



Delivering Value for Money for tenants

Case examples



Contents

Corporate energy efficient targets and fuel poverty	Page 4
Tenant Hardship Fund	Page 6
Money Advice Service	Page 8
Reduction of WIP (work in progress) implementation in our repairs service	Page 12
Energy	Page 14
Securing cost savings through our Virgin Media O2 mobile data contract	Page 16
Cyclical painting contract	Page 18



Corporate energy efficiency targets and fuel poverty

Overview

Data shows that the West Midlands has the highest proportion of 'energy poor' households of any English region, sitting at 19.5% (as of October 2024). These households are mainly linked to lower median incomes.

With 45% of tenants concerned about paying their energy bills, in 2024 we launched a place-based retrofit pilot to make our oldest homes fit for modern living, which included a variety of energy efficiency measures to mitigate fuel poverty and our environmental impact.

The pilot will build on our target of all homes being EPC D compliant by 2025, and EPC C by 2030.

The impact on our tenants

The retrofit programme we have undertaken is in place to save money for lower income families and take those who are struggling away from fuel poverty. However, we also want to make their homes more environmentally friendly for the long-term, and for them to see and feel the benefits and we have invested in.

Through the project, and our work over the previous three years, we have seen an upward trend of positive change, together with increased tenant satisfaction around the work we have undertaken.





An indicative c£190k heating bill saving for tenants since 2021, based on Sava Intelligent Energy software modelling to EPC D by 2025



An estimated 6,350 tonnes of CO2 savings have been achieved through reaching 99.9% EPC D, with all EPC F and EPC G removed since 2023



The submission of two successful bids for Social Housing Decarbonisation Fund (SHDF) Wave 1 and Wave 2.1 worth £4.6m through the West Midlands Combined Authority consortium



91% of tenants were satisfied with our completed implementation in our repairs service Wave 1 retrofit works in 2023-24



We have retrofitted over 400 solar PV systems in the past two years, giving tenants direct free renewable electricity to power their homes and hot water where diverted to hot water storage



An additional social value generated through £20,000 in fuel vouchers issued to tenants through our Money Advice Team



Delivered £5.8m investment in 2023-24 alone, successfully uplifting 410 homes from EPC D or below to EPC C or above, and;



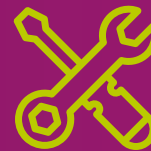
99.9% of our homes now have an actual registered EPC.

What's next?

When it comes to continuing to tackle our energy efficiency targets, we are undertaking these four next steps:



£72m has been earmarked in our business plan to deliver our retrofit strategy to 2030 and deliver further modernisation of our homes to make them minimum EPC C - fit for modern standards of living



Complete our pilot to make 45 of our oldest homes fit for modern standards of living, and;



Deliver the SHDF Wave 2.1 programme and explore further funding programmes with our regional peers and delivery partners



Explore enhancing our social value provision to understand our true impact on our region and its communities

Tenant Hardship Fund

Overview

Our Hardship Fund is available to tenants who are experiencing difficulties in being able to sustain their tenancy, whilst also reducing the risk of financial hardship. The Hardship Fund is used flexibly to support our tenants.

Examples of where support is provided through the Tenant Hardship Fund, includes:



The provision of white goods, enabling fresh food to be stored safely and allowing for fresh, healthier meals to be cooked;



The provision of shopping vouchers and referrals to local foodbanks, and;



Support with financial hardship major debt resolution – providing financial support at times of crisis or to aid employment.

The impact on our tenants

The Tenant Hardship Fund supports tenants with their wellbeing and their ability to sustain their tenancy. We know that money issues can have a negative impact of mental health and wellbeing so being able to provide a comprehensive service, which allows for funds to be used flexibly, has a major impact.

As with many similar services, there was an increased demand for assistance during the Covid 19 pandemic, and more recently, throughout the cost-of-living crisis.

The impact on three of our tenants is underlined by these short case studies:

'Mr A' – health conditions

Due to Mr A's health conditions having a good diet with cooked meals was an important part of maintaining his health. He had suffered a deterioration in his health due to not having a cooker.

Since receiving his new cooker he has felt that (although his health condition will never change, or that he would never get better) he was in some way trying to help himself. He concluded that by being a beneficiary of such a fund that it has certainly had a positive impact on his life and aided his battle with his health.

'Mrs K' – maintaining employment

Mrs K's Vehicle had been clamped due to non-payment of parking fines. She was therefore unable to get her children to the childminder a distance from home, she had no other means of transport and was able to get to work – being non-secure work there was a realistic chance she would also lose her job.

Using the hardship fund to pay the release fee enabled her to secure the vehicle and maintain her employment.

'Mr M' – heating and energy

Mr M in receipt of reduced amount of universal credit; on a pay as you go meter and no funds available for a further week when benefit is paid. No money available to top up meter which was on emergency credit. He has already approached local council and his own energy supplier who has both declined to help him.

We provided an energy voucher which cleared the debt on the meter and allowed credit for heating/lighting until next benefit payment received.

What's next?



The Midland Heart Hardship Fund continues to be a vital support for hundreds of our tenants and over the coming months and years we will continue to work closely with them, and also our partners who play a vital role in the ongoing delivery of this service.

Overall spend



White Goods
£36,324.53



Fuel Admin
£26,080.93



Fuel Voucher Credits
£19,500.00



**Shopping vouchers
purchased**
£1,825.00



Other items (inc.
furniture, support with bills)
£19,500.00



Total spend
£85,764.60

Money Advice Service

Overview

Here at Midland Heart, money advice is provided to tenants to help them obtain financial wellbeing which in turns enables them to sustain their tenancy with us.

Our qualified money advisers support tenants to maximise their income by identifying and claiming welfare benefits and grants they are entitled to. They also support financially vulnerable tenants to deal with their debt issues, finding suitable solutions, and negotiating with creditors to agree affordable repayment plans and wider debt resolution.



The impact on our tenants

During 2023/24, our tenants benefitted from income maximisation/debt write off in excess of £2million. This was through claiming benefits, challenging unrecoverable debt, and debt write off. Of those tenants who engaged with money advice for this period, it is positive to note that none were evicted due to rent arrears.



This table highlights the split in benefits realised during 2023/24:

Service Gains	Q1	Q2	Q3	Q4	YTD
Housing Benefit	£267,287.03	£286,152.17	£253,023.80	£283,414.33	£1,089,877.33
Universal Credit	£143,702.76	£35,265.72	£37,598.47	£29,303.88	£245,870.83
Discretionary Housing Payments	£7,740.70	£8,091.98	£4,578.31	£6,634.62	£27,045.61
Debt Relief Order	£60,369.53	£101,101.51	£46,104.94	£108,304.70	£315,880.68
Attendance Allowance	£18,093.75	£15,140.70	£41,231.35	£14,311.45	£88,777.25
PIP/DLA	£66,349.24	£88,449.40	£74,794.30	£91,245.64	£320,838.58
ESA	£7,945.24	£19,864.36	£3,122.10	£4,966.00	£35,897.70
Other	£160,584.13	£79,528.11	£105,055.39	£134,657.46	£479,825.09
Total	£732,072.38	£633,593.95	£565,508.66	£672,838.08	£2,604,013.07

The impact on three of our tenants is highlighted by these short case studies:

Case Study 1

'Mr M' lives alone and cannot read or write. He was living with prostate cancer since 2013 and receiving ongoing treatment, as well as other related illnesses. He was already in receipt of disability benefit but still struggling financially and to buy food as he was spending the money on heating. He has recently been able to claim his State Pension of £763.36 every four weeks and already getting housing benefit and council tax support. Our adviser completed a benefit check and identified Mr M was entitled to Pension Credit of £86.61 per week.

We helped him claim the pension credit and arranged for a foodbank voucher to be issued so that he could obtain essential food items. He was also assisted to claim £300 cost of living payment.

Case Study 2

In 2023, 'Mr D' was referred to the service by his sister who was concerned about the way he was living, due to his mental health. He had a broken cooker which he could not afford to replace, and was unable to deal with his affairs. Once consent was obtained the adviser applied to a charitable organisation who recycle old appliances in return for a new one. She also checked his rent account and established that since 2021 he had been receiving the incorrect amount of housing benefit as he had failed to notify the local authority of his rent increases.

She contacted the Benefit Service, providing them with the rent letters and advocated that due to his poor mental health and inability to manage his affairs, that his claim should be amended and backdated. This was agreed and he was awarded £474 in backdated benefit and the correct benefit going forward.



Case Study 3

'Ms D' was referred by rent officer as his direct debits for rent kept failing. When the adviser contacted, she stated she was feeling very overwhelmed with her debts and cost of living. She was paying the bailiffs £60 per month and had just received another letter from them to say they have been instructed to recover another debt. She also had rent arrears, owed water, gas, electric and debts for a previous tenancy.

After working with her for 3 months she was assisted to submit a Debt Relief Order clearing debt of over £10,000. Since her Debt Relief Order was approved, she has never missed a rent payment and is sustaining the tenancy.

What's next?



We will continue to support our vulnerable tenants through our comprehensive money and debt advice service.



Reduction of WIP (work in progress) in our repairs service implementation

Overview

Following a significant spike in demand for repair services, and a subsequent increase in jobs described as “work in progress” (WIP), in January 2023 a review of our In House Maintenance Team service was carried out, with a variety of actions put in place to reduce WIP to circa 7,500 jobs by 31 March 2023.



Our actions included:



The recruitment of 19 new trade operatives and support colleagues



Improved management information to monitor repairs performance to ensure we are delivering an effective repairs function, and;



Subcontracting a considerable number of repairs to free up internal capacity

Without these actions, WIP was likely to have exceeded 12,000 jobs. However the actual WIP, as of March 2023, was 7,610.

The impact on our tenants

The tenant impact driven from this project is clear. Overall, we have delivered a reduction in work in progress, which in turn has reduced the time taken to complete a repair.



Positively, 82% of our repairs are now completed within our current repairs SLA of 28 days, with 61% completed within 14 days, and;



Our 2023-24 repairs budget was increased by £8.2m to £27.44m, from £19.23m. Although a significant portion of this increase was driven by damp and mould work, sub-contractor costs, materials and vehicle costs, there was an increase of £1.4m relating to payroll costs which funded the recruitment of new operatives, allowing for a better service to be delivered for tenants.



Energy

Overview

Our energy contract, which was a flexible agreement for both gas and electricity, ran from 1 October 2020 to 30 September 2024, and allowed us to purchase our energy requirements at favourable market prices.

The other alternatives would be for a fixed deal which would mean accepting the rate on the day of signing the contract, as well as incurring risk premiums from suppliers for fixing the commodity and non-commodity rates, or leave our portfolio exposed to a 'day ahead rate' which would provide no budget certainty.



The impact on our tenants

Overall, the key benefit of our flexible agreement for our tenants has been that their service charge for energy remained relatively low and stable throughout the 2023/24 energy crisis as the rates were locked in before it happened.

The key highlights, both for our tenants and the organisation, include:



Full hedging of our volume requirement before the start of the energy crisis. We secured an average rate for gas and electricity of 47 pence p/therm and £53 p/mWh respectively. This protected against market highs in the 800s during the peak of the energy crisis.



The contract/purchasing strategy meant we avoided costs of £10 million based on the day ahead rate, and;



Improved accuracy of our portfolio and recovering costs primarily through the installation of smart meters (70% of our portfolio), providing accurate reads, and ensuring suppliers provided credits.

The following graph highlights the rate we secured over the life of the contract and the day ahead rate during this time.



What's next?

We intend to secure a similar approach to buying energy. Taking a long-term view of purchasing energy is beneficial as it allows us many options to buy at favourable rates and protect against any future geopolitical events that could impact the price. To achieve this, we have applied for and been granted dispensation to contract energy until 30 September 2028.

We are also looking beyond 2028 to see what contracting options are available and which of these provides the most value for money around energy contracts. Meanwhile, we will complete our smart meter programme on the new contract to further improve the accuracy of our portfolio.

Lastly, we are reviewing the potential to enter a Power Purchasing Agreement which allows us to buy energy directly from a green source. The proposed benefit being we would be providing green energy, and would be buying at the commodity rate, and therefore no commission from suppliers. It is likely that we would partner with another organisation to satisfy the minimum consumption requirements.

Securing cost savings through our Virgin Media O2 (VMO2) mobile data contract

Overview

As an organisation, Midland Heart has over 1,200 SIM cards in use, which are SIM cards for phones, smartphones and data-only versions.

Supported by a detailed benchmarking exercise by our Commercial and Technology teams, the goal was to reduce expenditure on mobile network services and connections, as well as increasing the overall data package, while maintaining a high standard of service.

With this in mind, and as part of the Crown Commercial Service (CCS) Framework, a value for money, direct award contract with VMO2 was agreed and signed.

The five key benefits of the VMO2 contract are as follows:



£115,000 savings per year. The new contract reduces annual costs from £145,000 to approximately £30,965. The total saving over the term of the three-year contract is £345,000



The number of required connections (SIM cards) was significantly reduced following a review by the Technology team, resulting in further cost reductions



The contract enables the increase and decrease in SIM cards without financial penalties to flex with the ever-changing way our business works



By excluding hardware from the contract, there is no need for a tech fund, driving down the overall cost per connection, and;



An overall increase in available data package ensures the business is fit for the future

The CCS Framework remains a recognised and compliant route to market, providing a reliable mechanism for securing value-for-money deals in technology procurement. There were also no risks associated with changing supply as this award to VMO2 ensures continuity and minimises disruption.

The impact on our tenants

Although more colleague facing, the financial savings driven by this new contract arrangement allow for reinvestment into other essential areas or services that directly benefit tenants.

Equally, the efficient use of technology and resources will help maintain affordable and reliable services across the business, indirectly supporting our range of tenancy services.

What's next?

There are three key next steps for this particular project:



Monitor contract performance with VMO2 to ensure service levels remain consistent.



Continue collaboration between the Commercial and Technology teams to seek further opportunities for savings in other areas of the business, and;



Review other technology-related contracts to determine if additional savings can be realised via frameworks.



Cyclical painting contract



Overview

Representing excellent value for money and financial savings, our £19 million cyclical painting contract runs for three years, and with an option to extend the agreement to seven years. The contract began in January 2024 following a competitive tender process involving multiple painting contractors, and was awarded to facilities management provider, Mitie. Through the contract, Midland Heart has made savings of £500,000 per year.



The impact on our tenants

Throughout the process, we consulted a range of tenants who had the opportunity to feed into the specification, design and delivery, whilst they could see we are trying to reduce overall delivery costs.

What's next?



We continue to manage and monitor the contract to deliver the contracted savings and to ensure all KPIs are being met.



www.midlandheart.org.uk

20 Bath Row, Birmingham, B15 1LZ

0345 60 20 540

Follow us on:

