

BARNESLEY METROPOLITAN BOROUGH COUNCIL

REPORT OF: EXECUTIVE DIRECTOR GROWTH AND SUSTAINABILITY

**TITLE: BERNESLAI HOMES ANNUAL PERFORMANCE REPORT
2022/23**

REPORT TO:	CABINET
Date of Meeting	16 August 2023
Cabinet Member Portfolio	Regeneration and Culture
Key Decision	Yes
Public or Private	Public

Purpose of report

The purpose of the report is to provide Cabinet with an update relating to the performance of Berneslai Homes during 2022/23 as part of the agreed Assurance Framework in place between the Council and Berneslai Homes and in line with the requirements of the Services Agreement. The report includes a summary of the Year-End Performance against agreed key performance indicators set within the Berneslai Homes Strategic Plan 2021-2031 and review of progress against the Annual Business Action Plan 2022/23 (agreed at Cabinet on 12th January 2022 Cab.12.1.2022/11).

Council Plan priority

Healthy, Growing, Learning & Sustainable Barnsley

Recommendations

That Cabinet: -

- 1.** Review Berneslai Homes performance for 2022/23 against agreed targets; noting continued performance against key KPI's and those exception areas where actions have been put in place to ensure that Berneslai Homes provides a high performing, effective and efficient service to council tenants and continues to improve and develop their services putting tenants at the heart of service design and delivery.
- 2.** Note progress against the Annual Business Action Plan for 2022/23.
- 3.** Supports the proposal that Berneslai Homes move from Investors in People (IIP) Accreditation towards a Customer Service focussed accreditation model and delegates authority to the Service Director for Law and Governance to make any necessary amendments to the Services Agreement to accommodate this.

1. INTRODUCTION

- 1.1 In accordance with the Services Agreement between BMBC and Berneslai Homes, performance against an agreed suite of KPIs is reported on quarterly during the financial year. At the end of the financial year, the Council is provided with a year-end report and a review of progress against Berneslai Homes Annual Business Action Plan is also included.
- 1.2 Both the KPIs and the Annual Business Action Plan link to Berneslai Homes' Strategic Plan 2021-2031 which aligns with BMBCs corporate plan and the Barnsley 2030 vision. Agreed targets are set for each KPI annually and performance is measured throughout the year.
- 1.3 At year end performance is rated based on whether annual targets have been achieved (denoted by green coloration) or not achieved (denoted by red coloration). Of the 17 KPIs agreed with the council and reported for 2022/23 Berneslai Homes performance met or exceeded seven. The remaining 10 KPIs were rated as red with performance failing to achieve the annual target.
- 1.4 Of the 10 KPIs where performance was rated as behind target for the year, performance for five indicators narrowly missed the annual target. Although some of the targets haven't been met, the actual performance across several indicators does exceed the performance of comparable organisations in the housing sector and this is evidenced using Housemark benchmark data. Where there is a benchmarked indicator, these are highlighted on the performance report. In this instance, Berneslai Homes exceeded benchmark performance in areas of Tenant Satisfaction and Listening to Tenants, despite not meeting locally set targets. These are both crucial performance areas as part of the Regulator's new suite of Tenant Satisfaction Measures. Overall, Housemark benchmark data sets Berneslai Homes as a good performing/low-cost organisation. A copy of the House Mark annual performance summary for Berneslai Homes can be made available to members upon request.
- 1.5 Key performance exceptions for 2022/23 are detailed below.
 - Overall **tenant satisfaction** was 84.2% against a target of 89% and 68.1% of tenants felt their **views were listened to and acted upon** against a target of 78%. Specific actions and service improvements identified from the Berneslai Homes STAR survey feedback report was incorporated into an action plan (agreed by the Berneslai Homes Customer Services Committee) and progressed throughout the year. This included the development of a strategy to improve local area engagement via the new Neighbourhood Management Teams. Berneslai Homes performance for both these measures remains above the benchmark median of 79% for overall satisfaction and 65% for views listened to.
 - 99.51% of priority one **responsive repairs** were completed in the target time of 24 hours in 2022/23 and 99.35% of **repairs appointments were kept**. This is based on 18,926 priority one repairs and 22,345 appointments kept. Performance for both KPIs exceeded annual targets.

Housemark benchmarking data shows that across the sector there has been an increase in both emergency and non-emergency repairs, in part due to damp, mould and condensation reports but also due to poor weather conditions. Berneslai Homes aim to complete **non-urgent responsive repairs** on average within 9 days, year-end performance for this measure was 9.71 meaning it was behind target. This measure is an average based on all non-emergency repairs which includes those categorised as to be completed within 3, 7 and 25 days. As the year progressed, there was an increase in the proportion of routine 25-day priority repairs which impacted on the overall average number of days taken to complete non-urgent repairs.

- At year end, the **rent collection** rate was 96.06% which was lower than the stretch annual target of 97%. Although the collection rate was 0.31 percentage points behind the 2021/22 year-end position, the performance gap compared to the previous year reduced in the second half of the year. Across the sector, the cost-of-living crisis has impacted on collection levels. Index of Consumer Sentiment data shows social renters have felt the cost-of-living crisis more acutely than many which may have impacted on tenants' ability to pay rent. Approximately two thirds of tenants' rents are met through either housing benefit or an element of Universal Credit. For the remaining third of tenants who do not receive support with their rents, or for any tenant experiencing severe financial hardship, a wide range of support has been made available including support targeted towards low-income households (and a dedicated hardship fund), personal budgeting support and access to warm and welcoming spaces.
- Berneslai Homes reported 99.57% **compliance with health and safety obligations** against a target of 100%. Electrical Installation Condition Reports (EICRs) less than 10 years old accounted for the non-compliance, with these non-compliant assets being prioritised. No access is an issue for contractors in undertaking EICR inspections as there isn't a legal route in place to enforce access to undertake these inspections, as there is for gas servicing. It should be noted that Berneslai Homes has moved to undertaking all EICR's across stock every 5 years in line with sector best practice. It is expected that this will become a legislative requirement, going forward. Berneslai Homes were 100% compliant in all other areas that contributed to this measure (fire risk assessments, gas servicing, asbestos surveys, and lifts maintenance).
- 99.67% of properties were classed as **decent homes** meaning performance narrowly missed the 100% target. 59 homes were classed as non-decent. There are actions in place to address all 59 non-decent properties. In the main, the delays in completing these works were due to access issues in completing electrical compliance, as explained above.
- Year-end performance for both **average SAP rating** and percentage of properties with an **EPC C** or above narrowly missed the annual target. The estimated average SAP rating across stock was 66.26 against a target of 67 and 34.76% of properties had an EPC C or above against a target of 35%. Both KPIs were new for 2022/23 so annual targets were set mid-way

through the year with limited historic data. Berneslai Homes have a commitment to achieving EPC C or above for 100% of properties by 2030 and are currently undertaking condition surveys and updated EPC's (where required) to all stock which will inform the development of a robust asset data strategy to inform a boroughwide retrofit programme. The deadline for this survey programme is to have all properties completed by March 2024. Additional borrowing by the council will allow investment of up to £37 million between 2023-2030 to move towards delivering against the 2030 target.

- The average **time taken to relet** a Berneslai Homes property in 2022/23 was 30.19 days against a target of 25 days. 856 properties were re-let in 2022/23, 62 of which took an average of 134 days due to the requirement for larger works or demand related issues. The remaining void properties were relet in an average of 23.16 days. Despite missing the void turnaround target, void rent loss remains low and outperforms the HRA business plan assumptions. It should be noted that Berneslai Homes are implementing an enhanced void standard (being delivered as a pilot during 2023/24) with a focus on enhancing the quality of void at relet stage which should subsequently reduce the number of responsive repairs during the first 12 months of a new tenancy. This is part of a larger project to move the delivery of repairs from a responsive to planned programme approach, where this is possible. This will generate efficiencies in contract delivery.
- 66.21% of **funds were spent locally** supporting the Barnsley economy in 2022/23 against a target of 72%. Over the year increased utility costs have had a large impact on this measure given that our utility contracts are tied to national providers and frameworks.

1.6 To conclude on the year-end performance outturn, whilst there has been a decline in performance against target in several areas over the last 12 months, it is acknowledged that this is a trend across the housing sector given financial pressures on both the HRA and our customers linked to inflation (creating pressures on repairs and maintenance budgets, resourcing, and delivery) and wider Cost of Living issues disproportionately affecting social housing tenants. The focus on the Tenants' Charter and wider media attention surrounding standards in social housing has also led to a decline in customer satisfaction nationally and raised expectations for the sector. Both the Council and Berneslai Homes are committed to providing the very best service for tenants, including the tenant voice in service delivery and design and in ensuring that we provide quality, affordable, inclusive, and sustainable housing that meets need. The Council and Berneslai Homes welcome the regulatory changes within the sector and the emphasis on improved standards and tenant involvement and engagement, despite the huge pressures on the HRA in delivering against new regulatory requirements. Berneslai Homes has continued to deliver a service which performs well when benchmarked against similar comparable organisations, and members should be assured that significant focus has been placed on increasing/maintaining levels of performance and customer satisfaction as part of the annual business plan key priorities.

- 1.7 In line with the above, it is proposed that Berneslai Homes move away from a focus on Investors in People (IIP) accreditation in favour of a customer focused accreditation, which places greater focus on the customer service and satisfaction. With limited HRA resource, it is important that work to achieve external accreditation best contributes to the strategic priorities of the Council and Berneslai Homes as an organisation. Given that there is a requirement for Berneslai Homes to achieve IIP in the services agreement, any changes to requirements for accreditation may require a variation to the existing Services Agreement.
- 1.8 It should also be noted that the suite of performance measures has been reviewed and updated for 2023/24 to include the requirement for the Council to report against the Regulator of Social Housing's Tenant Satisfaction Measures in April 2024. A review of 'contractual' performance indicators has also taken place to ensure that the Council is measuring performance in line with strategic priorities. This has included the removal of the void turnaround indicator given the Council's ask of Berneslai Homes to trial enhanced void standards to improve satisfaction, customer service and reduced incidences of responsive repairs in the 12 months following re-let. More generally, the Council has also reviewed the Assurance Framework that it has in place with Berneslai Homes to ensure that it can be assured full compliance with all regulatory and building safety requirements and the provision of robust, accurate and timely data on performance, its assets and its customer base as Landlord. Where Council delivered services contribute to service delivery, performance and the satisfaction of tenants, it is essential that relevant Council departments continue to deliver a value for money, quality service in line with agreed Service Level Agreements and to the satisfaction of tenants. These areas include the Call Centre, Grounds Maintenance, Safer Neighborhoods and some IT support services.
- 1.9 The Annual Business Action Plan was agreed by cabinet in February 22 for the period 1st April 22 to 31st March 2023.
- The actions agreed by cabinet support Berneslai Homes' Strategic Plan and align to the Barnsley 2030 vision. This ensures that Berneslai Homes objectives continue to support the council and its residents and the overarching priorities of Barnsley 2030.
 - Of the total actions agreed: -
 - 21 are green – complete or the agreed actions to be completed during 22/23 complete
 - 4 are amber – partial completion
 - 2 are red – incomplete and carried over for the 23/24 Annual Plan agreed by cabinet on 12th January 2023.
- 1.10 During 2022/23 Berneslai Homes have successfully: -
- Introduced Account Analytics as part of the Service Improvement Plan. The system is helping Berneslai Homes Income Team to identify the residents who are in most need of support, and to provide help and advice.

- Undertaken an organisational restructure including the implementation of the new 'Neighbourhoods' team increasing the number of staff on the front-line supporting customers.
- Undertaken a self-assessment against new consumer standards and developed a range of measures to support the new Regulatory Tenant Satisfaction Measures' (TSMs). The preparation for this has been audited by BMBC internal Audit services, with the final report pending.
- Undertaken Housemark Complaint Accreditation assessment with the results expected shortly.
- Supported tenants through their 'Achieve' programme that provides holistic support to tenants and their families to remove barriers to education, training and employment. This includes interventions around mental health, interview skills, managing debt, and support with childcare to help them achieve the best outcomes.
- Successfully recruited and completed the delivery of 30 kickstart placements across the organisation. Many of which have been successful in obtaining apprenticeships or permanent employment.
- Delivered their Digital Inclusion Pilot where 39 tenants were trained and supported with free kit and Wi-Fi where required
- Produced a sustainability strategy that supports the zero-carbon agenda and the council's strategy.
- Completed a sprinkler installation programme at high rise buildings and commenced installation at independent living schemes
- Completed 20% stock condition surveys and now accelerated the programme to complete 100% by April 24
- Introduced Building safety cases – all actions on these are complete for 22/23 and are awaiting dates from the Regulator for submission in 23/24
- Construction Services have expanded the adaptation work carried out via an SLA with BMBC
- Agreed a new lettings policy formally approved by the Council in March 2023. The changes agreed are now being worked through to successfully implement the new policy from 1st December 2023.

1.11 Some of the actions agreed in the plan are in progress and rated as amber where the actions are longer term now due to be delivered outside of the 2022/23 financial year. These include:

- Berneslai Homes have been working to obtain PAS 2030 accreditation to support their zero-carbon ambition. This is ongoing and a pilot scheme is now in operation that will support them in obtaining this accreditation.
- Berneslai Homes continue to deliver on their Equality, Diversity and Inclusion Action Plan and have made substantial progress against year 1 with ongoing actions to be delivered up to 2025
- Responding to the housing white paper and developing and implementing the customer insight strategy – work is ongoing on this project.
- C365 compliance software will be completed during 23/24 and added to the new plan. Work is underway and this is to be released in the next few months and will improve information on all areas of compliance. It will also allow the Council real-time access to all compliance data in one place; enhancing the assurance that it needs relating to building, fire safety and regulatory

compliance

1.12 There are two actions that have not been completed due to resourcing, technical and external issues which have caused a delay to some projects. These have been carried over to the new Action Plan agreed by cabinet on 12th January 2023.

- The Repairs First Module for NEC has been delayed and will be implemented during 23/24. This is a large complex project and any delays have been agreed with BMBC.
- Adoption of Dynamic scheduling – this is linked to the phase one released of Repairs First and therefore cannot be implemented until the Repairs First module is released.

1.13 Significant progress has been made against the Annual Business Action Plan for 2022/23, with a real focus on preparing for new regulatory requirements, helping tenants with money matters, support into training and employment and upskilling across IT literacy, and on a focussed delivery of building and fire safety compliance works. Berneslai Homes has also been responsive to new regulatory compliance requirements over the last 12 months, which included a borough-wide accelerated installation programme of smoke and carbon monoxide alarms, and the development of an enhanced damp and mould policy, reporting pathway and media campaign following the tragic incident in Rochdale.

1.14 Whilst there has been progress made in the development and implementation of the new Housing First system, there has been significant delays in the completion of this project which ultimately impacts on opportunities for efficiency in delivery of the repairs contract, the services that we are able to offer our customers that they now expect (self-service) and the development of a robust asset and customer data management system.

1.15 However, to conclude, based on the information provided, and the independent assessment via Housemark, Berneslai Homes continues to meet targets, exceeding benchmarks in several areas and continues to set high targets and expectations; working with tenants to continue to improve services in a challenging regulatory and financial environment.

2. PROPOSAL

2.1 It is proposed that Cabinet review Berneslai Homes performance for 2022/23 against agreed targets and notes the progress against the Annual Business Action Plan for 2022/23.

3. IMPLICATIONS OF THE DECISION

3.1 Financial

Consultations have taken place with representatives of the Director of Finance (S151 Officer).

The in-year performance of Berneslai Homes has a direct impact on the councils HRA.

The annual income budgets with the HRA are set based on Berneslai Homes achieving agreed performance targets in key areas such as rent collection, void turnover rates, and rent arrears.

The 2022/23 Housing Revenue Account required an additional £0.7M unplanned call on reserves to fund the final year end position. This was in part due to a £0.4M overspend within the Repairs & Maintenance budget for which financial management is delegated to Berneslai Homes. The overspend was as a result of the emergency response to the Damp and Mold issues within our stock. This however was a significant improvement on the 2021/22 performance in this area due to BMBC and Berneslai Homes enforcing stricter budgetary control mechanisms within the PRIP contract.

From an HRA perspective, Berneslai Homes annual results will be reviewed by Council Officers and variations in performance duly considered as part of the HRA budget setting process, through both the revenue and capital budgets.

Looking forward the HRA is under significant financial pressure as result of inflationary increases overtaking the approved rises to Social Housing rental incomes as dictated by government.

Council Officers are working with Berneslai Homes to review areas within the company that can deliver efficiencies to contribute to a balanced budget for 2024/25 onwards.

3.2 Risk

There are risks in the delay of key action/activities planned to be delivered by Berneslai Homes within their Annual Business Plan. As identified, there are key IT activities which have been delayed, which will provide the Council with greater assurance regarding the robustness of asset and data quality, record keeping and enhancements to the repairs and maintenance function which will improve the service provision to our tenants. There are risks in both the delay and implementation of these IT systems in terms of cost, resource, seamless service delivery and transparency and assurance to the Council that Berneslai Homes is delivering housing management and repairs and maintenance services to our tenants in line with the services agreement. Also, that the Council has access to robust performance management information, with sufficient data to meet our TSM requirements and allow scrutiny in a timely manner. It should be noted that Berneslai Homes has collated TSM data since 2022/23 financial year as part of the independent STAR survey and as such is fully prepared in providing the Council with TSM data for its first submission in April 2024.

The Council also needs to be assured that we have a robust asset management and Customer Relationship Management system and strategy which informs decision making and investments and which holds data on both

people and property in one location. Whilst the implementation of this is delayed due to Phase 1 works (Repairs First), the full stock condition surveys which have been commissioned and accelerated during 2023/24 will ensure that we are able to transfer full and up to date information on all stock into our new NEC Asset Management system and the implementation and operational teams are looking at how additional customer information relating household make-up and vulnerabilities can be most effectively collated, updated and stored within NEC.

3.3 Legal

As referenced, the Regulator of Social Housing has an increased focus on council homes and the compliance with the consumer standards, decent homes and building safety. The Council, as landlord, is ultimately responsible for all compliance, regulation and tenant satisfaction and given the relationship with Berneslai Homes as managing agent, the Council needs assurances that the framework is robustly adhered to. Failure to comply could result in reputational or financial losses and litigation.

3.4 Equality

A full EIA was completed for the Strategic Plan and is reviewed annually; ensuring that actions and activities align with the BH Equality, Diversity and Inclusion strategy and Customer Involvement Agreement within the Strategic Plan.

3.5 Sustainability

Zero carbon is one of the objectives of the Strategic Plan and includes the actions that Berneslai Homes will take to assist in achieving the zero carbon targets as a company in line with their Sustainability Strategy. The management and maintenance of the Council's 18,000 stock will need significant focus, investment, and strategic asset management if it is to increase the energy efficiency of homes to an average of SAP rating C or above by 2030. A key focus for the Business Plan for 2023/24 is to ensure that there is robust data to inform the retrofit plan and to ensure that the Council and Berneslai Homes are best placed to access funding opportunities for insulation and renewable technologies, as they arise.

The Strategic Plan and Action Plan are aligned to Barnsley 2030 with a key emphasis on providing quality, affordable homes, neighbourhoods and supporting people to achieve their potential.

The Sustainability Wheel shows a strong positive impact on homes, communities and creating quality neighbourhoods in line with the priorities of the Strategy and thus scores green on all areas (the strategy is to improve across all B2030 ambitions), but clearly the strategy needs to be delivered to achieve the outcomes. The Sustainability Wheel shows a positive impact from the development/retrofit of quality of housing, energy use, renewable energy production and reduction of fuel poverty. These can be linked the investment in existing stock via the installation of insulation and renewable technologies –

such as air source heat pumps and solar panels and batteries. Retrofit installation and building new homes does increase construction waste and pollution in the short-term; however, these should be offset by the reduction in the use of energy once completed and the reduction in emissions via renewable energy sources.

Working with tenants to encourage recycling and to look after greenspaces should both reduce waste and improve biodiversity; particularly if our estate green spaces are used to promote opportunities for rewilding, the development of tiny forests and district eating schemes. There are also opportunities to make better use of estate car parks and garage sites to provide EV infrastructure and charging points.

Finally, social housing providers have a real opportunity to develop retrofit programmes at significant scale to encourage local supply chains and training and development opportunities for green industry.

3.6 Employee

There are no direct employee implications, at this time.

3.7 Communications

There are no direct communications implications arising from this report.

4. CONSULTATION

Robust consultations have taken place between BMBC and Berneslai Homes' Senior Management Team and staff, the Berneslai Homes Board and the Tenants' Panel in respect of the Strategic Plan, Annual Business Plan and Performance Reports.

5. ALTERNATIVE OPTIONS CONSIDERED

There are no alternative options. Under the Services Agreement, Berneslai Homes must provide a Strategic Plan and Annual Business Plan which sets out their strategic priorities for the coming year alongside other organisational, structural, and financial information. The production of quarterly and annual performance reports is a requirement of the Services Agreement, as is a review of the Annual Business Plan as part of the budget setting process, alongside the production of a year-end report.

6. REASONS FOR RECOMMENDATIONS

As Landlord of 18,000 housing stock, it is important that the Council is cited on the performance of Berneslai Homes in delivering against the services agreement to manage and maintain its homes to meet all regulatory requirements and to the satisfaction of tenants.

7. GLOSSARY

KPI – Key Performance Indicator

STAR – Survey of Tenants and Residents

SAP – Standard Assessment Procedure – a methodology used to assess and compare the energy and environmental performance of dwellings

EPC – Energy Performance Certificate

8. LIST OF APPENDICES

Appendix B: Berneslai Homes Annual Performance Report 2022/23

9. BACKGROUND PAPERS

Berneslai Homes Annual Performance Report 2022/23

If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made

10. REPORT SIGN OFF

Financial consultation & sign off	Senior Financial Services officer consulted and date <i>Ashley Gray 05/07/2023</i>
Legal consultation & sign off	Legal Services officer consulted and date Kate Gothard 16/06/2023

Report Author: Sarah Cartwright (working with HOS Governance in Berneslai Homes)

Post: Head of Strategic Housing

Date: 20/06/2023