



Medway Council Landlord Services' Value for Money Statement 2017/18

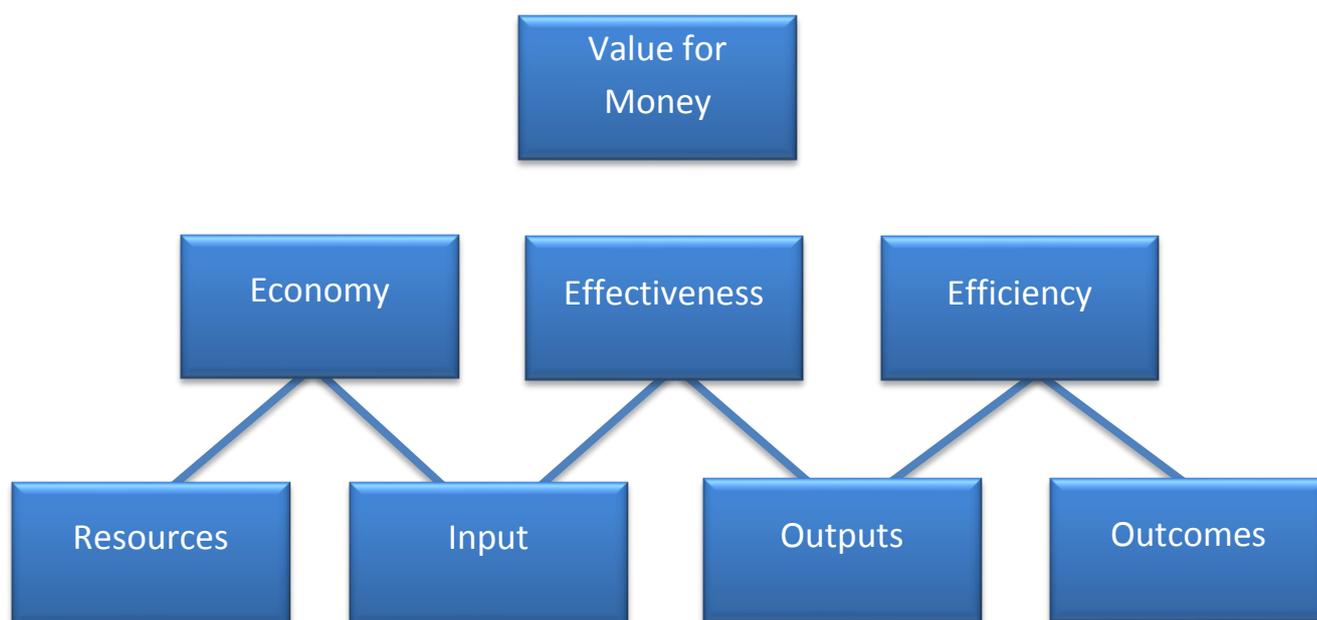
Introduction

Medway Council Housing Landlord Services identifies value for money (VFM) as using the best resources available to achieve the objectives and outcomes set out in our service and business plans. Value for money is not just about saving money, it is about ensuring that the business is economical, efficient and effective.

What is Value for Money (VFM)?

Three criteria can be used to assess value for money:

- **Economy:** minimising the cost of resources used or required (inputs) – spending less;
- **Efficiency:** the relationship between the output from goods or services and the resources to produce them – spending well; and
- **Effectiveness:** the relationship between the intended and actual results of public spending (outcomes) – spending wisely.



What are our objectives for delivering Value for Money (VFM)?

Giving value for money is a key objective of Medway Council, by delivering value for money Landlord Services objectives are to:

- Achieve good performing, low cost sustainable quality services
- Deliver the aims and objectives set out in our Service, Directorate and Council plans
- Deliver the aims and objectives set out in our Business Plan
- Deliver the Asset Management Plan
- Reinvest savings back into the service
- Maximise customer satisfaction with the service

What resources do we have to achieve our Value for Money (VFM) objectives?

In order to achieve our VFM objectives Landlord Services has the following resources:

- Annual budget (2017/18 forecasted income of £14,470,000)
- 38 FTE employees and three apprentices
- A Repairs and Maintenance service delivered via our contractor Mears
- An Estate and Ground maintenance service delivered via our contractor Norse.
- External Audits (ISO, Customer Service Excellence)
- Internal Audits
- Residents involved in shaping the delivery of our service (Estate Champions, Youth Engagement Monitoring group)
- Performance Management system (Covalent)

How successful are we at achieving Value for Money (VFM)?

Stakeholder opinion

In order to gauge the views of residents Landlord Services conducted a postal satisfaction survey in June 2015. The survey asked residents to rate their satisfaction with the various Landlord Services provided to them. The following results on value for money were identified:

Satisfaction that rent provides value for money has increased from 88% (780/890) in 2013 to 91% (603/665) in 2015.

Table D	
Benchmark	Apr-Mar
	%Score
Upper quartile	87.02
Club median	82.30
Lower quartile	79.23
Number in sample	74.00
Our Score	91.00

Table D identifies that Landlord Services is in upper quartile for satisfaction with value for money for rent. This is an improvement on 2013 in which performance was median to upper quartile

Table E	
Benchmark	Apr-Mar
	%Score
Upper quartile	78.90
Club median	73.86
Lower quartile	66.50
Number in sample	47.00
Our Score	74.00

Table E identifies that Landlord Services is in median to upper quartile for satisfaction with service charges. This has fallen from being in upper quartile in 2013.

Our current position

In order to understand our current VFM position financial, resource and performance data for the financial year 2015/16 was submitted to Housemark for comparison against other organisations. Satisfaction data submitted was taken from the results of our April 2015 resident satisfaction survey.

The comparator group selected for the following CORE benchmarking is - All Housing Organisations with a stock size between 2500 - 3500.

The results of the exercise can help us assess our resource levels compared with others, and whether we have achieved the optimum balance between inputs, outputs and outcomes.

Benchmarking Results

Headline measures	
Costs headlines	Quartile
Overheads as a % of direct revenue costs	Median
Total CPP of Housing Management	Median
Total CPP of Responsive Repairs & Void Works	Upper
Total CPP of Major Works & Cyclical Maintenance	Median



- Low cost and good performance for Repairs and Major works and cyclical maintenance.
- High cost and Good performance for Rent arrears and collection and lettings.
- High costs for tenancy management – includes overheads and SLA’s
- Areas of improvement needed around resident involvement and Estate Services.
 - Estate services - These results look at estate services over 15/16 – for 6 months it was with Medway and for 6 months it was with Norse. It is expected that results will improve following a full year’s contract with Norse.
 - Resident involvement – Based on STAR survey question - Views taken into account (%) (58% Medway, Median 72%) + Non pay costs are high but this includes a SLA cost for our communications department. The Resident Engagement Strategy will be reviewed in 2017/18.

How will we continue to achieve Value for Money (VFM)?

In order to achieve VFM Landlord Services will adhere to the Councils overall financial objectives of providing high-quality and value for money services for its residents.

To maintain value for money the Council:

- attracts external funding
- monitors finances and moves resources into high priority areas as part of the budget process
- is involved in partnership working with other public services
- reduces costs where possible
- improves procurement
- sells its own services externally where appropriate.

In addition to this Landlord Services will undertake the following actions:

- Maintain a suit of procedures and policies that are regularly reviewed to ensure they are efficient and producing VFM services.
- Maintain ISO and Customer Services Excellence awards to help ensure our customers receive the best possible service.
- Manage and monitor our budgets, forecast potential savings and take action to prevent overspend.
- Produce regular performance reports to monitor that our services are meeting their agreed targets.
- Produce an annual service plan that identifies how we review service delivery to provide VFM.
- Publish a long term business plan that enables us to strategically identify and plan future income and expenditure.
- Publish an Asset Management Strategy that informs the strategic medium and long-term approach to the council's housing assets.
- Benchmark our services performance, resource and financial performance and identify best practice.
- Adhere to the council's procurement process.
- Monitor our contractors to ensure they are delivering service the level of service agreed in their contract.
- Consult with our stakeholders to ensure the service is meeting the required standard.
- Keep rents as fair and affordable as possible whilst ensuring that investment is available to keep our properties fit for purpose.
- Develop on line digital opportunities with our repairs and rents services to ensure they are accessible for customers 24/7, reducing our front line overhead costs.
- Work in partnership with other organisations to achieve VFM.
- Seek external funding opportunities for additional funding.
- Undertake regular service reviews where costs are remain higher than benchmarked local authorities.

How will we monitor the actions set out in this Value for Money Statement (VFM)?

To ensure that we are achieving the actions set out in this statement and delivering VFM we will regularly monitor service delivery and performance via internal monitoring reports, management meetings and employee performance reviews (1-1's, PDR's).

What are the risks to achieving Value for Money (VFM)?

Risk	Description	Action to avoid or mitigate risk
HRA Balance.	There is a requirement to ensure that the balance on the HRA does not fall into deficit and a business plan is required to model this need over a thirty-year period. The major factor with the potential to impact on this requirement is the level of expenditure required for housing repairs.	Ongoing stock condition surveys undertaken to provide a sound basis on which to model future repairs investment. Regular monitoring by senior officers of the budgets and actions agreed to avoid deficit occurring.
Changes brought about by Welfare Reform.	<p>If fully implemented Government proposals to introduce UC would mean approximately £5.68 million (based on current figures) being paid direct to tenants that is currently paid via housing benefit directly to the HRA rent account. This may mean a significant increase in arrears and also additional transaction costs for the HRA of around £10,000 to recoup this income.</p> <p>Other changes implemented by the welfare reform may have significant impact on tenant arrears which will have a negative affect on the business plan. These include:</p> <p>Size Criteria - Council tenants of working age who claim housing benefit (HB) only receive HB for the amount of bedrooms they are entitled to. If they have bedrooms surplus to their needs they are required to pay a top up on their HB.</p> <p>Benefit Cap - There is a cap on the total amount in benefits that people of working age can claim. There was a reduction to the benefit cap in November 2016.</p> <p>Claimant aged 18-21 - Removal of the entitlement to the housing element of Universal Credit from certain new claimants aged 18-21</p>	<p>Welfare reform team in place who are working with most vulnerable residents.</p> <p>Key partners being engaged in process.</p> <p>Monitoring of rent arrears</p> <p>Money management training being organised for Tenants and Debt Advice sign posting in place.</p>
No up to date Business Plan in place.	Local authorities are required to produce and maintain a HRA business plan that meets the Governments 'fit for purpose' criteria.	The adoption of the business plan following the full implications of the housing and planning bill, as understood, would allow the Council to continue to meet this requirement.
Significant change in income from rent or service charges affects business plan.	<p>Arrears escalate above predicted 'bad debt' provision.</p> <p>The reduction by 1% each year from 2016/17 until 2019/20 for rent charging will reduce previously predicted income to the HRA business plan. Along with any significant increase in arrears, this may impact on the ability to deliver current services or staffing structural models.</p>	<p>Dedicated team in place to manage income.</p> <p>Weekly reports produced to robustly monitor performance and take prompt and effective action.</p> <p>Monthly reporting in place for arrears and other income.</p> <p>HRA business plan reviewed annually.</p> <p>Regular reviews undertaken of alternative methods of delivery, which may improve customer service and value for money.</p>

Change of stock Number	Significant change in stock numbers due to increase in Right To Buy or Strategies to review stock retention and assets such as garages.	Significant changes will be monitored and business plan refreshed as necessary.
Subsidy payment for high value assets.	High value assets above defined threshold will be subject to a subsidy payment back to Central Government.	A review of affected stock to be undertaken with a strategic decision on retention of high value assets, once the regulations are published.
Interest rate rise affecting loan repayments	Under the new self financing arrangement the HRA have been set a borrowing cap limit by government. In 2012 the HRA began a programme of repaying its debt by a minimum revenue payment (MRP). If the interest rate on this debt rises it will increase the amount of money the HRA is required to repay.	Significant changes will be monitored and business plan refreshed as necessary.
External market factors become more competitive and prices increase forcing higher tender returns	When procuring contractors, competition in external market factors could drive up contractor costs. This may lead to more money having to be allocated for contracts.	Significant changes in the markets economy will be monitored. Consideration of this risk will need to be taken into consideration when formulating new contracts. Principle of VFM will need to be considered when tendering contracts.
Brexit causes the cost of materials to increase leading to higher than planned capital maintenance costs	If the cost of the pound falls it could lead to an increase in the cost of imported materials. This could lead to an increase in our capital maintenance costs.	Significant changes will be monitored and business plan refreshed as necessary.

How will we monitor and review this Value for Money (VFM) statement?

This VFM statement will be reviewed on an annual basis as part of our budget setting process. As part of the review updates will be provided on the actions for achieving value for money set out in this statement.

Related documents

Our annual budget report can be viewed online

<https://democracy.medway.gov.uk/ieListDocuments.aspx?CId=123&MId=3389>

Our 2017/18 business plan can be viewed online

<http://www.medway.gov.uk/pdf/HRA%20Business%20Plan%20Financial%20Projects%20January%202017.pdf>

Version Control Sheet
<p>Title: Medway Council Landlord Services Value for Money Statement Policy Author(s): Head of Housing Management and Policy and Partnership Manager Version: 2 - updated for 2017/18 This Version: November 2017 Date approved by Extended Management Team: 03.11.2017 Projected Date of Review: November 2019 Cross References: HRA Business Plan, Annual budget</p>