



Haringey

APPENDIX A

REPORT TEMPLATE

Agenda item:

[No.]

Cabinet

On 16.10.07

Report Title: **Homes for Haringey Performance Report April – August 2007**

Forward Plan reference number (if applicable): **[add reference]**

Report of: Niall Bolger, **Director of Urban Environment**

Wards(s) affected: **All**

Report for: **Information**

1. Purpose (That is, the decision required)

- 1.1 The report provides an update of the progress made in relation to key targets and objectives and summarises the main issues discussed at the Quarterly Performance Monitoring Meeting of 4th October 2007
- 1.2 This report covers the period from April 2007 to August 2007. As such it will therefore include a combination of both quarterly and monthly data to bring it up to date following the rescheduling of the August 2007 quarterly meeting.
- 1.3 A full copy of the report is available in the Member's Room at the Civic Centre

2. Introduction by Cabinet Member (if necessary)

- 2.1 This performance report on HfH for the year up to the end of August very much mirrors the May 2007 Audit commission inspection report which awarded 2* to the ALMO.
- 2.2 In the period HfH consistently delivered excellent Estate services and Home Ownership services.
- 2.3 Most of HfH customer contact indicators – phones, complaints and members enquiries have consistently improved over the last 12 months and are above target for the year. The only exception to this is phone performance in the call centre which fell in July and August.
- 2.4 While currently below target rent collection rates have risen and HfH have undertaken a series of exercises to reduce arrears. There has been a marked increase in the use of NOSP's to promote payment.
- 2.5 Repairs performance has been more consistent but many of the indicators are just

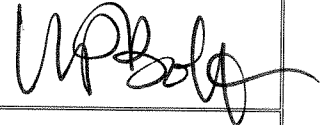
below target for the year.

- 2.6 A major concern is voids. The number of voids has reduced over the last 12 months but the validation process for re-lets has been taking longer than expected affecting re-let times. A business process redesign has been undertaken to address this issue, the findings of which will be reported in October to the Voids Improvement Group.
- 2.7 The Council and HfH recognise that performance needs to continually improve. HfH have recognised this in their business plan and have a priority project "taking performance forward". One part of this is developing local scorecards for each customer facing team so that performance is given the same prominence across HfH.

3. Recommendations

- 3.1 The content of the report be noted.

Report Authorised by: Niall Bolger, **Director of Urban Environment**



Contact Officer: Carl Bradley, ALMO Liaison and Consultation Officer
Tel: (020) 8489 4454 e-mail: carl.bradley@haringey.gov.uk

4. Director of Finance Comments

- 4.1 The Director of Finance has been consulted on this report and is part of the regular monitoring process. The overall Housing Revenue Account provisional outturn position is projecting an underspend of £420k against the approved budget as agreed by the Council in February 2007. The net surplus arises because rent and service charges income is projected to be above budget mainly resulting from a 53rd rent week falling into 2007/08, but this is partly offset by additional costs pressures which have emerged, such as increased bad debt provision to give a net projected surplus of £420k .
- 4.2 The latest forecast position for the Capital outturn is an under spend of £783k as reported by HfH to their board. The capital programme contains a level of over programming of £1.345m (6.8% of confirmed resources). The current projected underspend represents an under utilisation of this allowance, which will be addressed as part of the normal processes of the management of the capital programme to ensure that full or near full spend is achieved by the end of the year.
- 4.3 I am concerned that the rent collection rate is still lagging below the target of 97.5% for the year and may translate into arrears that could become un-collectable and also require increased bad debt provisions as indicated above. Although in recent months performance has improved, focus should remain on improving collection rates to achieve the target and also reducing the arrears position. The report indicates that action is being taken to address this issue.

4.4 The Medium Term Financial Strategy report presents the HRA financial plans for the next five years and highlights areas of concern in terms of underlying expenditure and income pressures. Options to address these will need to be considered by H4H in conjunction with the Council as part of the budget planning cycle for 2008/09 to 2010/11. Additional income and/or cost savings will need to be identified to maintain balances at prudent levels, considered by me to be not less than £4m over the planning period.

4.5 The outcome of some of the value for money reviews will result in cost savings being required to be made by the Council, which is in addition to the savings proposals in the budget process. These will need to be dealt with on an individual basis as and when they arise.

5 Head of Legal Services Comments

- 5.1. The Head of Legal Services has been consulted in the preparation of this report, and makes the following comments.
- 5.2. Under the terms of the management agreement (the agreement) signed by the Council and Homes for Haringey (HfH), HfH is required to periodically provide qualitative and quantitative information to the Council on a quarterly basis.
- 5.3. The agreement sets out the type of information which has to be provided, namely:
 - progress towards achieving a two star and three star service
 - progress of the delivery plan, including contribution to corporate objectives
 - updates on customer satisfaction

The Head of Legal Services advises that the contents of this report adequately addresses the headings above.

6 Local Government (Access to Information) Act 1985

- 6.4 Homes for Haringey Quarterly Performance Monitoring Meeting Reports October 07
- 6.5 Housing Revenue Account Statement
- 6.6 Capital Account Statement
- 6.7 Homes for Haringey Business Plan
- 6.8 Management Agreement
- 6.9 Service Level Agreements

7 Strategic Implications

- 7.4 A key element of the Housing Strategy is the successful delivery of the decent homes standards, providing decent homes for all tenants and regenerating the borough. In the client role it is therefore important that these strategic aims are met and the regular monthly and quarterly meetings are the tools by which this is measured.

8 Financial Implications

- 8.1 There are financial implications arising from some of the key performance indicators performing below target. Income collection rates and voids are the two giving most concern. The financial impact has to be managed within the agreed HRA financial plans.

8 Legal Implications

- 9.1 As the contents of the report are for information only, there are no specific legal implications which arise, save to say that in order to preserve the continued existence of HfH, it is important that when performance issues arise, adequate plans are put in place to address the situation, which are then monitored by both the Council and HfH.

9 Equalities Implications

- 9.1 Improvements to tenants' homes and environment will enhance living conditions of those who experience disadvantage because of their gender, race and ethnicity, disability, sexual orientation, age and faith.

10 Consultation

- 10.1 Not applicable

11 Background

- 11.1 Homes for Haringey's performance is formally monitored by way of monthly and quarterly meetings. The format of the monthly meetings has recently been enhanced by the council to ensure a focus on key performance areas where there are concerns and to give the council a more detailed opportunity to 'drill down' into the detail. However it should be noted that this approach is not to 'micro manage' the organisation but for the council to understand the reasons why performance may have fallen.

12 Performance Report for the period April 07 to August 07

This report will provide information on outcomes for Best Value indicators on Income Collection, Re-lets and Repairs as well as information on other local key performance indicators. The highlight of the reporting period is that HfH have achieved 2* in the May 2007 Audit Commission inspection, which means that they are now eligible for Decent Homes funding. However HfH are still awaiting the outcome of their bid for Round 6 Decent Homes funding from CLG. A decision on this bid is expected later this year.

13 Performance indicators

14.1 Income Collection

Income collection indicators are showing an improvement. Overall collection rate (BV66A) is currently 97.29% up from 96.53% at March 2007. The target for 2007/08 is 97.5%

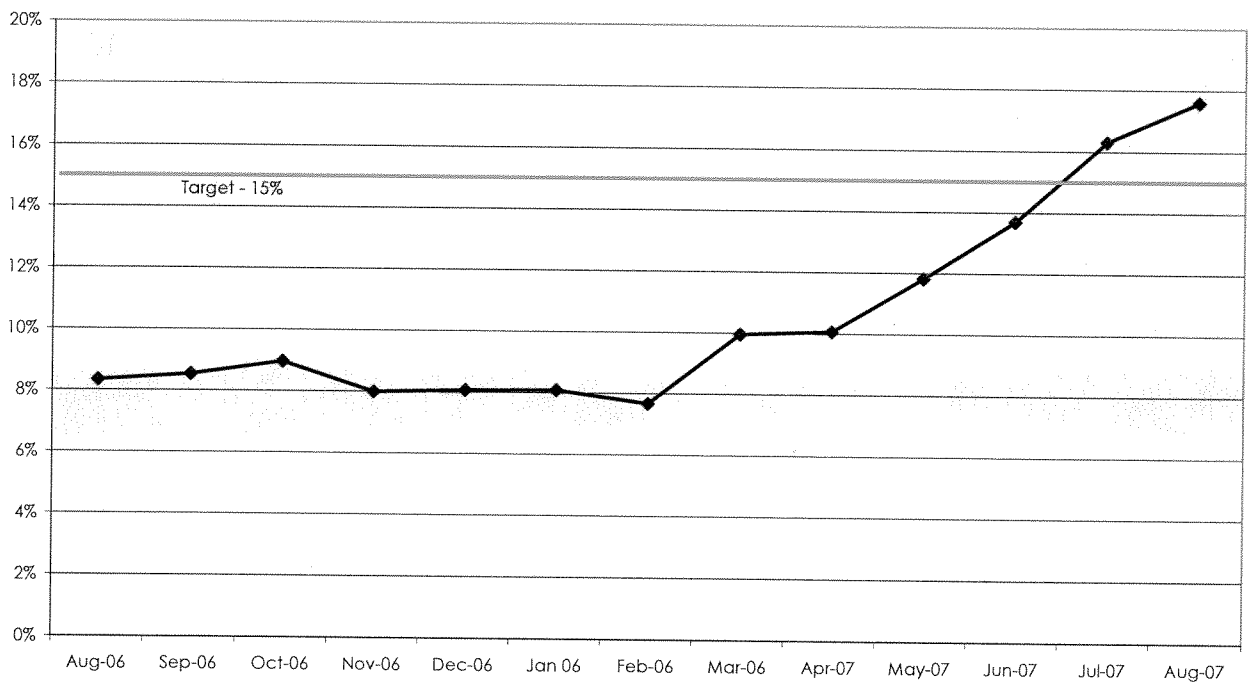
HfH have put in place several action plans to address the increase in rent arrears and the recommendations in the recent Audit commission inspection. There are specific

plans in place to focus on tenants owing between 7 – 20 weeks rent with the objective of reducing the number of tenants owing more than 7 weeks arrears.

While still not achieving target, there has also been a slight decrease in the number of tenants with 7+ weeks in arrears in August. The current figure is 15.64% or tenants owing 7+ weeks arrears while in July the figure was 15.8%. The target for the year is 10%.

As a result of two rent exercises completed in July and August, 270 additional NOSP's were served – reflected in the % increase for July and August as shown in the graph below. The percentage of tenants evicted for rent arrears, while still under target (0.8% for the year) is the highest figure this year at 0.62% in August.

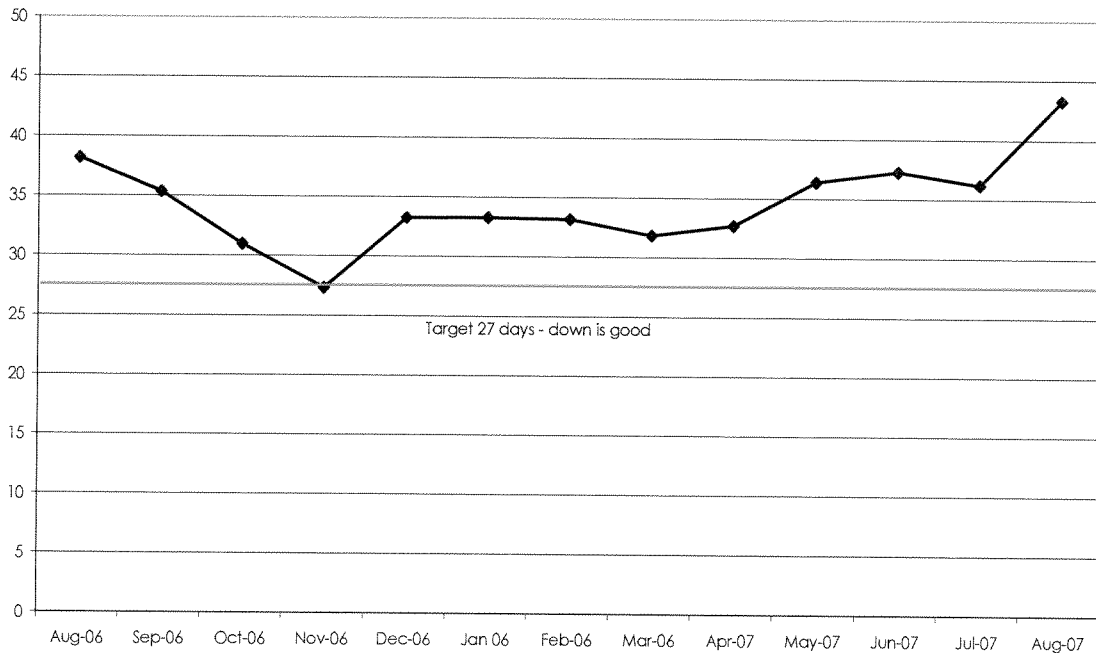
BV66c - % of tenants in arrears with NOSP's



14.2 Re-lets

Performance on most voids indicators failed to achieve their targets in the period. The year to date figure for void turnaround is 37 days against a target of 27 days (see graph below). However rent loss from voids was within tolerance levels. The number of voids has decreased from 277 in August 06 to 213 in August 07.

Average void turnaround in calendar days



Actions being taken to address performance on these indicators include:

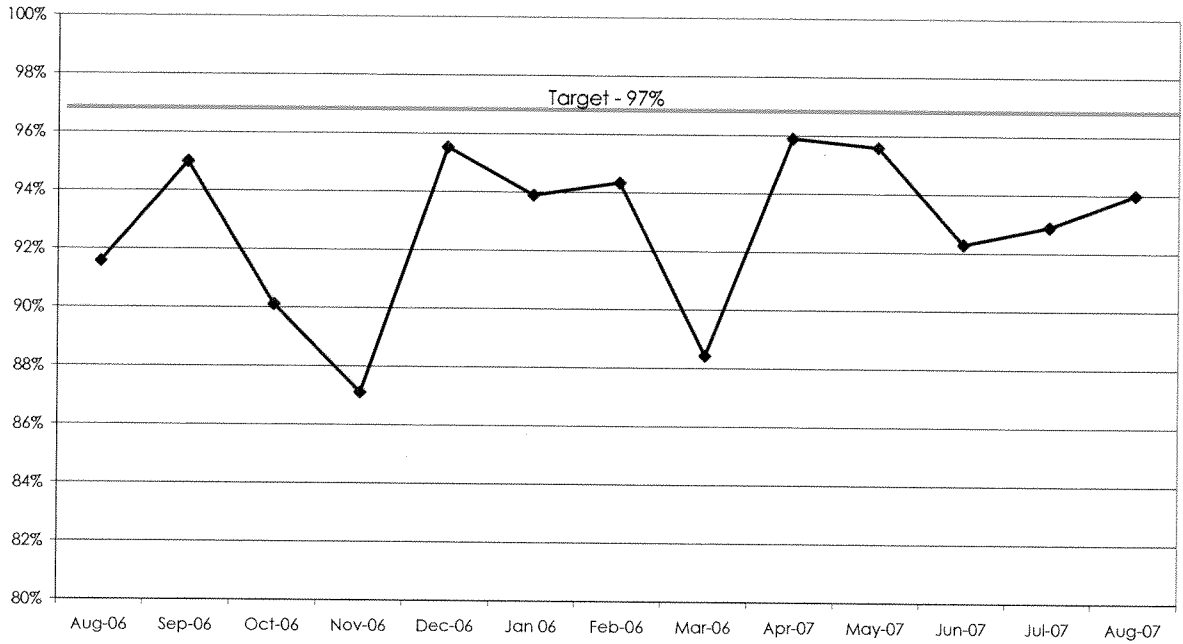
- Recruiting to vacant posts in all services.
- A business process redesign exercise was undertaken of the Allocations and Letting process and will be presenting findings on 11th of October to the voids improvement group. As a result of this project action has been taken to address delays in the verification process by verifying the data of those likely to be rehoused in the next few months. This is an interim measure pending the presentation of the findings.
- A strategy is being developed to address the issue of hard to let properties and will be presented to the October Voids Improvement Group
- A system for more effective matching of lets to Older People went live on 27th September 2007.

14.3 Repairs

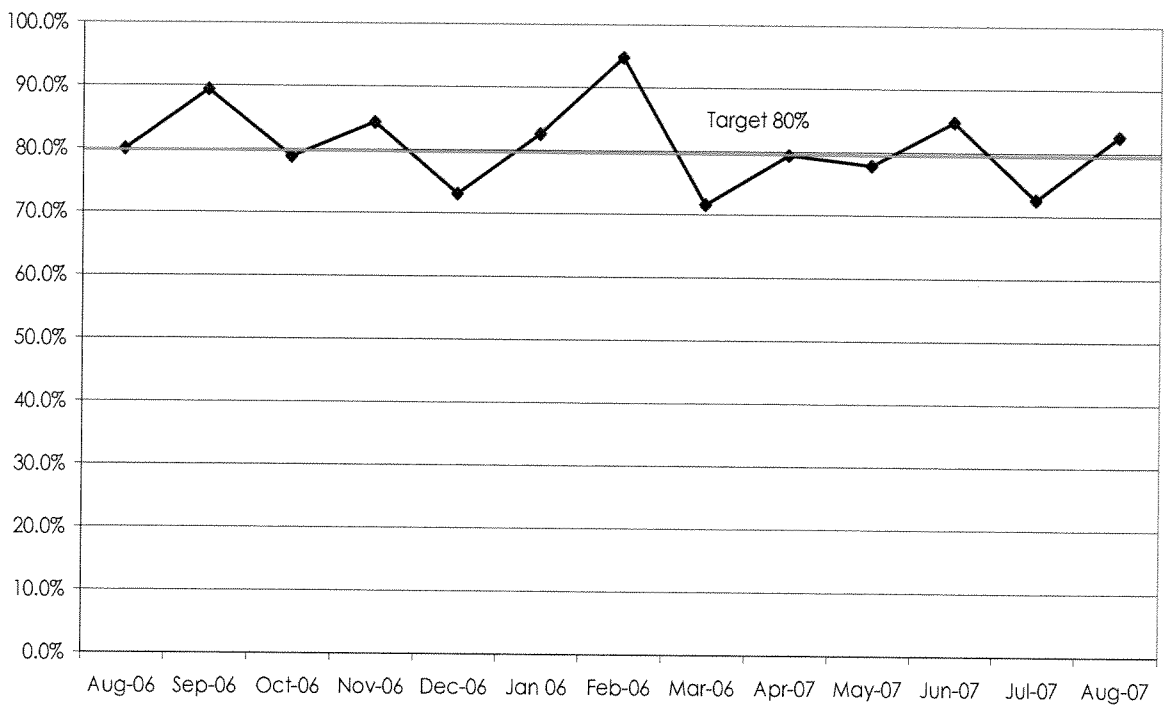
Most indicators are below target but indicators such as % of non emergency appointments made and kept and the % of urgent repairs completed within government time limits, though below target, improved in August. The PI for Aids and Adaptations has performed above target.

One of the main reasons that repairs are not being carried out within target is that a large number of overdue roofing and fencing jobs from June and July were undertaken during August. This came about as a result of the inclement weather for roofing problems and supply problems with fencing.

% of specified urgent repairs completed in target



Percentage of aids and adaptations orders completed in target



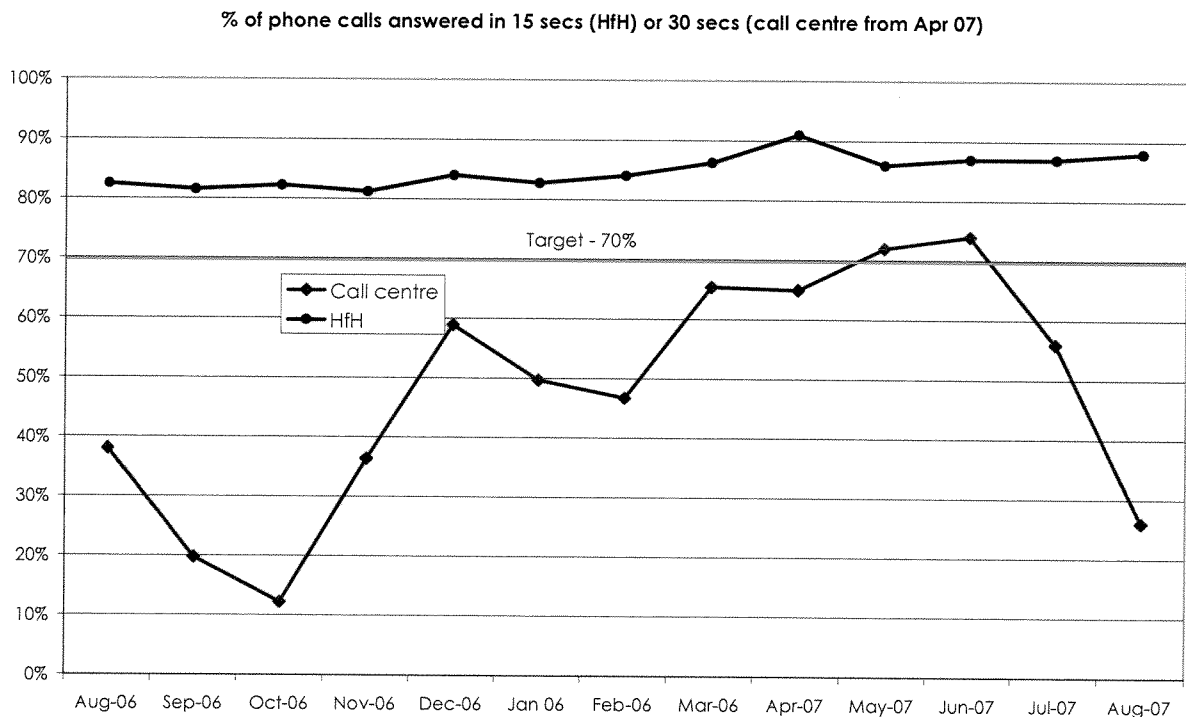
15.0 Local Performance indicators

15.1 Customer Contact

Many of HfH's customer contact PIs continued to perform well with HfH phone performance above target in year to date.

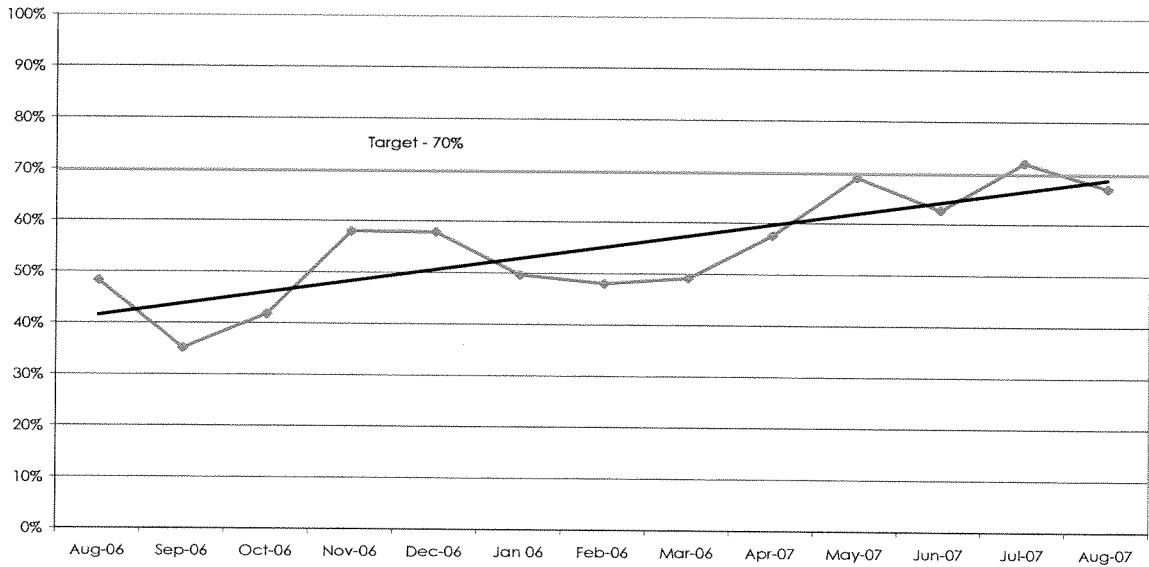
As shown in the graph below the percentage of calls answered within 30 seconds by Customer Services fell between June and August.

The reasons for this dip in performance is the result of an increase in the volume of calls during July and August which is due in part to the inclement weather with increased calls about roofing, drains and gutters. The figures show that in August there were 2,500 more calls than in July and approximately 40% higher than the monthly average over the last year. There were also additional calls regarding tenancy management, estates service or income collection. HfH are working with Customer services to understand what these relate to.



The percentage of callers seen within 15 minutes at Customer Service Centres achieved target in July and August but remains below target for the year to date.

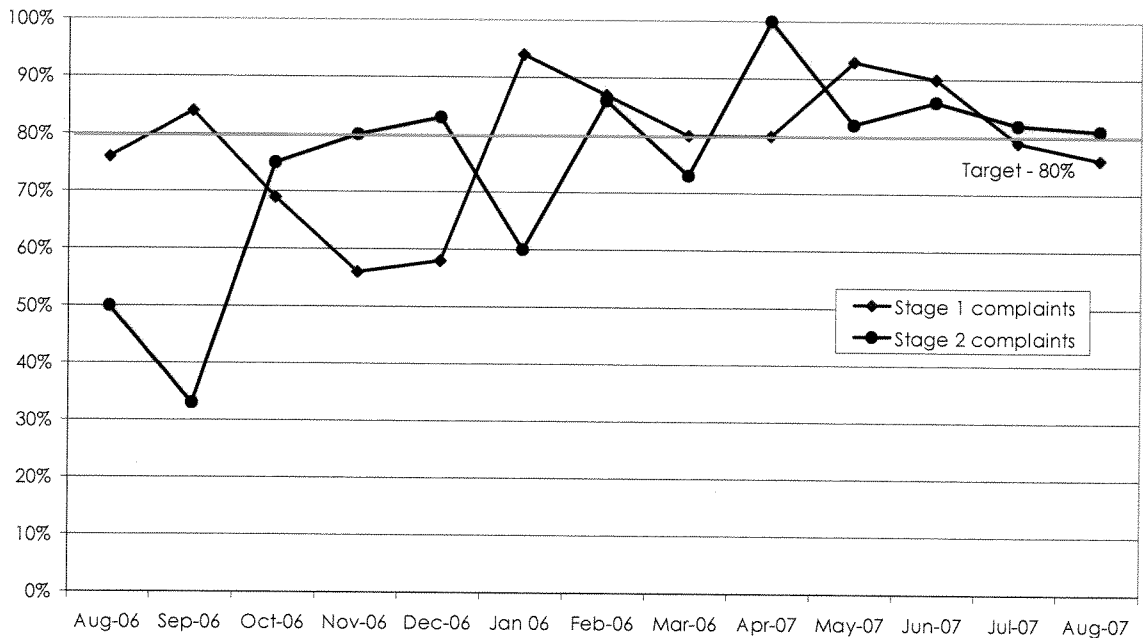
% of visitors to Customer Service Centres seen in 15 minutes

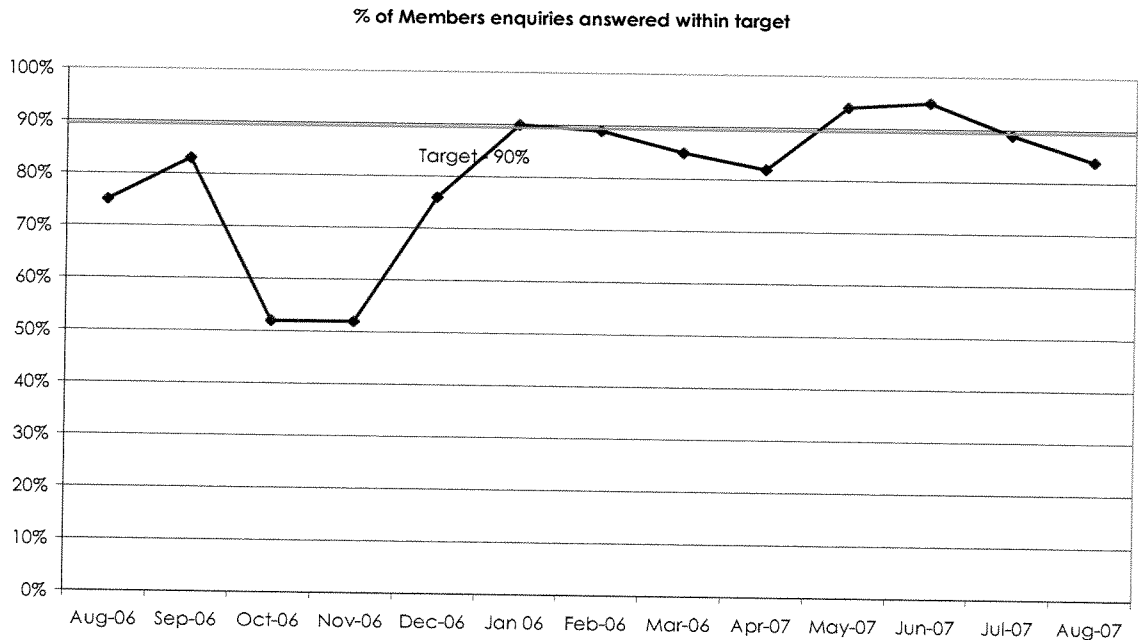


15.2 Stage 1 and Members Enquiries

Complaints and members enquiries performance has dipped slightly in July and August, but performance is still above target for the year.

% of stage 1 and stage 2 complaints answered within target





15.3 Homes with Valid Gas Certificate

There was a slight drop in performance during August with 97.8% of properties having a valid gas certificate. The figure for the year to date is 97.8%. There are a considerable number of appointments for the first two weeks of September which should improve the figures.

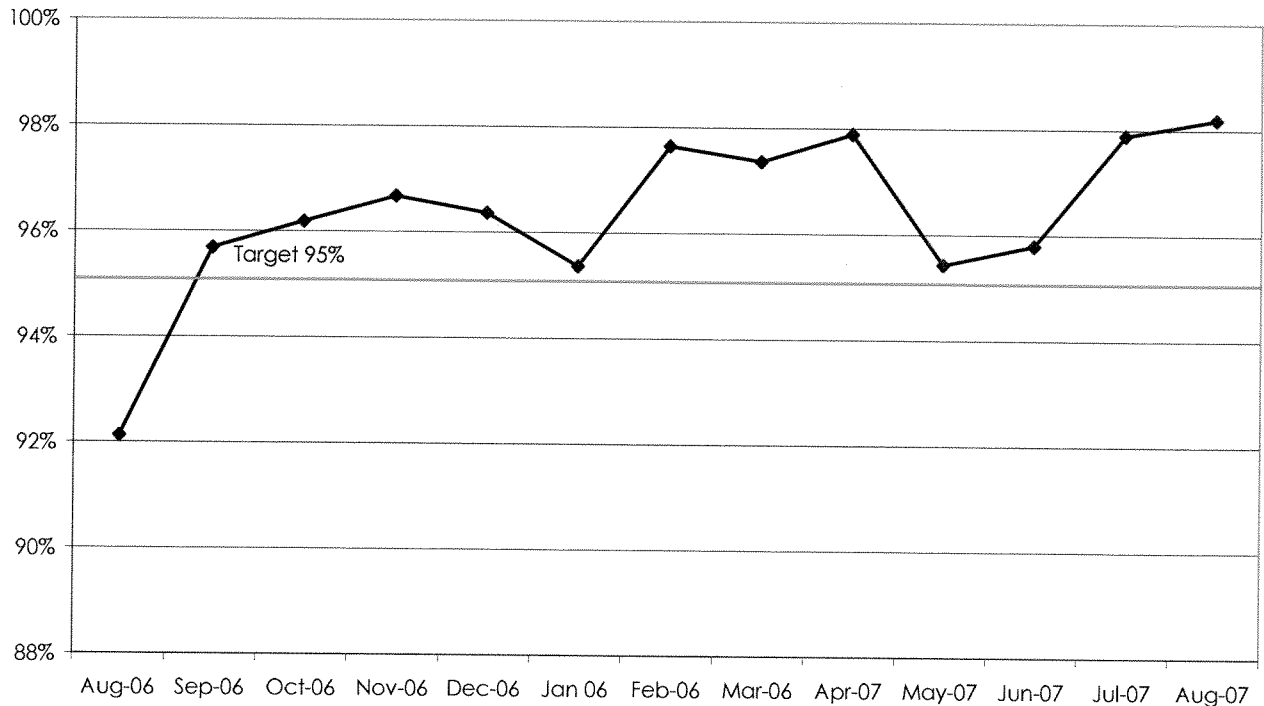
15.4 Home Ownership

HfH achieved 100.07% collection rate against a target of 100% on this quarterly indicator.

15.5 Estate Services

HfH continued to perform well on this indicator achieving target both monthly and quarterly on 3 out of 4 indicators. The remaining indicator is just below target.

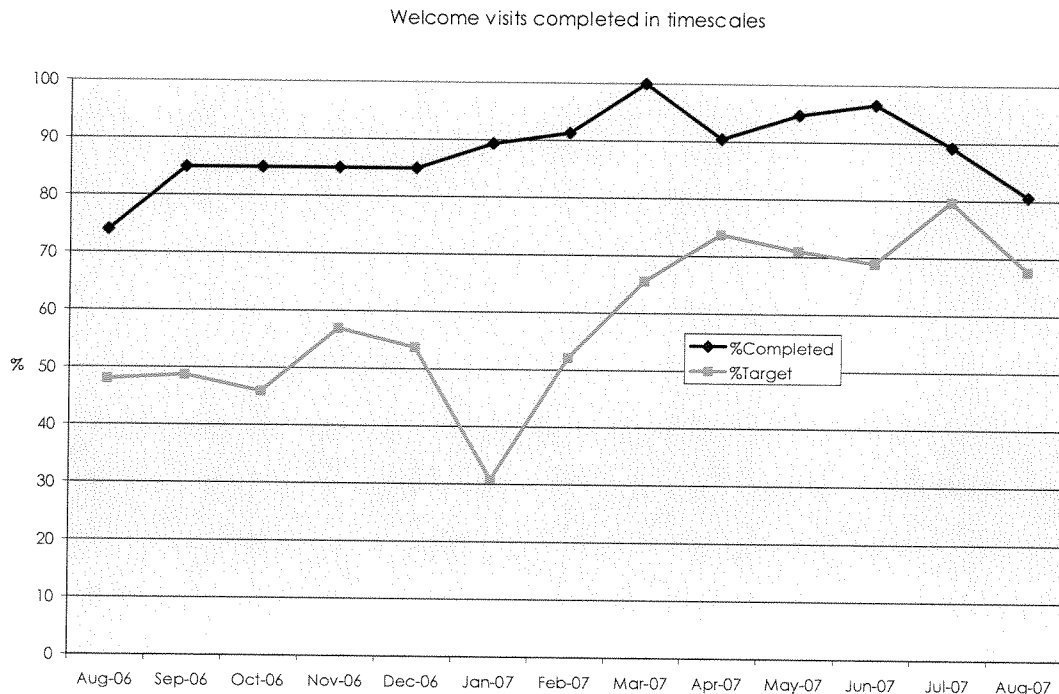
% of estates rated as excellent or good by ESMs



15.6 Tenancy Management

Tenancy Management indicators were below target although there was a significant increase in cases during August. The number of cases due for completions (58) was almost 60% higher than the monthly average with HfH's caseload increasing from 16 due in July to 38 due in August. It is worth mentioning that the actual number of cases due each month is relatively small and a few missed can have a significant impact on performance. Where staff shortages were contributing to performance on this joint indicator the recruitment process has begun. Temporary staff have been appointed to cover the vacant posts.

Welcome visit performance fell in August but has improved substantially over 2007/08. In August 31 visits were due, 25 were completed with 21 being completed within the 6 week target. As with ASB there is a relatively small number of visits due each month and a few missed visits can have an impact on performance. It is also worth remembering that it can be sometimes difficult to arrange a visit with the new tenant within 6 weeks due to personal commitments of new tenants. Where this happens the visit is shown as late and will contribute to the year to date indicator but missing the 6 week indicator.



15.7 Invoice payment

Performance on this indicator remains below target and has fallen. With 79% of invoices paid on time against a target of 92%. HfH have broken down overall performance and included in team scorecards. HfH expect improvements from October 2007.

16.0 Finance

Revenue

HfH report and underspend of £420,000 for the Housing Revenue Account (HRA) as a whole across the year. A further breakdown is provided below of the three accounts that make up the HRA.

Company Accounts (Owned and managed by HfH)

- At the moment HfH forecast that they will spend £54m for the year against planned full year income of £53.6M. This will revert to green once the budget is updated.
- Forecast income for the year is green, as HfH will be earning more than planned £54 against a planned income of £53.6m. The year to date is shown as amber as HfH has earned £15.1m against a planned £17.9m – budget profiles may need to be amended.
- External repairs contractor expenditure is within plan. This indicator will be amended to “repairs client expenditure” once the contract is awarded, and if awarded in-house a separate “contractor expenditure” indicator will also be shown.
- As with forecast expenditure, the number of Budget Owners within budget indicators are shown as red will reduce once the budget is updated.

Managed Accounts (owned by the council and managed by HfH)

The overall position of the Managed budgets is an underspend of £1.074m. This underspend incorporates:

- Forecast additional rent and service charge income of £2.432m. The excess income forecast is largely as a result of a 53rd rent week falling into 2007/08. Normal practise is to feed the extra week in to the accounts as the days fall in the financial year, this forecast is based on taking an additional part of the benefit in 2007/08. While this offsets budget pressures in the current year, in following years only £1.234m additional resource will be available to offset ongoing costs. This will be addressed in the forthcoming financial planning report.
- Forecast increase in Provision for Bad Debt of £0.382m
- Budget pressures of £0.621m

Retained Accounts (owned and managed directly by the council)

The forecast outturn position of the retained accounts is an overspend of £1.285m. This forecast overspend incorporates:

- Budget pressures of £0.115m
- An increase in Management Fee payments of £1.168m

Risks

In terms of the Company Accounts the major risks relate to repairs contractor spend and single/equal pay status. In the managed accounts the major risk in financial terms relates to income collection rates.

Capital

HfH forecast a small underspend of £783,000 against confirmed resources. A prudent level of over programming has been agreed to maximise the use of available resources in year. A total allowance of £1,345,000 has been applied (6.8% of confirmed resources). The current projected underspend represents an under utilisation of this allowance, which will be addressed as part of the normal processes of the management of the Capital Programme.

Medium term financial strategy

The Medium Term Financial Strategy is updated each year in order to provide an on-going financial plan for the Housing Revenue Account. As the level of subsidy and rental levels are controlled by central government the only flexibility available is within the expenditure items or additional income. One of the purposes of the Medium Term Financial Strategy is to ensure that the Housing Revenue Account is financially viable.

In order to maintain balances at a prudent level (considered by the Chief Financial Officer to be not less than £4m over the planning period) Homes for Haringey in conjunction with the Council will need to identify additional income or reductions in expenditure from the levels shown in the updated Medium Term Financial Strategy. This MTFs report highlights areas of financial concern and considers options to address these.

17.0 Response to Recommendations of Audit Commission inspection

In May 2007, the Housing Inspectorate of the Audit Commission completed a two-week on-site inspection of Homes for Haringey. Together with an analysis of documents provided in advance of the on-site period, the Inspectorate provided a report on their findings.

The report scores Homes for Haringey as a two star (Good) service with promising prospects for improvement. The report also contained a series of recommendations that HfH will need to address.

The recommendations in the report to improve the service further are:

- Improve the Aids and Adaptations Service to physically disabled residents
- Improve access to services and standards of customer care
- Improve the performance of tenancy management
- Improve the management of the capital and repairs programme

HfH in partnership with the council have developed a detailed action plan with timescales to address these recommendations.

Financial implications of Audit commission recommendations

Many of these activities have already been identified in this years HfH team plans and will therefore not lead to additional costs. Where additional costs are identified as part of the proposed actions these will be built into the standard budget monitoring and compensatory savings found in order to fund them.

It should be noted that some of the recommendations of the Audit Commission may lead to additional costs in respect of the Council and not Homes for Haringey or the HRA. (This especially applies to the recommendation to improve the Aids and Adaptations service.) Where these lead to savings for either Homes for Haringey or the HRA these will be used to fund any costs arising from the recommendations as outlined above.

18.0 Value for money Reviews

As part of the inspection process HfH undertook a series of VfM reviews of all support services received from the council. As part of this review HfH have given notice on the following services with effect from 1st April 2008.

- Noise
- Part of Human Resources (recruitment, advice and consultancy, HR support, policy and strategy and new start)
- Call centre element of customer services (in line with repairs procurement)
- Abandoned vehicles
- Procurement (for part of this service, mainly advice and support elements and will be recruiting a procurement manager)
- Graduate trainee scheme

- Project management part of Policy and Performance (unless an hourly rate or project by project charge is agreed)
- Waste management (refuse collection element)

There will also be TUPE implications for the Council which have been addressed in the VFM reviews.

19.0 Business Plan 07/08 Update

HfH have developed 17 priority projects to help them deliver their business plan. Most of these projects did not start until June due to the Audit Commission inspection. The recommendations from the Audit Commission inspection will be incorporated into HfH business planning process. Progress on 14 of the 17 projects is on target. The remaining 3 projects – Learning Organisation, Repairs Operations and Managing Estates performance and information framework have some slippage but are being managed. They are currently showing Amber status under the RAG system.

20.0 Conclusion

- 20.1 The highlight of this reporting period has been the achievement of 2* by HfH in the May 2007 Audit Commission inspection.
- 20.2 HfH have continued to perform well on Estate Services, Aids and adaptations, and home ownership indicators.
- 20.3 Many of HfH customer contact indicators continued to perform well. Complaints and member services dipped slightly in July and August but are above target for the year.
- 20.4 Income collection indicators are showing an improvement.
- 20.5 Tenancy management indicators are below target. Performance on welcome visits fell in August but has improved over the period April to August 2007.
- 20.6 Action plans have been developed to address areas where improvement is needed e.g. income collection, reviewing the allocation and lettings process.
- 20.7 The Council will continue to monitor performance through the monthly and quarterly performance meetings.

21.0 Use of Appendices / Tables / Photographs

- 21.1 [List any Appendices and their titles]