

Executive

Value for Money Review of Housing

11 October 2010

Report of the Strategic Director for Planning, Housing and Economy

PURPOSE OF REPORT

To consider the findings of the Value for Money (VFM) Review report and the recommendations arising from the report

This report is public

Recommendations

The Executive is recommended:

- (1) To note that the service has delivered £160,000 savings above the £500,000 savings target set in the previous VFM review, and that these have been delivered ahead of schedule
- (2) To note the achievement of all other recommendations from the previous VFM review, save for those around process benchmarking, and ensure these are pursued during the remainder of 2010/11 to identify areas of greater efficiency
- (3) To endorse the overall conclusion of the review is that the service is now below average cost for housing strategy and private sector housing, and remains above average cost for homelessness due to local circumstances and activity rather than unnecessary spend. It has high performance in terms of lower use of temporary accommodation, delivery of affordable housing and responding to the recession. It is high quality in terms of high levels of user satisfaction
- (4) To agree that further improvements in value for money be sought and approve the following recommendations;
 - a. Reduce and reconfigured staffing arrangements in line with the revised needs of the service to achieve savings of £60,000
 - b. Review temporary accommodation contract management arrangements with Sanctuary Housing to achieve savings of £40,000 and improve contract performance

Executive Summary

Introduction

- 1.1 This review forms part of the Value for Money programme of reviews for 2010/11, which aims to cover all services within the council and improve the value of services offered to residents of Cherwell, and contributes to meeting the Council Promise of securing £800,000 of new savings by 1 April 2011.
- 1.2 Housing was subject to a previous value for money review which reported to Executive on 12 May 2008. It was selected for a 'revisit' review during 2010/11 because high-level comparative budget information available through 2010/11 RA form analysis indicated it may still be comparatively expensive. A key element of the review was to better understand these comparative costs to verify the position of the service, and to identify any possible further savings.
- 1.3 The review identified that the service achieved its £500,000 VFM savings target 2 years ahead of schedule, with a total (cumulative) saving of £660,000 to be delivered in 2010/11. Alongside these significant savings the proactive spend to save and preventative approach currently undertaken by Housing Services has provided the Council with marked improvements in performance.
- 1.4 The overall conclusion of the review is that the service is now below average cost for housing strategy and private sector housing, and remains above average cost for homelessness, but the latter is driven by local circumstances and activity rather than unnecessary spend. It has high performance in terms of lower use of temporary accommodation, delivery of affordable housing and responding to the recession. It is high quality in terms of high levels of user satisfaction.
- 1.5 The recommendations arising from the review seek to build on the improved efficiency of the service by setting a further savings target of £100,000 for 2010/11

Proposals

- 1.6 To adopt the recommendations of the Review in full

Conclusion

- 1.7 Improvements identified from the review will help reduce the Council's cost base and allow Housing Services to continue to build on improvements in quality secured to date.

Background Information

- 2.1 Cherwell is among the least deprived districts in the country although there are significant pockets of disadvantage; seven areas in Cherwell are in the worst 10% in England on the skills, education and training domain of the Index of Deprivation 2007, this includes the wards of Grimsbury & Castle, Ruscote and Neithrop. The Child Well-being Index (CWI) 2009 supports these findings but also reveals particularly poor scores for health, housing and crime. There is clearly a strong correlation between the nature of the work of the housing services teams and the needs of those residents living in those areas.
- 2.2 The service underwent a full VFM review which reported to Executive in May 2008. A key recommendation was a target reduction of £500,000 to the service base budget to be achieved over the following three years.

VFM Review Findings

- 2.3 Appendix 1 contains the Executive Summary of the VFM review. Key findings from the review can be summarised as follows;
 - The review identified that the majority of recommendations from the previous VFM review had been implemented successfully. These include achieving its £500,000 VFM savings target 2 years ahead of schedule, with a total (cumulative) saving of £660,000 to be delivered in 2010/11; and reduced level of temporary accommodation ahead of government target – reducing from an all time high number of 438 households occupying temporary accommodation in March 2006 to 115 by March 2008 and achieving our temporary accommodation target of 33 by March 2010.
 - 2010/11 budget comparisons with CIPFA family comparators show that Cherwell is now the 5th highest spending authority out of 12, with costs 8% (£180,500) higher than the CIPFA family average, and 56% higher than the lowest quartile spend (+£870,000). The majority of difference in spend is for homelessness, with lower costs in other areas of housing.
 - Homelessness costs in Cherwell are 54% higher than average (+£261,000) and 270% higher than the lowest quartile (+£544,000). Costs for strategic housing and private sector housing standards are best considered together. These show Cherwell as spending 9.4% less than average (-£166,600) or 34.8% more than the lowest quartile spend (+£414,000)
 - Service performance has improved markedly since the previous VFM review; the number of households in temporary accommodation has fallen by 75% reduction, achieved more quickly than the agreed strategy; the number of affordable homes delivered has increased from 160 (2007/08) to 199 (2009/10) despite the economic downturn, well in excess of the corporate target of 100; DFG delivery performance has increased significantly from demand-led spend of £782k in 2007/8, to £910k in 2008/9 and £950k in 2009/10).

- 2.4 It is clear from deprivation data and analysis of other metrics undertaken as part of the review that the reason for additional spending on homelessness is because of higher levels of homelessness activity, which in turn is linked to high levels of deprivation. Cherwell has the worst levels of child welfare within the family group, which goes some way to explaining the larger than expected homelessness issue the area deals with, as most statutory provision is linked to adults with children, pregnancies or teenage homelessness.
- 2.5 The proactive spend to save and preventative approach currently undertaken by Housing Services has provided the Council with considerable savings over the past 3 years alongside marked improvements in performance. Changes to this approach must be considered with caution as a move towards providing a reactive service only would see a return in the longer term to increasing numbers of homelessness and use of temporary accommodation with the considerable costs associated not just to this Council but other statutory agencies, not to mention and indeed the very people affected by this.

Making Improvements to the Service

- 2.6 The review has identified the potential to further reduce the base budget of the service by £100,000 through additional efficiencies. These can be achieved with minimal impact on the service.
- 2.7 £60,000 can be saved through a reconfiguration of staffing arrangements within the service through improving working arrangements and reducing the working hours within the Housing Accommodation Team. A further £40,000 can be saved through the review of a temporary accommodation management agreement with Sanctuary which has been unsatisfactory. This latter saving would be made through bringing the function back in-house and absorbing the additional workload into current working and staffing arrangements.

Implications

Financial:	<p>The review has demonstrated that the Housing service is now just above average cost. Savings of £660,000 have been confirmed as having been achieved since 2008/09 by the review, and additional savings of £100,000 during 2011/12 have been identified</p> <p>Comments checked by Karen Curtin, Head of Finance 01295 221551</p>
Legal:	<p>The proposed recommendations will not impact on the council's statutory functions in regard to housing</p> <p>Comments checked by Liz Howlett, Head of Legal and Democratic Services 01295 221686</p>
Risk Management:	<p>The proposed level of savings present no risk to service delivery</p> <p>Comments checked by Rosemary Watts, Risk Management and Insurance Officer 01295 221566</p>

Data Quality

Data for cost comparison has been obtained through 2010/11 RA forms of comparable CIPFA family authorities, which has been subject to extensive checking with these authorities. Deprivation data has been obtained through the Child Wellbeing Index 2009. Financial data has been prepared by the relevant service accountant

Comments checked by Neil Lawrence, Improvement Project Manager 01295 221801

Wards Affected

All

Corporate Plan Themes

An Accessible, Value for Money Council

Executive Portfolio

Councillor Atack
Portfolio Holder for Performance Management, Improvement and Organisational Development

Document Information

Appendix No	Title
Appendix 1	Housing VFM Revisit: Executive Summary
Background Papers	
None	
Report Author	Neil Lawrence, Improvement Project Manager
Contact Information	01295 221801 neil.lawrence@cherwell-dc.gov.uk