

Benchmarking HfOP Housing costs: advice note

Background

In 2016 Acuity introduced four new cost-per-unit (CPU) indicators with detailed definitions provided by our colleagues at HouseMark:

- Housing management
- Responsive repairs and void works
- Major works and cyclical maintenance
- Overheads (back office costs)

This [news item](#) provides a summary of the four new PIs. [Full guidance](#) and [FAQs](#) are also available.

The aim is to provide smaller housing associations with robust cost measures that would give boards, HCA and other stakeholders more assurance than that obtained from accounts-based metrics. The problem with the latter is that comparisons are compromised by diverse, but perfectly acceptable, accounting practice. Cost benchmarking overcomes this by providing detailed definitions to ensure consistency, facilitating valid comparisons.

The cost of direct care and support provision, community investment, estate management and a host of other skewing items are deliberately set aside by the methodology to ensure that everybody stays focussed on the common business of managing social housing covered by the four metrics. All such excluded items are ascribed to 'Other' and together with the costs apportioned to the four indicators should add up to your total operating costs.

Scheme staff: a potential issue for the Housing Management indicator?

Whilst this should limit the potential for diverse cost apportionment practice, the thorny issue of the role of scheme staff remains which has implications for the 'Housing Management' indicator. In the majority of cases, it's simply a case of including HfOP scheme staff costs in the 'Housing Management' indicator (including the cost of any intensive/enhanced housing management activity) as both Acuity and HouseMark bundle HfOP and GN costs together in 'Housing Management'. But there could be exceptions to this where scheme staff might engage in limited care and support activity. In this case, the time spent on such activity should be estimated and cost excluded from 'Housing Management' and instead apportioned to 'Other'. This is not an issue for the other three indicators. If you have Supported Housing, the considerations are explained here [\[link\]](#).

Comparing HfOP Housing Management costs with HouseMark members and other small providers on Acuity's SPBM: what you need to know

General comparisons with HouseMark and SPBM members – here you will be comparing against those that have a range of HfOP stock from 0-100%, and where the apportionment of scheme manager costs between 'Housing Management' & 'Other' might vary depending on local circumstances (ie the extent of Support offered). So depending on the relative percentage of HfOP amongst your chosen comparators and their treatment of scheme managers, you might look more or less expensive.

Comparing within the HfOP club – here the issue immediately above still applies but there is likely to be a greater degree of commonality in terms of the percentage of HfOP stock and the treatment of scheme managers may be discussed, understood and harmonised. Contextual cost driver issues may also be explored, eg the scope and quality of the housing management service.