6.50%	1.46%	1.54%
% of rent loss through dwellings being vacant	0.66%	2.00%	0.60%	0.73%
Former tenant arrears as a % of annual rent debit	1.24%	3.50 %	0.98%	0.74%
% of current leaseholder arrears	0.03%	8.00%	0.01%	New
% of rent arrears written off	0.00%	0.65%	0.28%	0.13%
% of supported housing tenants in support charge arrears	21.08 %	6.50%	17.82%	New
Right to Buy				
Number of RTB sales	3	24	24	27
Average RTB value	Awaiting Data		£90,781	£109,407
Average RTB discount	Awaiting Data		£44,758	£55,201
Average Sale Price	Awaiting Data		£46,022	£54,207
Asset Management				
% of properties meeting the Decent Homes standard	100.00%	100.00%	100%	100%
% split between responsive repairs (Revenue) and Asset Investment Programme (Capital)	25.94%	30%	26.30%	New
Welfare Reform				
% of general needs tenants under occupying and in rent arrears (2915 General Need Units)	10.30%	9.00%	11.02%	New
% of tenancies paying by Direct Debit	43.27%	70.00%	39.97%	36%
Number of general needs tenants in receipt of housing benefit (Universal Credit)	1,579	Not Applicable	1,609	New

Performance Indicators	Performance 2015/2016	Annual Target 2015/2016	Performance 2014/15	Performance 2013/14
Number of supported housing tenants in receipt of housing benefit (Universal Credit)	1561	Not Applicable	1,531	New
Customer				
% of general needs tenants satisfied with the quality of their home - Survey of Tenants and Residents (<i>Star Survey</i>)	Annual Statement		84.00%	84.5%
% of supported housing tenants satisfied with the quality of their home (<i>Star Survey</i>)	Annual Statement		91.00%	92.70%
% of general needs tenants satisfied with the responsive repairs service (<i>Star Survey</i>)	Annual Statement		74.00%	76%
% of supported housing tenants satisfied with the responsive repairs service (<i>Star Survey</i>)	Annual Statement		87.00%	91%
% of tenants satisfied with supported housing services (<i>Star Survey</i>)	Annual Statement		89.00%	90%
% of general needs tenants satisfied with landlord/ overall service (<i>Star Survey</i>)	Annual Statement		83.00%	85%
% of supported housing tenants satisfied with landlord/overall service (<i>Star Survey</i>)	Annual Statement		89.00%	90%
% of general needs tenants satisfied with the neighbourhood (<i>Star Survey</i>)	Annual Statement		81.00%	80.3%
% of supported housing tenants satisfied with the neighbourhood (<i>Star Survey</i>)	Annual Statement		91.00%	90.8%
% of customer satisfaction with responsive repairs (<i>Collated from returned tenant satisfaction surveys on completion of a responsive repair</i>).	NSH updating performance system to enable reports to be generated.		98.00%	New
% of properties in low demand	6.00%	4.00%	4%	New
Complaints received referred to Tenant Panel and/or Housing Ombudsman	2	4	1	New

Performance Indicators	Performance 2015/2016	Annual Target 2015/2016	Performance 2014/15	Performance 2013/14
Sustainability				
NSH - Inward investment achieved	Annual Statement	£150,000	£722,350	£413,000
NSH – Management fee efficiency delivery achieved (as specified in the Management Agreement)	Annual Statement	3%	5%	No data
NSH - Revenue spend for management and maintenance costs against budget	Annual Statement	£3,837,250	£8,765,715	New
Level of HRA reserves	Annual Statement	£2,000,000	£2,000,000	£5,400,991
HRA Finance available for housing growth (i.e. RTB receipts, reserves (year end position), borrowing headroom, NSH reserves)	Annual Statement		£8,350,000	New
Change in Council Housing Stock Size	Annual Statement		5,439	5,438