

VALUE FOR MONEY ANNUAL REPORT 2017

Report of the Finance Director & Company Secretary

1. SUMMARY

- 1.1 The Operational Board monitors Derby Homes' performance as part of its functions. Value for Money considerations have to be balanced against costs and this report attempts to bring these issues to the Board's attention.
- 1.2 A series of reports are produced each year and the Board is invited to comment on them.
- 1.3 The HCA has again published data relating to average costs and Derby City Council and Derby Homes' joint costs are well below the median level.
- 1.4 The Value for Money strategy 2016-2019 was approved last year and is attached for reference (Appendix 1).

2. RECOMMENDATION

- 2.1 That the Operational Board considers the attached Value for Money statement and Housemark reports and offers any comments that it feels appropriate.

3. REASON FOR RECOMMENDATION

- 3.1 This report is to inform the Operational Board of Derby Homes' performance relating to Value for Money issues.

4. MATTER FOR CONSIDERATION

- 4.1 This is the second annual report to the Operational Board on the issue of Value for Money (VfM). Each year, the Derby Homes Board publishes its accounts. The Homes and Communities Agency (HCA) require Registered Providers (RPs) to include in those accounts a Value for Money statement which concentrates on the Value for Money that has been delivered.
- 4.2 This year's Value for Money statement is attached at Appendix 2.
- 4.3 The Operational Board is charged with monitoring the performance of Derby Homes. As part of that function, it is helpful for the relative Value for Money of those services to be taken into account. This report is an annual update on this issue.

- 4.4 A second source of VfM information is our annual Housemark report which is attached at Appendix 3.
- 4.5 The Homes and Communities Agency (HCA) figures published for the previous year (2015/16 – 2016/17 not yet available) can be compared with our budgeted figures for 2017/18: that is comparing our costs in the current financial year to actual data from two years ago. While this is slightly unfair as a comparison it does set a challenging target for us to try and achieve.
- 4.6 The overall total operating costs excluding major repairs but including the costs of both the Council and Derby Homes can then be compared to Registered Providers' performance. The results are:

Derby	2017/18	£2,564 per property
RP Upper Quartile	2015/16	£2,580 per property
RP Median	2015/16	£2,760 per property
RP Lower Quartile	2015/16	£3,300 per property

This indicates that our costs are lower for core operating costs of management and maintenance than for three quarters of Registered Providers.

- 4.7 A similar comparison can be done with other Councils – we are 8th out of 24 (9th out of 26 in later updated version released after our accounts finished) for Councils' planned operational spending for 2017/18 in a comparison group across the country. This uses a slightly different definition but gives similar results:

Derby	2017/18	£2,323 per property
RP Upper Quartile	2017/18	£2,205 per property
RP Median	2017/18	£2,431 per property
RP Lower Quartile	2017/18	£2,658 per property

This shows Derby to be about 5% lower cost than median council costs

- 4.8 The HCA are working with Housemark on some new indicators or scorecard that will apply to most Registered Providers from next year on a trial basis for now. This initiative will be monitored to see if it provides any useful information for us. As an ALMO RP, it is sometimes difficult to compare as our business is the management and maintenance of Council housing and the rent belongs to the Council – this is why the comparisons above involves the joint costs of both Council and Derby Homes rather than just our own.

5. OTHER OPTIONS CONSIDERED

- 5.1 Not to report on this matter. It is important to keep the Operational Board aware of Derby Homes' and the Council's overall performance as this impacts on our ability to support services.

6. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

- 6.1 The low costs of both Derby Homes and the Council mean that the average rent remains low and services can be maintained for tenants.

The areas listed below have no implications directly arising from this report:

Consultation
Legal and Confidentiality
Council
Personnel
Environmental
Equalities Impact Assessment
Health & Safety
Risk
Policy Review

If Board Members or others would like to discuss this report ahead of the meeting please contact:

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Background Information: HCA Summary Report on unit costs June 2016
Supporting Information: Appendix 1: Value for Money Strategy 2016
Appendix 2: Value for Money Statement 2016/17
Appendix 3: Housemark report 2015/16