acuity
making sense of housing

Benchmarking Supported Housing: 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)

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.

This news item provides a summary. Full guidance and FAQs are also available.

Comparing supported housing on Acuity's SPBM: what you need to know

Whilst looking to provide smaller associations with more robust measures, we also had to keep things as simple and as proportionate as possible, recognising that many members don't have the resources to engage in a forensic apportionment of costs. This has limited implications for those with supported housing as follows:

- It is only an issue for the Housing Management indicator - to make data collection simple and proportionate for smaller providers ,the Acuity indicator is calculated differently to the HouseMark indicator
- The Acuity Housing Management indicator is 'tenure blind' (like the HCA's high-level Social Housing cost indicator which was issued to 1,000+ stock associations in 2016). In other words, all managed Supported, General Needs (GN) & Housing for Older People (HfOP) units are counted in the denominator[1].
- HouseMark , however , separates all Supported spend from GN & HfOP & analyses it separately and in more detail
- This is not an issue for the other three new CPU indicators as the HouseMark equivalents are also tenure-blind, ie all stock managed is included in the denominator.

[1] The HCA takes this a step further and includes owned stock too.

So practically what does this mean for Supported housing providers who want to compare **housing management costs** with HouseMark and other SPBM providers?

- **Comparing housing management costs with HouseMark members** - as noted, HouseMark 's Housing Management indicator excludes all Supported spend so any comparison will not be like for like. Instead, you will be comparing against the cost of GN & HfOP Housing Management. This means you are likely to appear considerably more expensive[2].
- **Comparing housing management costs with other small providers** - whilst the direct cost of care & support provision is excluded from the Housing Management indicator (to enable a focus on the common business of social housing management), Supported providers still need to bear the following in mind :
    - **Comparing in general to other smaller providers** – here you will be comparing against a number of small providers that have a range of supported stock from 0-100%, and where the apportionment of scheme manager costs between 'Housing Management '& 'Other' will vary depending on local circumstances[3]. So, depending on the relative percentage of supported housing amongst your chosen comparators and their treatment of scheme managers , you might look more or less expensive.
    - **Comparing within the Supported 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 Supported stock and the treatment of scheme managers may be discussed, understood and harmonised. Contextual cost driver issues may also be explored, eg the client group, scope and quality of the housing management service.

Supported housing benchmarking will always be a challenge. This is understood by HCA and HouseMark. The latter recently reached an impasse with its development of supported benchmarking as the detail required proved too onerous to collect and commercially sensitive. It highlights the value of collaborating within the club to harmonise treatment of the housing management metric and understand, through group analysis, the extent to which justifiable cost drivers are at play such as context (client group, scope of service and quality) or unjustifiable, such as inefficiency.

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[2] A similar situation would arise if a supported provider was compared to a GN provider on the HCA's high-level Social Housing cost indicator. This, in part, explains why the HCA was keen to understand and isolate legitimate cost drivers in its regression analysis. Supported housing was found to have (legitimate) costs of £10,800 more than GN.

[3] This issue of apportioning scheme manager costs between 'Housing Management' and 'Other' may affect those with HfOP too. 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 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 excluded from 'Housing Management' and instead apportioned to 'Other'. A separate advice note covers this issue for HfOP providers [link].