

Sutton Housing Society - Value for Money Statement 2017

What is value for money?

Value for money isn't just about saving money.

It is about making sure we are efficient, effective and economical. This means we aim to achieve the best balance between high performance, high tenant satisfaction and relatively low cost.

What is a value for money statement?

As a registered provider, Sutton Housing Society (SHS) is required by the Homes and Communities Agency (HCA) to produce a detailed value for money self-assessment report annually.

The self-assessment is required to:

- Set out absolute and comparative costs of delivering specific services
- Evidence the value for money gains that have been and will be made and how they have and will be realised over time
- Enable stakeholders to understand the return on assets measured against the organisation's objectives.

Sutton Housing Society's approach to value for money

We are committed to providing good quality homes for rent, delivering accessible, excellent and responsive services to our tenants which enable them to live independently and to enhance their communities. We aim to get the best use of all of the resources available to us. By considering Value for Money (VfM), we are able to provide high quality services to our tenants at the lowest possible cost with the best possible outcomes. We seek to maximise our income and minimise our costs. We use the resulting operating surpluses to provide new dwellings, improve existing dwellings and provide services of genuine value to our tenants and to the wider community.

SHS's Board of Management direct employees to consider, measure and justify where appropriate how all of SHS's activities and transactions achieve VfM. In both it's day to day and strategic operations, SHS consider what financial, social and environmental returns are achieved, how these can be maximised and what alternative actions exist if identified returns are negligible.

Our primary focus is on costs, followed by performance, social and environmental considerations.

SHS' key objectives in seeking VfM are:

- Maximising income streams and ensuring best value is achieved from all of the our assets and activities.
- Maximising income opportunities for our tenants, through our existing and new partnerships.
- Maximising staff and contractors' awareness of SHS' commitment to VfM and shaping services and outputs as a result.
- Both working with and receiving feedback from tenants in identifying, implementing and reviewing services and VfM in these.

To help us achieve value for money the following processes are in place:

A planning process is carried out before each new financial year; a budget is drawn up taking into account corporate objectives. The budget is presented to the Board for consideration and approval before the start of the financial year. Our costs are monitored against these budgets and reported each quarter to the Board.

We have a rolling 25 year re-investment plan for all our housing stock. This covers the replacement of building components such as roofs, kitchens, bathrooms, etc., and cyclical maintenance such as external and internal redecorations. Each year prior to the budget being set the plan is reviewed and amended as necessary, taking into account the current condition of components, improvements or replacements that have taken place. The forecast expenditure is used when developing the Society's long term financial plan.

We put out to tender larger more expensive projects and obtain quotes for smaller jobs over a certain value before orders are placed in line with our financial policies. We may enter into partnering arrangements with contractors that we have worked with previously if this is deemed to provide best value.

Where possible our responsive repairs service is provided via long standing relationships with local contractors. This provides comfort to our tenants and increases their satisfaction whilst also improving the economic, social and environmental well-being of our community.

All service contracts are re-tendered regularly to ensure we provide good value and that tenants are satisfied with the services delivered. As all service costs are recovered from our tenants in the form of service charges any reductions in these costs are not a cost benefit to the Society but do provide a cost saving to the tenant or the community via reduced benefit costs.

We are a member of benchmarking group SHAPE (Smaller Housing Associations Pursuing Excellence). Our performance data is submitted to SPBM (Skills and Projects Benchmarking Group) run by Acuity in partnership with HouseMark. Being affiliated to these organisations allows us to monitor our performance against other

housing associations. We also compare our own performance year on year to identify any trends. Specialist benchmarking clubs offer the opportunity to meet with colleagues from similar organisations facing similar challenges to network, share ideas and to learn from each other.

As a member of SHAPE we also benefit from membership of Procurement for Housing (PfH), a national procurement organisation dedicated to the needs of the social housing sector. We currently procure our stationery, telecommunications and electronic payment services through PfH.

Through SHAPE we also obtain human resources consultancy at a discounted rate. Wherever possible HR support is provided off site which saves 20% of the normal daily rate. We also benefit from an additional 15% discount on all project work of more than three days.

We receive and react to feedback from tenants on our responsive repairs service via tenant satisfaction survey forms and telephone surveys.

Tenants are represented on the Housing Operations Committee (HOC) and steering groups, and are able to discuss their views on what represents value for money and are also involved in contract negotiations.

Tenant Satisfaction

As we have already mentioned that value for money isn't just about saving money, it's about achieving the best balance between high performance, high tenant satisfaction and relatively low cost.

This year we held a survey to gain tenants views on all the services we provide. The survey is generally carried out every three years. This survey known as 'STAR' is a standard form which is used by social housing providers so results can be compared across the sector. Almost 50% of our tenants responded.

A relatively high percentage of our tenants are satisfied with the VfM of the rent (93%), although fewer are satisfied with VfM of service charge (85%). Tenant satisfaction with rent VfM has increased by 1% since 2012, while satisfaction with service charges VfM has fallen by 4%. This may be due to tenant's lack of understanding of services charges and the processes involved. To help with this workshops are planned to help tenants to understand what is included in their services charges and how the costs are set.

The increase in satisfaction from our tenants in general needs stock on core areas is encouraging and compares favourably with SHAPE. In our housing for older people overall satisfaction has dropped from 95% to 91%. There have been many changes in services provided within our schemes for older people over the past few years. This survey is the first time tenants have had the chance to formally express their views. Survey results have been reviewed and action plans have been put in place. Progress is being made to address areas where tenants are less satisfied; this is monitored by the HOC. Initiatives have been introduced to better communicate and highlight what we have done in response to tenants' feedback.

New initiatives include:

- Increased consultation/communication about services
- Introduced a 'You said: We did' section in our newsletter to highlight to tenants that we are responding to their views
- Introduced new and varied engagement activities for tenants
- Regular and informative updates to our website

Community Engagement

“Community Engagement” is relatively new to SHS; “tenant engagement” was introduced in 2016 for the sheltered housing schemes only. Initially the work revolved around what was previously delivered by Scheme Managers at their individual schemes. In 2017, the work was broadened to include all sectors of the SHS community and rebranded as “Community Engagement”.

At SHS we wish to enable engaging activities, workshops and events that reflect the needs and wants of our tenants and their families. An annual, costed Engagement Plan is in place with dedicated resources to deliver the Engagement Plan.

The Engagement Plan, whilst having events, activities and initiatives planned within it, is flexible enough to enable SHS to respond to short notice events from partners and requests from tenants. The Engagement Plan has three key themes. These are:

- Financial inclusion
- Health and Wellbeing
- Monitoring & Improving Service Standards

Financial Inclusion:

With so many changes to the welfare system, it's important that SHS is able to provide services, either directly itself or through partners, that support tenants in strengthening their financial resilience.

Work relating to debt advice, budget management and money advice forms much of our financial inclusion work with tenants across all of our homes, as does the continued rollout and delivery of our digital awareness programme.

SHS is now working with Christians Against Poverty (CAP) and Citizens Advice to support tenants with debt issues. We will work with Age UK Sutton to deliver our IT/digital classes whilst SHS focusses on ways of increasing digital access.

The emphasis on enabling greater financial resilience and improved digital access will assist towards ensuring rent arrears owed to SHS are kept to a minimum, that SHS tenants are better prepared for any unexpected expenses. Additionally they will be better equipped to plan spending for the more expensive times throughout the year e.g. purchasing school uniforms in August, Christmas etc.

Health and Wellbeing:

This is the main focus for our initial engagement work with a broader group of tenants. Partners are in place at some of our Independent Housing for Older People schemes, providing chair based exercises and we will introduce regular events such as afternoon teas and one –off events such as health checks. We also provide accommodation for the delivery of health and wellbeing on a number of our schemes.

Monitoring & Improving Service Standards:

SHS will carry out a Guest Room Review with interested tenants from our Independent Housing for Older People schemes. We will look to agree a standard for all of the guest rooms and to look at ways of improving satisfaction with this amenity.

VfM achievements in 2016/17

Income

We continue to have positive working relationships with the London Borough of Sutton (LBS). This has enabled us to secure funding from LBS towards two development programmes. We received £1,120,649; £651K for Kent Court and £460K for Bond Gardens. This funding also generated an additional £2.7K interest receivable.

The leasing of surplus office space at Pat Shaw House has generated an additional 16K this year. The additional income in 2017/18 is expected to be £39K.

General

In response to the withdrawal of supporting people funding locally, SHS used consultants to redesign its housing services. This particularly affected our older persons housing. The revised structure didn't deliver the best services for our tenants and we redesigned the service again in 2016 introducing a new structure from April 2017 which included a new IHM service. We believe we have now got the right service structure to meet current and predicted demands in the future. This new service structure provides a more specialised service. It is slighter leaner in terms of staff numbers and gives a saving of 2.5% based on the previous year's salary budget whilst maintaining high levels of service.

Overhead and Management Costs

Savings in staff time and more efficient ways of working are an important factor within VfM.

Following a health check on the use of our housing management software in 2016, key areas were identified which would improve way's of working. This year we updated the arrears module; processes are now more automated and save staff time. We also purchased a Customer Relationship Module (CRM) which allows quick access to all previous contacts with a tenant, including repair requests, arrears,

The 'Out of Hour's' service had been provided by SHS staff, following a service review it was decided to switch to a contract with an external contractor with some SHS staff support. This achieved a saving of £3K.

Savings achieved in service costs are passed onto tenants through reductions in their service charges.

Community Engagement

Tenants at our Independent Housing for Older People and Housing with Care schemes continue to take part in activities arranged or delivered by our Community Engagement Officer. These include weekly chair based exercise classes, afternoon teas, art therapy, Live Well Sutton blood pressure checks, gardening competitions and therapy dog visits. Tenants also continue to benefit from IT support from volunteers arranged through Age UK. Computer 'Kiosks' are installed at six of our Housing for Older People schemes they provide free internet access to tenants and help with digital inclusion.

These activities offer physical health benefits and social interaction with neighbours, instructors, family and friends. They all contribute to the general wellbeing of tenants and have been shown to reduce demands on the NHS.

Loan Financing

This additional grant funding mentioned previously under 'income' has enabled SHS to reduce its loan facility with the Charity Bank from £4M to £3.7M. Our positive working arrangement with the Charity Bank has also enabled SHS to extend the availability period of the loan to June 2018. The commitment fee payable on undrawn funds was also renegotiated which achieved a saving of £5.5k on this fee in 2016/2017

Asset Management

The development of Suffolk House (now named Kent Court) was completed as planned in April 2016. The 12 new flats were let within five days of completion. All flats have level access showers and access to Wi-Fi. This development provides badly needed housing let at social rents and significantly improves the local environment.

New bathrooms were installed at Lancelot House and new communal boilers at Norman House. New lifts have been installed at Old Brewery House and Ronald House. Communal redecorations have been completed at Dorothy Pettingell House, Griffiths close and Trickett House and new communal flooring in flats on the Wandle Valley Estate. These works will enable the independence of tenants contribute to their wellbeing and reduce heating and maintenance costs for SHS and its tenants.

Unused communal spaces at Old Brewery House was adapted to provide storage and charging facilities for electric scooters

New Developments

The redevelopment of Harding House to replace 12 hard to let bedsits with nine one bed flats and three fully modernised studios is due for completion in August 2017. This redevelopment will have a positive impact on our void losses. The project demonstrates active asset management by SHS. It also enabled works due under SHS's reinvestment plan/Decent Homes Strategy to be incorporated into the projects costs.

Work has started on Bond Gardens, a site acquired from Beddington & Wallington Housing Society at no cost to the Society. The 18 month build programme is due for completion in July 2018. The original building on the site has been demolished. The new development will provide 23 one bed flats for older people. SHS is working with the local primary school to name the new building.

Performance indicators for 2016/17

The tables below detail SHS's performance across the past 3 years and benchmark against our peers.

Although all members of SHAPE are smaller housing provider's, client groups are different. As SHAPE members we are also able to access other benchmarking groups performance data via SPBM. This enables us to compare our performance with similar client groups. Housing for Older People is a separate benchmarking group whereas the general needs data is from other members within SHAPE.

Performance Indicator	SHS 14/15	SHS 15/16	SHS 16/17	SHAPE 16/17 Median	HfOP 16/17 Median
Rent Collection and Arrears					
Rent arrears* of all current tenants as % of rent due	0.7%	0.7%	0.85%	GN 2.89%**	HfOP 0.34%*
Rent loss between lettings	1.2%	0.7%	0.57%	0.88%	HfOP 1%
Average re-let days for empty homes	28.7	23.89	23.00	23.00	HfOP 24.8
CPP housing management	£341	£337	£369	£369	HfOP £386
Satisfaction - % satisfied rent provides VfM	GN 88% HfOP 93%	GN 88% HfOP 93%	GN 94% HfOP 92%	GN 87.5%	HfOP 94.2%

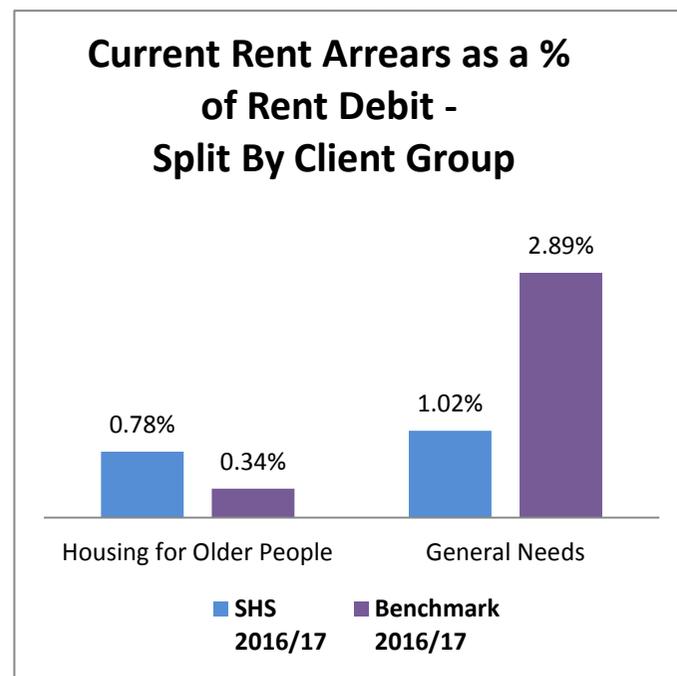
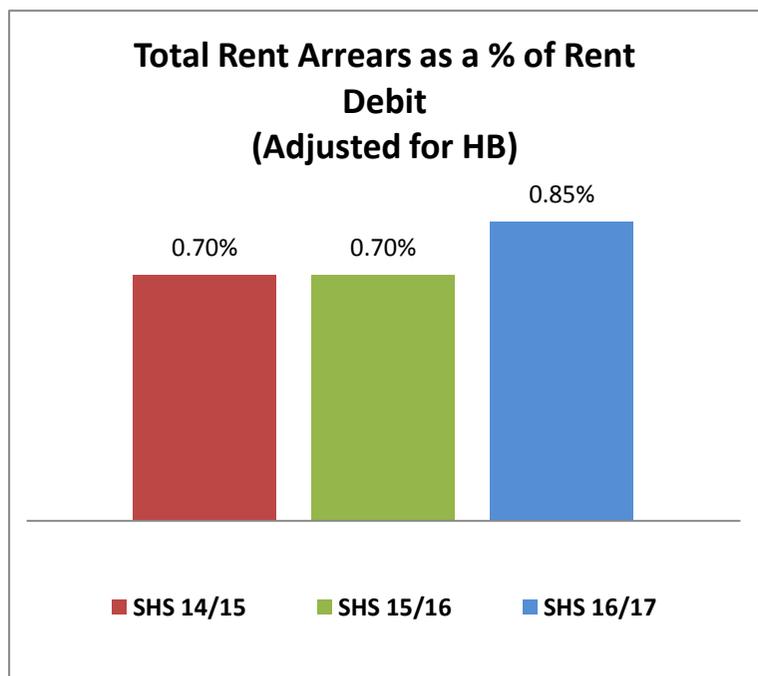
*Adjusted for HB due

**Not adjusted for HB due

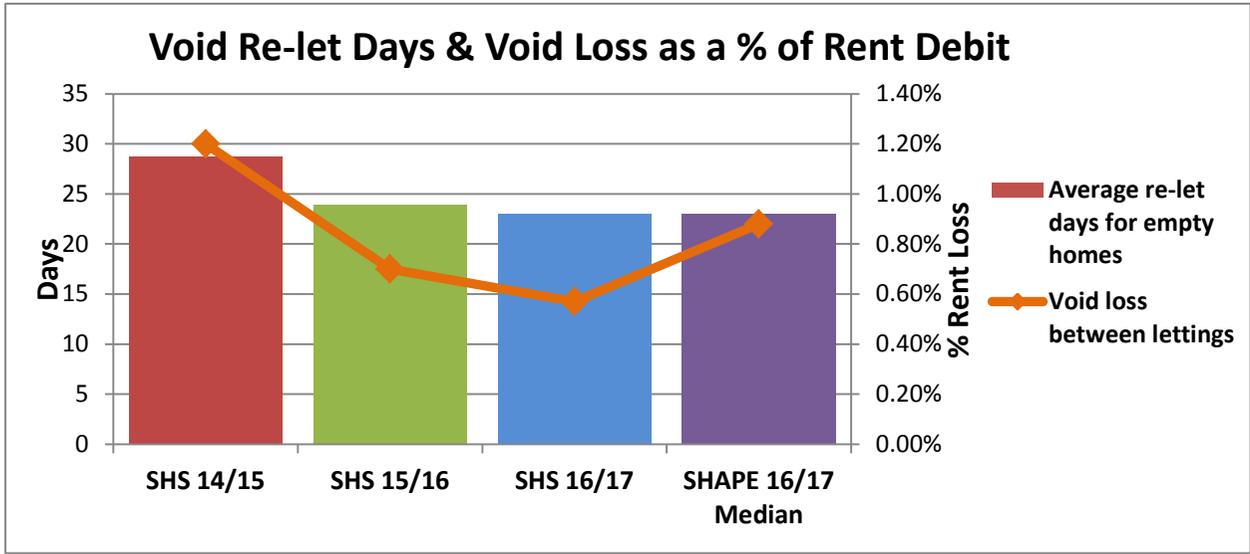
GN = General Needs

HfOP = Housing for Older People

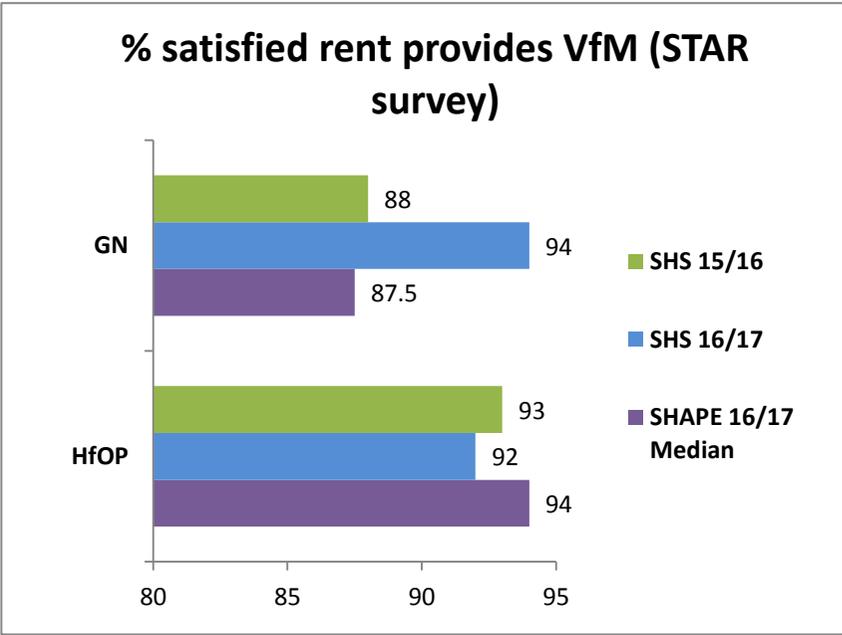
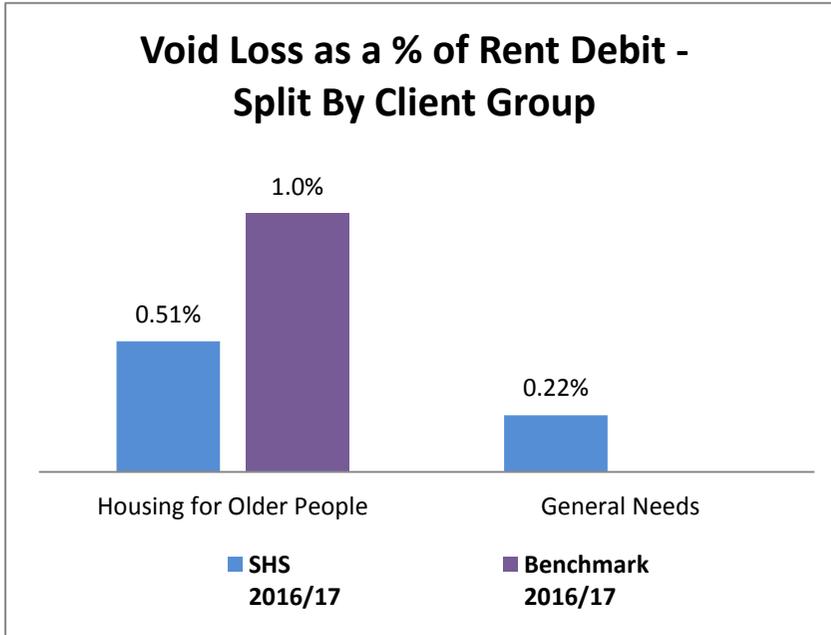
CPP = Cost per property



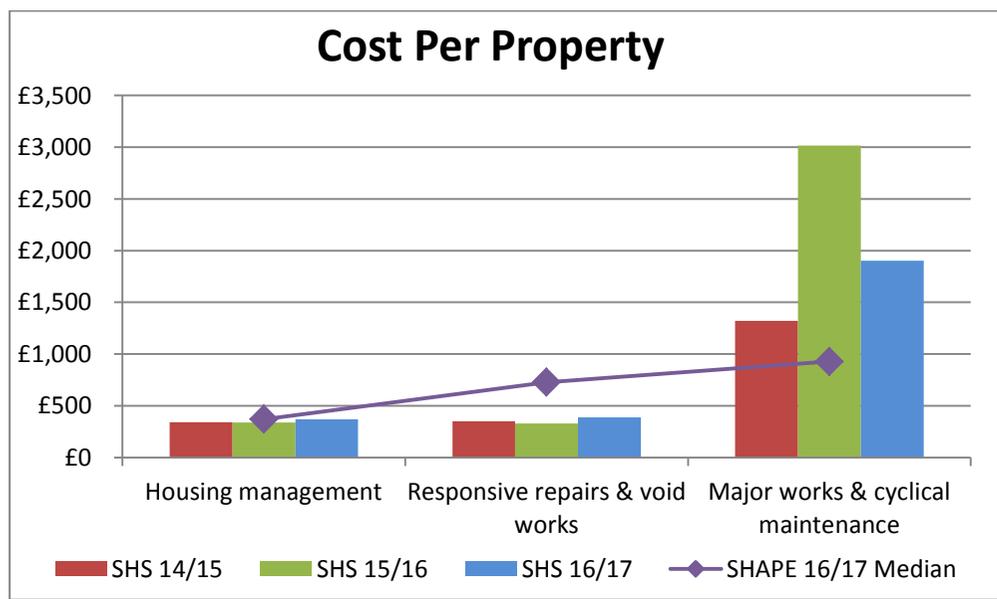
Our rent arrears performance continues to be good, comparing favourably with SHAPE and HfOP groups whilst the cost per property on housing management has increased it compares positively with our peers.



Our **voids and lettings** performance has improved again this year and compares positively with our peers. Our **STAR survey** results show there has been a large increase in satisfaction with value for money for our GN tenants and this is also much higher than the SHAPE median. There has been a slight decrease in our HfOP tenants satisfaction and it is currently below the SHAPE median. This is being addressed as part of the action plan following tenant feedback and is largely linked to changes to the service.



Performance Indicator	SHS 14/15	SHS 15/16	SHS 16/17	SHAPE 16/17 Median	HfOP 16/17 Median
Repairs and Maintenance					
% Repairs completed in time	96%	99%	99%	95.82%	HfOP 97.76%
CPP direct responsive repairs and void works	£351	£327	£386	£726.62	HfOP £654.21
Satisfaction - % satisfied with R&M	GN 89% HfOP 94%	GN 89% HfOP 94%	GN 97% HfOP 95%	GN 85.66%	HfOP 92.15%
Improvements and Cyclical Maintenance					
CPP direct major works ***and cyclical maintenance	£1,322	£3,015	£1,903	£927.70	HfOP £1221.83
Satisfaction - % satisfied with overall quality of home	GN 97% HfOP 98%	GN 97% HfOP 98%	GN 97% HfOP 96%	GN 89%	HfOP 96%



The **cost per property** indicators are calculated using clear definitions provided by HouseMark.

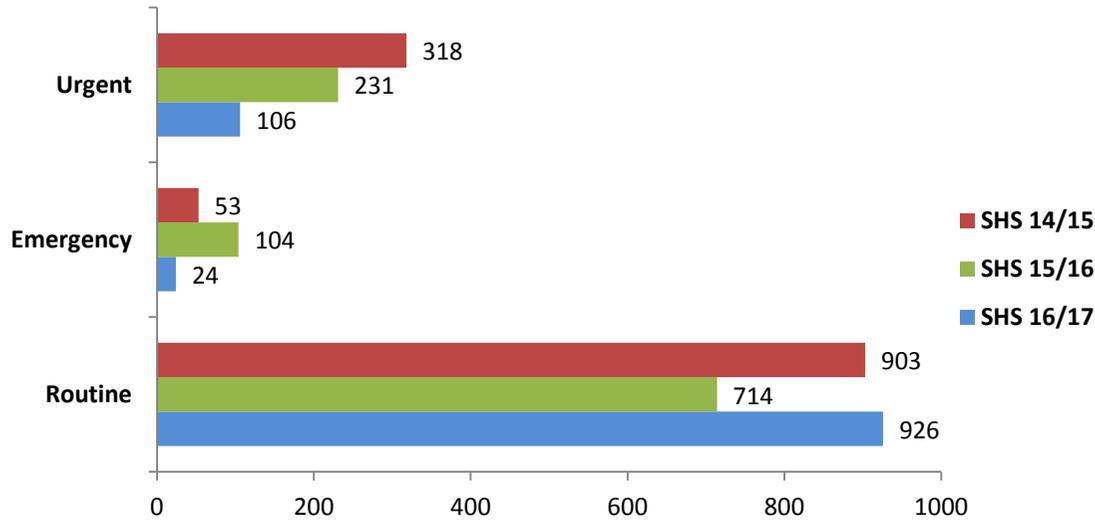
Cost allocation varies significantly between housing providers, meaning cost per property measures within financial statements do not always offer good comparatives.

Housing management: SHS 16/17 (£369) is in line with the SHAPE median (£369).

Responsive repairs & void works: Although our spend has increased this year, SHS 16/17 (£386) is still much lower than the SHAPE median (£727.62).

Major works & cyclical maintenance: SHS 16/17 (£1,903) includes £576K of capital works on existing properties, compared to SHS 15/16 (£3,015) which included £1.1M. High spend on capital works will distort this PI.

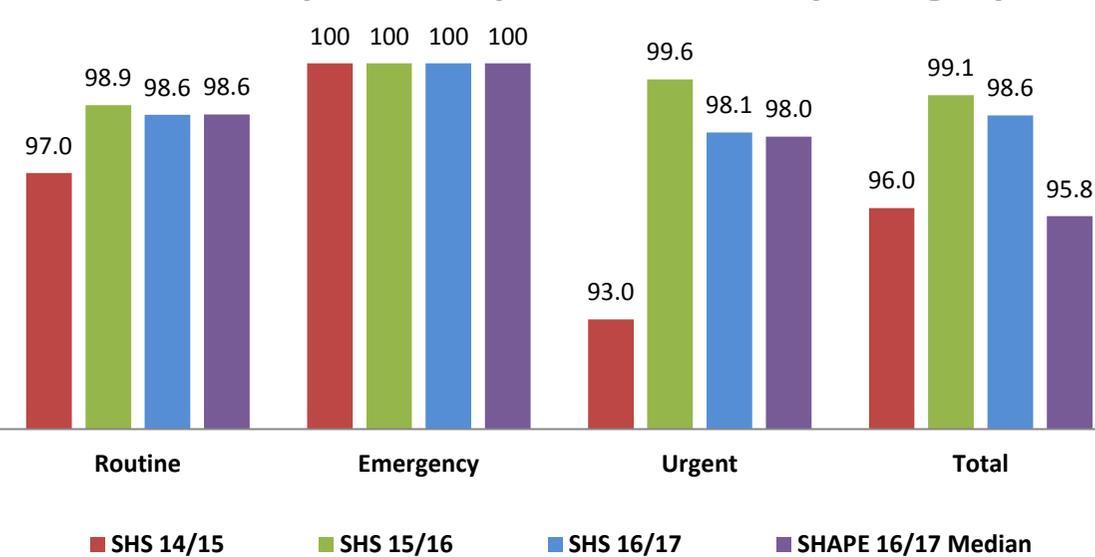
No. of repairs issued by response category



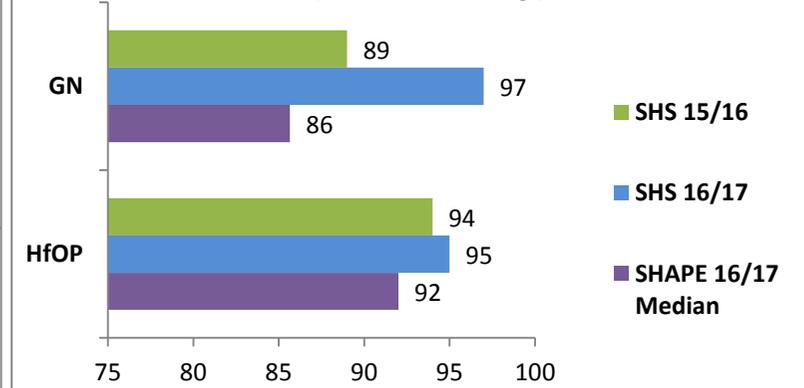
Our **STAR (survey of tenants and residents)** results show that there has been an increase in satisfaction with both our GN and HfOP tenants in regards to repairs and maintenance. Both client groups also compare favourably with the SHAPE median.

The number repairs this year is similar to last year. Our performance in the number of jobs completed in time in 2016/17 remains high at 98.6% and compares favourably with SHAPE.

% of repairs completed in time by category



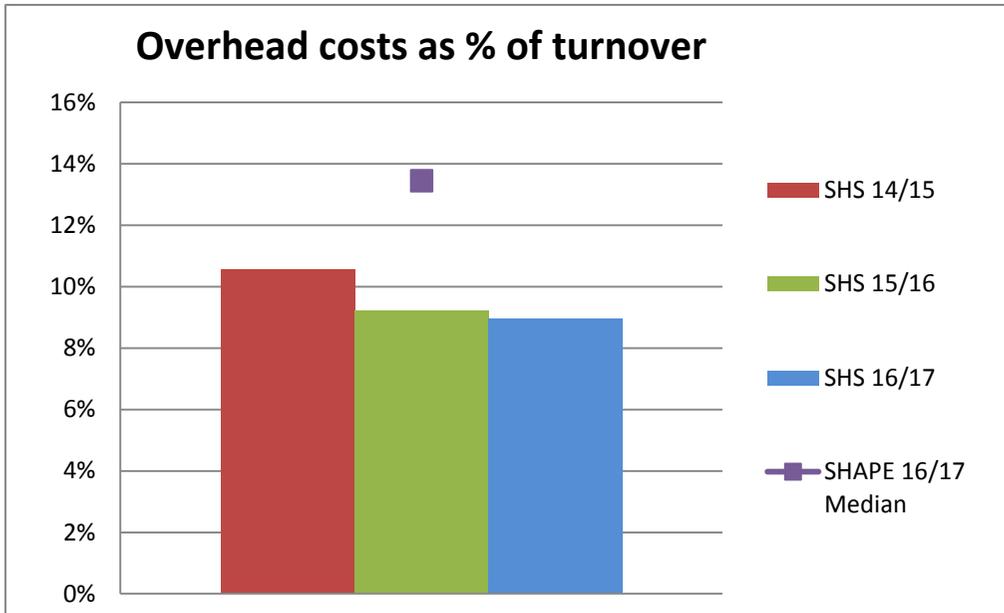
% satisfied with R&M (STAR survey)



Performance Indicator	SHS 14/15	SHS 15/16	SHS 16/17	SHAPE 16/17 Median	HfOP 16/17 Median
Headline Social Housing Costs					
Includes capital works on existing properties	£3,992	£5,682	£4,410	£3,570 (HCA 2016)	
Excludes capital works on existing properties	£2,995	£3,059	£3,127		
CPP Overhead costs as % of turnover	10.58%	9.21%	8.94%	13.45%	HfOP 14.28%
Operating costs as a % of turnover	59.4%	64.8%	63.1%	69.5%	HfOP 80.67%
Return on Assets	4.54%	3.77%	4.04%		

The Headline Social Housing Costs include the majority of operating costs and capital works to existing properties. Sutton Housing Society capital spend per period: 2017: £576K, 2016: £1.1M, 2015: £450K. This spend is not always consistent year on year so capital spend will distort comparisons. The HCA comparative median figure is £3,570 per unit. Providers with large amounts of supported housing or housing for older people will have higher costs. Two thirds of SHS stock is sheltered housing for older people.

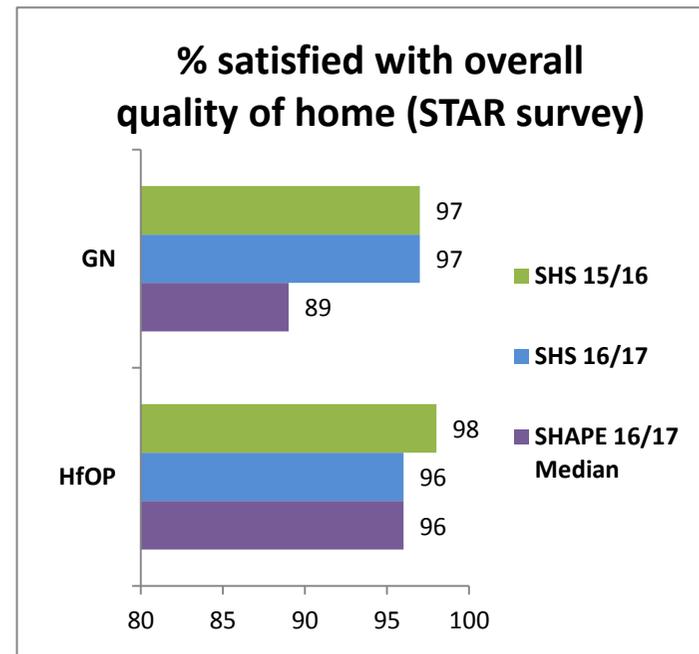
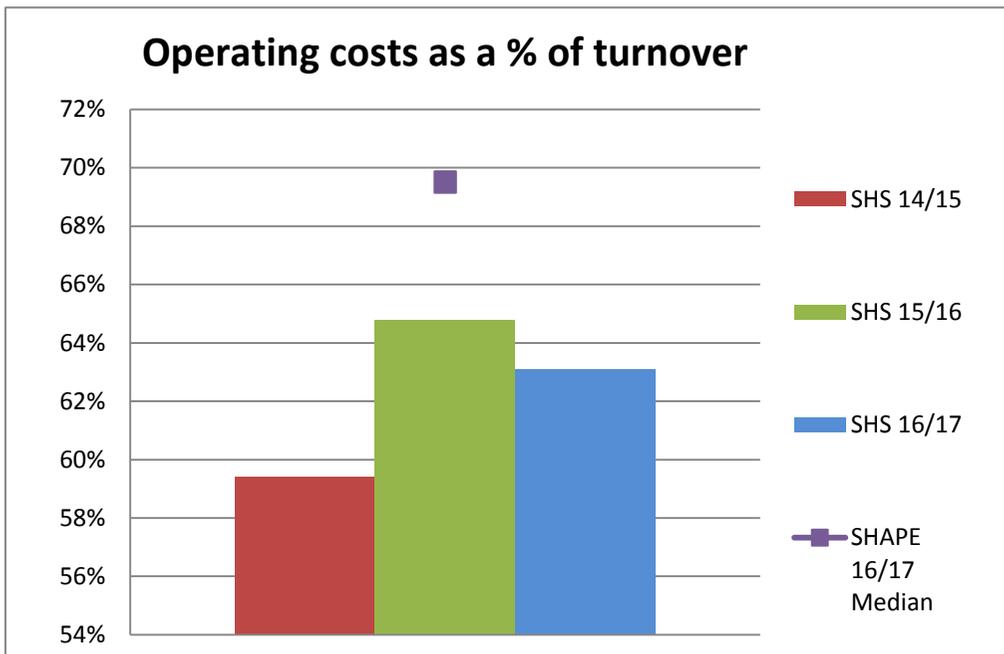
The Return on Assets (ROA) is directly affected by the cost of existing properties and new developments. As existing properties have not been revalued, the percentage of return on these assets will be significantly higher than the return on new schemes. The completion of Kent Court in May 2016 meant that new income was generated; this has had a positive effect on the ROA.



Overhead costs as a % of turnover: the overhead cost includes the total cost of staff time attributed to overhead (back-office) functions and direct costs relating to overheads such as depreciation, office premises costs, office supplies, IT, HR, Recruitment. Cutting expenses and increasing turnover has a positive effect on this indicator.

Operating costs as a % of turnover: this has reduced this year due to the decrease in operating costs and increase in turnover.

STAR survey results for our GN tenants have stayed consistent with previous years and compares positively with the SHAPE median. Although in line with the SHAPE median, there has been a slight decrease in satisfaction with our HfOP tenants. This is largely due to changes in services (withdrawal of Scheme Managers). However there are initiatives in place to address and improve communications, and to recognise tenants' views, are important and considered.



Plans for 17/18

We have identified the following areas to focus on in the coming year:

Income

We expect to receive a further £410K in 2017/18 towards the development of Bond Gardens.

Overhead and management costs

As part of our digital transformation we will look at increasing our digital capabilities to improve customer service and reduce operating costs in the longer term. Focusing on:

- Different ways we can communicate with our tenants; emails, text messages, online surveys.
- Consider switching to a paperless direct debit process.
- IT hardware; considering mobile devices like lap tops, tablets when office computers are due for replacement. This will aid agile working and improve our customer service delivery for our tenants.
- Research the installation of communal Wi- Fi in all our older persons housing schemes. This will help bridge the gap with digital inclusion as well as providing operational benefits.

Consider different training methods; many briefings on relevant topics are now provided by Webinars, these save on travel costs and associated staff time as opposed to attending accrual briefings offsite; approximately £75 per briefing.

Employ a Trainee Admin Assistant through an Apprenticeship Scheme. Learning will take place in the workplace, minimising disruption and maximising impact. Our previous experience has shown that Apprenticeships are a cost effective way of attracting enthusiastic local talent with fresh ideas which can help reduce staff turnover, by increasing employee satisfaction and loyalty.

Service Costs

The window cleaning contract is due to be retendered. Tenants will be involved in this retendering exercise.

Community Engagement

As part of financial inclusion we will look at ways of supporting our families with job skills and with increased employment opportunities and family support.

Within health and wellbeing we will look to expand community engagement activities, creating more opportunities, encouraging tenants to participate in events across the schemes, with improved advertising.

We will highlight awareness around fuel poverty and as a recognised partner work with the local Food Bank.

We will introduce “mystery shopping” as a way to enable tenants to monitor services and to feedback their findings on particular topic. The first area to be reviewed is customer service. This will enable SHS to introduce improvements across our services.

Asset Management

We will review unused cupboard, communal spaces at schemes and seek to provide alternative uses e.g. storage and charging facilities for electric scooters.

New Developments

We will work with our partners at LB of Sutton and L & Q Housing Trust to seek at least one new development site in Sutton. We will identify cost effective methods of producing and managing development services.