
East Kent Housing - Update

To: Corporate Performance Review Working Party – 08 February 2016

Main Portfolio Area: **Community Services**

By: **Brendan Ryan. Chief Executive East Kent Housing**

Classification: **Unrestricted**

Ward: **All Wards**

Summary: This paper provides a summary of the performance of East Kent Housing (the Arms Length Management Organisation, jointly owned by Thanet DC & the three neighbouring councils) up to the end of December. This paper also highlights a few other issues relevant to the housing management service in the District. Performance remains strong in most areas especially rent arrears and the re-letting of empty homes. Delivery of the capital programme remains an area of concern.

For Information

1.0 Performance

1.1 The Performance Report for the third quarter (up to the end of Dec) is appended to this report. Some of the highlights of the key performance areas are expanded below.

1.2 Rent arrears

Rent arrears are measured in two ways. The actual amount owed by tenants and the amount owed expressed as a percentage of the total annual rent roll. The latter provides a meaningful way of comparing EKH/TDC with other landlords.

Rent arrears follow an annual pattern, which sees a peak in December/January and a reduction to the year end in March. We monitor our performance against this profile and are confident that we are on target to meet our year-end target. Most importantly the current position is nearly £35,000 better than this time last year.

Rent arrears have reduced in each of the four years since EKH was set up and we are on track to continue this trend for a fifth year.

Performance Indicator	Area	2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16		2015/16	Annual Target 2015/16
		Value	Value	Value	Value	Target	Value	
Current tenant arrears as a percentage of annual rental income	C'bury	1.06%	1.21%	1.39%	1.11%	1.2%	1.11%	1.04%
	Dover	1.23%	1.33%	1.46%	1.59%	1.8%	1.59%	1.4%
	Shepway	0.93%	1.16%	1.35%	1.16%	1.26%	1.16%	1.04%
	Thanet	1.58%	1.67%	1.67%	1.63%	1.2%	1.63%	1.5%

Rent arrears at March 2011	£262,564
Rent arrears at March 2015	£205,028
Rent arrears at Dec 2015 (Q3)	£219,936
Rent arrears at Dec 2014 (Q3)	£254,818
Target March 2016	£201,915

1.3 Re-lets (Voids)

We re-let up to 250 properties and year. The general long term trend is for reduced turn-around times and this year's performance is in line with this improvement. We have calculated that across the four councils that our improved turnaround times generates around £300,000 additional rental income for the councils each year as well helping to re-house households from the housing register quicker.

Thanet re-let times	2010/11	2014/15	15/16 Q3	Target
Average time - all re-lets	30.87	25.23	20.16	24
Average re-let times exc major works	20.29	12.64	12.39	21

1.4 Capital Programme

This remains a problematic area for EKH. One of the primary issues is around procurement processes and delays between EKH and TDC in getting approvals completed before further statutory consultations take place with leaseholders. In order to maximise value for money for the four councils, we seek to tender contracts in different areas simultaneously but different procurement processes in different councils makes this quite difficult at times. We are in the process of working with procurement colleagues in the four councils to ensure a consistent process and contract documentation going forward.

The major factor is a substantial delay on payment with respect to kitchens due to a dispute which is now substantially resolved. We expect to see this matter fully resolved by the end of January.

The anticipated underspend on the capital programme is due to significant savings on the Invicta House lift refurbishment (£180,000), delays in re-roofing works at Royal Crescent because of listed building consents (£95,000) and the transfer of £23,000 to the Revenue budget in respect of environmental works at Staner Court. Additionally payments of around £190,000 were delayed due to a dispute with a contractor. This contract was also delayed by a temporary suspension of works to allow additional asbestos investigations.

The spend on Disabled Adaptations is less than forecast, but two extensions are due for delivery in Q4 and therefore we expect the budget to be spent.

We are projecting that the revenue expenditure of £3.2m will come in at around 99.9% of the budget

Capital Expenditure

2010/11	2014/15	Dec 2014	Dec 2015	Projected
79.84%	73.68%	48.52%	36.48%	87.89%

2.0 New Priorities and refreshed commitments to tenants

2.1 Working with tenants and leaseholders and their representatives, staff and managers at EKH, the Board and portfolio holders of each council, we have completed a review of our key priorities for the next four years. This work involved reviewing the original promises made by the councils to tenants when EKH was set up. As part of this exercise we have

consulted tenants, through surveys and other events about their aspirations for the next four years. The revised priorities document (appended for information in annex 2) provides the basis for the annual Delivery Plan (see below).

3.0 Delivery Plan 2016/17

3.1 The Annual Delivery Plan is an agreement between EKH, our partner Councils and our residents on service and performance improvements for the year ahead. The Board of EKH monitors progress against the plan and this is reported to the Council in the EKH Annual Performance Report.

The 2016/17 Plan is appended to this report and sets out our improvement aspirations for next year.

4.0 Single IT system

4.1 The migration to a single housing IT system for all four Council areas was reported to the last meeting. The implementation is progressing well and is expected to be completed by the year end. We are now beginning to work with the councils to explore what efficiencies and improvements in the service can be achieved through the application of new technologies. The new system will afford the opportunity to re-think the way services have traditionally been delivered by housing organisations. This might mean things like increasing access to services digitally, adopting more flexible and responsive working patterns and providing more intensive support to more vulnerable tenants who are finding it difficult to sustain their tenancy. The EKH Board have considered some general principles that might underpin a new approach with a view to consulting the Councils and their members more fully over the next six to nine months. The Board paper is available via the EKH website.

5.0 Challenges facing social housing

5.1 This remains a very challenging time for social housing especially for Councils. The Housing Bill currently going through Parliament will have some significant impacts on council housing in Thanet and elsewhere. The most significant changes include:

- Reductions in council housing rents by 1% a year for the next five years- this will reduce the rental income that the council might have expected by around 12%, and impede the councils aspirations to build new council homes.
- The extension of the RTB to housing association tenants – housing associations will be reimbursed for the cost of discounts to tenants, by the enforced sale of empty “high value” council houses. This will reduce the amount of council housing available in places like Thanet reducing the capacity of the Council to re-house homeless households.
- The end of lifetime tenancies. Councils will no longer be able to grant long term secure tenancies to new tenants. The assumption is that social housing is a temporary safety net measure to assist people while they are making alternative arrangements for their future housing. In effect this is a mandatory extension of the flexible tenancy regime.
- Pay to stay – tenants living in social housing earning more than £30,000 a year will be expected to pay higher rents, tapering towards full market rents for those able to pay.

6.0 Recommendation(s)

6.1 The Committee are recommended to note the report

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Annex List

Annex 1	EKH Quarter 3 Performance Report
Annex 2	EKH Vision and Priorities
Annex 3	2016/17 Delivery Plan