

Summary Report to Cambridgeshire Sub Region Directors of Housing

Value for Money in Strategic Housing

Introduction

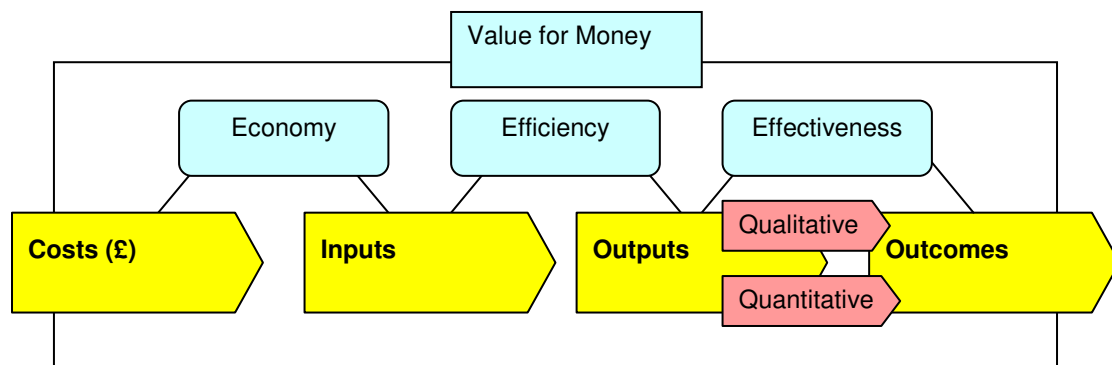
Housing Quality Network were requested to undertake a Value for Money (VfM) review of the strategic housing function of the 7 local authorities in the Cambridgeshire Sub Region. The analysis would be based around benchmarking of service costs within the strategic housing function.

This value for money project is the first of its kind in the country. The Audit Commission has shown much interest in its progress and, if it appears to be successful in providing good benchmarking data, they will cite the approach.

This review concentrates on question 1 of KLOE 32. Councils must know what their costs are and whether they are higher or lower than other service providers. The use of performance indicators and other output and outcome data should be used as 'can openers'; enabling relative costs and values to be highlighted for further investigation to lead to more targeted and effective activity, perhaps through learning from others. The important principle is to identify high spending then drill down until there is an understanding of whether there are good reasons for this or whether it is down to poor delivery.

Understanding constituent elements of value for money

VfM is usefully defined as the relationship between economy, efficiency and effectiveness, sometimes known as the 'value chain'. The chart below (produced by the Audit Commission) sums up the approach to VfM.



The main issue for measuring VfM within the strategic housing function is that the first two "E"s – Economy & Efficiency - are reasonably straight forward to measure. The third "E" – Effectiveness – is more difficult because there is little information available locally and nationally for quality measures and many quantity measures are either not gathered or vary amongst authorities depending on authorities' own performance frameworks.

Overall Housing General Fund Spending

Overall spend on strategic housing functions can be compared amongst authorities by using either spend per thousand population or spend per thousand households. (Annex, tables 1 to 5 show the data used).

Cambridge City is out of kilter with the rest of the authorities (higher spend per capita) but this would be expected given its urban profile. St Edmundsbury is also out of line with the others (less spend per capita) but corporate and support costs may not have been reported. St. Edmundsbury and East Cambridgeshire appear to spend larger proportions of resources on homelessness functions. Once corporate and support costs are ignored this pattern is less obvious – although the ranking remains similar.

Housing Strategy

This was a challenging area as some tasks are not carried out on an annual basis and there are no real volume indicators for this function. The costs were therefore analysed on the basis of cost per 1000 population and per 1000 households as shown in Annex table6.

Given all councils, whatever their size, have to produce strategies, undertake research and partnership activity, one would expect (and authorities often state) that smaller authorities would have higher 'unit' costs. As expected of an urban authority with significant housing activity, spend per unit for Cambridge is greater than the rest of the group. The remaining authorities fall into two groups of South Cambridgeshire, Huntingdonshire and Forest Heath with medium per capita costs and East Cambridgeshire, St Edmondsbury and Fenland with the lowest per cap costs. These are either most efficient or, possibly, there are missing costs.

However, Fenland & East Cambridgeshire have spent no time in 2007/08 on housing needs assessment. St. Edmundsbury and East Cambridgeshire identified no other strategy work that was not separately identified unlike the other councils. Significant inputs and costs are incurred on a cyclical, non-annual basis. Different cycles across councils mean that costs cannot be easily compared within one year.

Enabling Role

This area considered the development of new affordable housing. The data is shown in the Annex table7. Costs include planning and legal input wherever possible (except for Forest Heath). The analysis looks at the total number of affordable units delivered through time input and at what cost. In addition we have looked at cost per unit where delivered through council cash resources (either section 106 cash or direct council capital resources).

The cost per affordable home enabled varies significantly across the councils. The average cost is £510 per unit and the median cost is £450. (N.B. Forest Heath's costs do not include legal and planning costs.) No particular reasons have been given for this variation and it is suggested that further work could be undertaken to find out why some unit costs are more than double others. There may be an issue about the type of affordable housing being delivered.

Where provision is directly funded from council resources Cambridge, Huntingdonshire & Forest Heath have very similar unit costs. St Edmundsbury costs per unit are some 30% more and it is suggested that further work is done to identify why costs are higher. There is obviously an issue between the number of units

delivered and the use of resources for the other councils but no corrective information has been provided or was provided before this report was written.

Homelessness

Homeless applications

This considers homeless applications through to a final decision including reviews, Judicial Reviews, County Court actions etc. as a cost per application. The quality measure used was the number of days to reach a decision. Further work is needed to develop a quality measure based on the customer experience. The data used is included in the annex table 8.

Again there is a large range of costs per application. Huntingdonshire has the lowest cost per application but not the best turnaround time. Forest Heath has the best quality but higher costs (although lower than most). Why can Forest Heath make decisions in an average time of 12 days when it takes East Cambridgeshire 40 days? This service stream lends itself well to process improvement to achieve a balance between cost and quality. The councils could work together to map each of their processes and then to draw up a new combined process taking the best bits from each council. This would involve making compromises between cost and quality to produce a VfM service. The councils have agreed to work on developing customer satisfaction measures for this service.

An underlying factor could be a policy decision on treatment of presentations to the authority. Where authorities only take decisions where homelessness cannot be prevented, cost per application is likely to be higher. To understand this, we need to compare decision-making to homelessness prevention below.

Homelessness Prevention

This is the 'prevention toolkit', including rent/bond guarantee schemes, mediation, home visits etc. The number of cases prevented enables unit costs to be presented. The level of repeat homelessness is used as the quality measure. (Annex table9)

Again there is a wide variation in unit costs for this service stream. St. Edmundsbury have the lowest cost per case with almost zero repeat homelessness compared to the other authorities. Cambridge, South Cambridgeshire. and East Cambridgeshire have the highest unit costs and should undertake further study to see why costs are so high compared to the others and whether efficiencies could be made. The other three councils have similar unit costs.

To compare performance and VfM, both decision-making and prevention should be used.

Temporary Accommodation

The cost per week for temporary accommodation was calculated as per Annex table 10. Only general fund costs were included (HRA costs were excluded). BVPI 183a / b and the total weeks that households spent in non-self contained accommodation are used as quality measures. It has been agreed to collect further quality information on this service as regards customer satisfaction.

South Cambridgeshire has a low cost per week and the lowest number of weeks in non-self contained accommodation. However South Cambridgeshire. does make

considerable use of HRA accommodation. Again this area lends itself well for comparison and it is recommended that the authorities look below this information to find out why Forest Heath gets accommodation at £49 per week whilst it costs Huntingdonshire £61 per week. The authorities once again have agreed to look into this service stream in more detail.

Allocations and lettings

This area was not considered owing to the changes through the sub regional choice based lettings project.

Private sector housing

It was decided to leave disabled facilities grants and other home improvement work as much of this is delivered through Home Improvement Agencies and a separate piece of work is being undertaken on these services and will report later.

The key issue for these services is the lack of quality measures. A VfM assessment can only be made on cost per unit. Quality measures such as an ultimate end result of a 'decent home' are not collected. Neither is there collection of data for the intermediate stage of a 'home free of category 1 hazards'. Equally there are no customer satisfaction measures, although this must be the main quality issue. The councils need to decide whether they wish to collect this information. For example customer satisfaction cards could be left with users. Part of the issue could be deciding who the customer is. For DFGs this is straight forward but for HMO licensing who is the customer? The landlord / owner, the tenants or the neighbours?

Bringing empty homes back into use

Costs vary considerably as shown in Annex table11. It appears that Cambridge and Hunts and perhaps St. Edmundsbury. have paid grants towards the costs of bringing some homes back into use; pushing up their average unit cost.

Enforcement action costs

The comparators are included in Annex table12. South Cambridgeshire has a low unit cost with low numbers of visits. Cambridge costs seem low in comparison with the others but this could be due to the less rural nature of the district. Further work could be undertaken to understand these variations in costs.

HMO licensing

HMO licensing is a straight forward service to compare as shown in Annex table 13. The number of visits made was collected and compared to the identified cost. Councils can now charge for each licence issued and in theory one would expect to see a match between costs and fee charged. Costs vary from £251 in Cambridge to £827 in South Cambridgeshire However, the number of licences issued by the group except for Cambridge is very low and there is not much to be learnt in this case. The actual costs for all the councils are reasonably low when compared to some of the charges made nationally. Given the differential nature of Cambridge compared to other councils in this study, a better comparison would be with other university towns such as Oxford, Loughborough etc.

Recommendations

Each council should investigate its comparatively high or low cost elements, taking whatever quality information is available into account. Particular attention should be paid to homeless applications, the cost of temporary accommodation and enforcement action costs.

The councils could work together to map each of their processes for processing homelessness applications and then to draw up a new combined process taking the best bits from each council to develop a streamlined VfM service.

The development of further quality measures need to be considered. The councils have agreed to work on developing customer satisfaction measures for homeless application processes and temporary accommodation

St Edmundsbury needs to investigate why its costs per unit of affordable housing delivered through grant are some 30% more than the others.

Annex to Summary Report

Overall summary data

Expenditure per Head of 1000 Population	Cambs CC	S Cambs	Hunts	F Heath	E Cambs	St Edmunds	Fenland
Strategy	2,329	1,668	1,302	1,554	661	580	919
Enabling (gross)	1,165	1,455	522	569	1,932	642	363
Homeless	4,765	2,970	2,992	1,940	3,143	1,385	1,945
Allocations / Lettings	161	1,658	1,107	762	-	-	-
Private Sector (gross)	4,089	2,134	2,834	3,356	914	864	2,010
Corporate & Support	4,535	2,643	4,497	2,746	1,782	-	1,607
Total inc Corporate & Support	17,044	12,528	13,254	10,927	8,432	3,471	6,844
Total exc Corporate & Support	12,509	9,885	8,757	8,181	6,650	3,471	5,237

Table 1

Expenditure by 1000 households	Cambs CC	S Cambs	Hunts	F Heath	E Cambs	St Edmunds	Fenland
Strategy	5,970	4,141	3,196	3,822	1,549	1,356	2,196
Enabling (gross)	2,987	3,610	1,280	1,401	4,528	1,502	868
Homeless	12,212	7,372	7,344	4,771	7,366	3,238	4,648
Allocations / Lettings	412	4,115	2,718	1,875	-	-	-
Private Sector (gross)	10,480	5,297	6,955	8,256	2,143	2,019	4,803
Corporate & Support	11,623	6,560	11,037	6,755	4,176	-	3,839
Total inc Corporate & Support	43,684	31,095	32,531	26,880	19,763	8,115	16,354
Total exc Corporate & Support	32,061	24,535	21,494	20,125	15,586	8,115	12,515

Table 2

Proportion of Total (inc Corporate & Support)	Cambs CC	S Cambs	Hunts	F Heath	E Cambs	St Edmunds	Fenland
Strategy	14%	13%	10%	14%	8%	17%	13%
Enabling (gross)	7%	12%	4%	5%	23%	19%	5%
Homeless	28%	24%	23%	18%	37%	40%	28%
Allocations / Lettings	1%	13%	8%	7%	0%	0%	0%
Private Sector (gross)	24%	17%	21%	31%	11%	25%	29%
Corporate & Support	27%	21%	34%	25%	21%	0%	23%

Table 3

Proportion of Total (exc Corporate & Support)	Cambs CC	S Cambs	Hunts	F Heath	E Cambs	St Edmunds	Fenland
Strategy	19%	17%	15%	19%	10%	17%	18%
Enabling (gross)	9%	15%	6%	7%	29%	19%	7%
Homeless	38%	30%	34%	24%	47%	40%	37%
Allocations / Lettings	1%	17%	13%	9%	0%	0%	0%
Private Sector (gross)	33%	22%	32%	41%	14%	25%	38%

Table 4

Proportion of Total (exc Corporate & Support / Allocations)	Cambs CC	S Cambs	Hunts	F Heath	E Cambs	St Edmunds	Fenland
Strategy	19%	20%	17%	21%	10%	17%	18%
Enabling (gross)	9%	18%	7%	8%	29%	19%	7%
Homeless	39%	36%	39%	26%	47%	40%	37%
Private Sector (gross)	33%	26%	37%	45%	14%	25%	38%

Table 5

Housing Strategy

	Cambs CC	S. Cambs	Hunts	F. Heath	E. Cambs	St. Edmunds	Fenland
Net Expenditure	274,623	227,740	210,929	95,541	49,574	56,936	81,253
Staffing (FTEs)	9.15	4.52	3.37	2.49	0.51	1.30	2.02
Net Cost per 1000 population	2,328	1,668	1,303	1,555	661	579	919
Net Cost per 1000 households	5,970	4,141	3,196	3,822	1,549	1,356	2,196

Table 6

Enabling Role

Units Delivered	Cambs CC	S Cambs	Hunts	F Heath	E Cambs	St Edmunds	Fenland
Number of affordable units enabled	173	252	175	151	190	135	76
Cost per unit	628	759	340	213	763	450	423
Actual number directly delivered	123	188	131	62	161	23	70
Cost per unit	19,317	0	18,590	18,631	602	24,174	0

Table 7

Homelessness

Homeless Applications	Cambs CC	S Cambs	Hunts	F Heath	E Cambs	St Edmunds	Fenland
Number of applications	159	129	251	105	237	40	191
Cost per Application	370	441	141	279	222	966	208
Days to reach a decision	28	15	24.8	12.3	40	N/A	31

Table 8

Prevention	Cambs CC	S Cambs	Hunts	F Heath	E Cambs	St Edmunds	Fenland
Number of cases	130	107	131	43	51	390	31
Cost per case	1,970	1,650	787	889	1,502	237	880
Repeat Homelessness	3.50%	0.00%	1.88%	1.52%	0.16%	0.03%	1.52%

Table 9

Temporary accomodation	Cambs CC	S Cambs	Hunts	F Heath	E Cambs	St Edmunds	Fenland
Total number of weeks	1835	3190	4762	974	726	0	811
Cost per week	62	45	61	49	147	N/A	61
BVPI 183a / b	2.2 / 0 wks	3.5 / 0 wks	4 / 11 wks	0 / 14.7	3.1 / 14.1	2.8 / 0	5 / 8 wks
No weeks in non self contained accommodation	386	5.5	581	N/A	N/A	N/A	N/A

Table 10

Private Sector Housing

Empty Homes into use	Cambs CC	S Cambs	Hunts	F Heath	E Cambs	St Edmunds	Fenland
Number	12	5	3	0	27	5	37
Cost per unit	3,699	258	3,018	N/A	292	1,124	240

Table 11

Enforcement action costs	Cambs CC	S Cambs	Hunts	F Heath	E Cambs	St Edmunds	Fenland
Number	672	100	239	114	0	158	47
Cost per unit	243	65	467	596	N/A	475	318

Table 12

HMO licencing	Cambs CC	S Cambs	Hunts	F Heath	E Cambs	St Edmunds	Fenland
Number	142	3	10	24	0	8	9
Cost per unit	251	827	204	467	N/A	527	376

Table 13