

## Worthing Homes

### Value for money self-assessment 2017

#### 1. Our achievements this year

- 1.1. We have achieved our value for money targets as set out in last year's (2016) value for money self-assessment. Our value for money focus follows the main themes of our corporate plan for the next five years of excellent customer experience, place shaping, one team and great business:
- 1.2. We generated a surplus of £7.3million of which £1million related to our first market sale scheme. Our marketing strategy was successful with full take up on all sales. This surplus will be used to enable us to continue to invest in building new affordable homes. We completed 114 new homes during the year and there are 70 units under construction at the end of the year with a further 46 already contracted for.
- 1.3. The association continues to be a top performing housing association with costs in the top quartile as measured by both the 2016 HouseMark benchmarking and the Homes and Communities Agency's unit cost analysis. The average costs have reduced further in the financial year to 31 March 2017. Our operating margin on social housing lettings increased to 49.6% this year.
- 1.4. We continue to focus on modernising our working practices and environment to be more effective and even better at what we do. We have invested in laptops and tablets and mobile working software that enables employees to work anywhere, this includes a new document management system and web access to our housing system. This enables us to place greater emphasis on more flexible ways of working as we move away from the traditional office environment and traditional management methods. We have provided digital mobile working tools to colleagues who previously did not have access to this, along with on-going training, to ensure all of our employees are digitally included. During the year we have also implemented:
  - A contractor portal where contractors log their job completions and costs, and invoice periodically rather than for each job. One of our two largest contractors who went live in May 2016 invoiced us with 480 invoices in 2016/17 compared to 2,500 invoices the previous year.
  - A texting service for arrears stage 1 and 2, and for ad hoc communications with customers. During the year 3,424 arrears stage 1 & 2 texts were sent costing 10p each which would previously have been sent by letter at a greater cost of approximately £12 each.
- 1.5. During 2016/2017 we reviewed our customer service strategy to ensure that the way in which we deliver services meets the needs of both current and future customers. A Customer service survey was undertaken to gauge customer satisfaction. Overall satisfaction is still very high at 85%, although this is 6% lower than the previous survey in 2013. Whilst our customers have said we are friendlier than ever, getting in contact with the right people is one of the main area that needs addressing, along with anti-social behaviour and repairs satisfaction. We included a survey via email this time as well as the postal survey, whereas it has previously been carried out only by postal survey.
- 1.6. We have a new procurement coordinator who has achieved net savings this year on several contracts including:

- Windows and doors procured over a 5 year contract, using a contractor we have not worked with before. This will give a saving of £200,000 on a contract of £700,000 when compared to our previous contractors.
  - A £44,000 saving on our mobile phone contract against the renewal offer from our previous supplier by switching to the Procurement for Housing framework.
  - Negotiated a fix to our schedule of rates with our two largest reactive maintenance contractors until 2022 and 2023.
- 1.7. In October, our RedAssure service began offering housing related support to up to 2,000 older residents in Worthing Homes and Adur Homes properties. The service had previously only supported 280 Worthing Homes residents. This service receives funding from West Sussex County Council and we are one of only 3 landlords West Sussex County Council elected to work with to deliver such services in the county following significant cuts to funding to support older residents in the community. By merging our support and telecare functions into one team, we are now able to deliver a more holistic service to more customers and made savings on salaries and expenses of £48,000.
- 1.8. The stability of a further 5 years of funding has given the Community House the opportunity extend into new areas and support new people. The End of Year report for 2016/17 showed that many of the targets for the year were exceeded and in some cases significantly. For example we were supposed to work with 40 people to help them gain a greater understanding of the work environment – we actually achieved 114. The project is looking to work more closely with other Worthing Homes staff in the future to increase coordinated support to people as we see the roll-out of Universal Credit in the area.
- 1.9. We have further invested in digital inclusion to help our residents gain greater skills on-line and via social media. Residents have free access to Wi-Fi and access to the internet at the community house, our office reception, resource centre, and Love-it hub as well as new free wi-fi installations at our other schemes during 2016/17. Our Resource Centre is an 'IT junction' in partnership with Worthing Borough Council and is run voluntarily by our residents who impart their IT skills and knowledge to others. Customers are encouraged to use on-line services for benefit applications and home swap services.
- 1.10. We continue to streamline our empty homes process to make this more efficient. This work has led to our lettings performance continue to get significantly better with our average re-let time for standard properties falling significantly from 32 days to 22 days. As a result our rent loss from empty properties was just 0.4%.
- 1.11. We are actively providing financial inclusion advice and signposting advice to our residents and help combat the impact of welfare reforms such as the benefit cap. This year our financial inclusion co-ordinators assisted almost 400 of our customers to increase their income and reduce their bills. Overall their worked gained an extra £211,088.28 income for a number of our customers.
- 1.12. Along with our financial inclusion co-ordinators, our income recovery officers had a successful year helping residents maintain their rental payments and minimise our arrears. Despite the lowering of the benefit cap to £20,000 per year, our arrears were 2% at the end of the year. With laptops and tablets that enable them to work remotely, they have been able to significantly increase the number of customers they visit in their

homes, with one income recover officer managing to reduce their arrears from 2.1% to 1.8%.

- 1.13. We have continued to build on our sustainability initiatives with more outreach sessions available for residents and staff at the Love-it Hub and Community House. Our Sustainability Co-ordinator has been developing our Relish website and is in the process of putting lots of links to videos and instructions on the website showing customers how to use some of the more household facilities such as heating controls and how to save energy and money at the same time. We have teamed up with Southern Water to set up free water efficiency visits for our customers, where Southern Water can give tips and install different products to help residents save water and money. We also secured funding allowing us to offer gas central heating to any of our customers who still have night storage heaters. Our sustainability co-ordinator offered fuel poverty training for frontline colleagues and is now co-ordinating the fuel poverty network in Worthing.

## **2. Our plans for next year**

- 2.1. Our value for money focus follows the main themes of our corporate plan for the next five years of excellent customer experience, place shaping, one team and great business.
- 2.2. We will implement our customer service strategy. This includes a review of our phone system to ensure we have the best tools for our new approach where all calls come in to the customer service team initially.
- 2.3. We continue to focus on modernising our working practices and environment to be more effective and even better at what we do. Our digital strategy for next year includes:
  - A customer app with access to rent account balances and job tickets and basic personal details.
  - A customer portal with access to rent account balances, job tickets, logging of compliments and complaints, basic person details.
  - Continue to roll-out our contractor portal, targeting our largest contractors.
  - Implementation of the 365Agile employee app so everyone has appropriate access to information regarding our properties and customers whilst mobile working. This includes the implementation of electronic forms, both to be stored in our electronic document management system and to write back information to our housing management system.
  - Implementation of a job ticket app linked to our housing management system for our in-house maintenance team.
  - Process mapping and streamlining and digitalising processes to achieve maximum efficiency.
- 2.4. We will continue to invest in building new homes with 71 due to complete in the coming year.
- 2.5. We will continue to generate surpluses to enable us to invest in building new homes with a £5million rental surplus being budgeted in 2017/18, together with £0.4million property sales surplus.

- 2.6. The Community House still has the stability of 3 years' future funding from the Big Lottery which enables the project to not only continue its excellent work, but to extend it to new areas. We will continue our activities in Castle Ward, primarily utilising the Love-it hub as a base for activities, and to do outreach activities and engagement in other areas where Worthing Homes owns properties. This includes a new project started in 2016/17 which will lead to 40 people per year having a greater understanding of the working environment having attended job skills placements or training.

### 3. Costs of service provision

- 3.1. Worthing Homes' results as assessed using the Homes and Communities Agency's unit cost analysis are in the top quartile (lowest cost) performance. The association's headline social housing costs per unit of £3,025 in 2016 were lower than the PlaceShapers peer group average of £3,430 and the housing association whole sector average of £3,970. The association's costs have reduced to £2,950 in 2017:

|   | 2017   | 2016   | 2015   | 2014   | 2013   |
|---|--------|--------|--------|--------|--------|
| <b>HCA headline social housing costs per unit</b> | £2,950 | £3,025 | £3,021 | £3,013 | £2,800 |
| <b>Management costs</b>                           | £940   | £977   | £921   | £852   | £844   |
| <b>Service charges costs</b>                      | £268   | £235   | £275   | £427   | £308   |
| <b>Maintenance costs</b>                          | £730   | £774   | £837   | £812   | £756   |
| <b>Major repairs costs</b>                        | £828   | £809   | £729   | £702   | £699   |
| <b>Other social housing costs</b>                 | £184   | £230   | £259   | £220   | £193   |

- 3.2. We benchmark our performance using the HouseMark PlaceShapers benchmarking group which comprises 103 housing associations. HouseMark benchmarking works on the principle that members share information regarding their financial and operational performance to enable comparisons to be made. High performing organisations can be identified at a detailed service level through comparisons of both cost and performance, rather than simply relying on public documents and reports. The headline results including our cost per property (CPP) compared to our HouseMark benchmarking group are shown below:

| Headline measures                               | Your value | Quartile |
|---|------------|----------|
| <b>Costs headlines</b>                          |            |          |
| Overheads as a % of adjusted turnover           | 9.0        | ★        |
| Total CPP of Housing Management                 | 341.71     | ★        |
| Total CPP of Responsive Repairs & Void Works    | 592.88     | ★        |
| Total CPP of Major Works & Cyclical Maintenance | 1,258.43   | ★        |
| Operating margin                                | 43.3       | ★        |

- 3.3. We are progressing the organisational restructure which has been put in place to ensure we are truly delivering exceptional customer service and that we are living our values. The new structure has created three neighbourhood teams that will allow them

to really get to know our residents and properties, with services being delivered in the community rather than expecting residents to come to the office (although this will remain an option). There will also be greater options for resident to 'self-serve' as we develop the technology – for example; paying rent, reporting repairs, reporting anti-social behaviour, registering for a mutual exchange or transfer all to be completed on-line. The new Customer Services team now provide a one stop shop for residents that call in to the office in person, via the phone or via email and answer their query at the point of contact or arrange for one of the neighbourhood team members to call if it is a more complex enquiry. The office remodelling was completed in May 2016 and the IT infrastructure was completed in June 2016. Staffing costs have reduced following the organisational restructure, the annual cost savings from the reorganisation is £178,000 (7%). The budgeted operating costs for the year 2016/17 were £200,000 lower than the previous year 2015/16, and the outturn results achieved these budgeted savings. The average operating cost per home reduced accordingly.

#### 4. Financial performance

- 4.1. Our financial statements demonstrate our track record in improving our operating efficiency and financial results. The cash flow figure for earnings margin on social housing lettings has increased to 53%. The operating margin on social housing lettings has increased to 50%.
- 4.2. This is top quartile performance, as demonstrated by benchmarking our (2016) performance against other housing associations in the Homes and Communities Agency's global accounts analysis.
- 4.3. This year was the association's first year since 2009 to include first tranche property sales from new shared ownership and our first market sale development schemes. These property sales totalled £7.4million and generated a surplus of £1.9million which is used to cross-subsidise new affordable homes. These property sales generate a different margin to social housing lettings so our reporting this year has been expanded to analyse the results from the different activities, both in the value for money self-assessment below and in our internal management accounts.
- 4.4. Our detailed financial performance is shown in the following analysis:
- 4.5. Cash flow:

|  | 2017   | 2016   | 2015   | 2014   | 2013   |
|--|--------|--------|--------|--------|--------|
| <b>Earnings margin (earnings before interest, tax, depreciation, impairment and amortisation including major repairs expenditure as % of turnover) - total</b> | 45%    | 50%    | 49%    | 48%    | 46%    |
| <b>Earnings margin on social housing lettings</b>  | 53%    | 52%    | 52%    | 50%    | 48%    |
| <b>Average earnings cost per home owned</b>  | £3,027 | £3,127 | £3,099 | £3,121 | £2,922 |
| <b>Earnings interest cover - total</b>   | 269%   | 211%   | 214%   | 211%   | 177%   |
| <b>Earnings interest cover on social housing lettings</b>  | 226%   | 214%   | 220%   | 210%   | 175%   |

4.6. Operating efficiency:

|  | 2017   | 2016   | 2015   | 2014   | 2013   |
|--|--------|--------|--------|--------|--------|
| <b>Operating margin - total</b>  | 42%    | 43%    | 45%    | 45%    | 44%    |
| <b>Operating margin on social housing lettings</b>                         | 50%    | 46%    | 48%    | 46%    | 46%    |
| <b>Operating margin on first tranche property sales</b>                    | 26%    | -      | -      | -      | -      |
| <b>Average operating cost per home owned</b>                               | £3,234 | £3,537 | £3,359 | £3,312 | £3,064 |
| <b>Average operating surplus per home owned – total</b>                    | £3,564 | £2,703 | £2,711 | £2,674 | £2,350 |
| <b>Average operating surplus on social housing lettings per home owned</b> | £2,970 | £2,746 | £2,802 | £2,663 | £2,322 |
| <b>Surplus for the financial year as % of turnover</b>                     | 27%    | 22%    | 23%    | 24%    | 19%    |
| <b>Net surplus per home owned</b>  | £2,238 | £1,380 | £1,418 | £1,418 | £1,030 |

4.7. Business growth:

|   | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|------|------|------|------|------|
| <b>Growth in turnover - total</b>   | 39%  | 3%   | 3%   | 12%  | 12%  |
| <b>Growth in turnover on social housing lettings</b>                      | 3%   | 3%   | 4%   | 12%  | 13%  |
| <b>Growth in total assets</b>   | 5%   | 6%   | 4%   | 5%   | 10%  |
| <b>New homes completed during the year</b>                                | 114  | 12   | 46   | 59   | 116  |
| <b>New homes completed during the year as a percentage of homes owned</b> | 3.5% | 0.4% | 1.4% | 1.9% | 3.7% |

4.8. Performance of asset base:

|   | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|------|------|------|------|------|
| <b>Turnover to total operating assets – total</b>                                     | 14%  | 11%  | 11%  | 11%  | 10%  |
| <b>Turnover on social housing lettings to total operating assets</b>                  | 10%  | 10%  | 11%  | 11%  | 10%  |
| <b>Return on capital employed (operating surplus divided by total assets) – total</b> | 5.9% | 4.6% | 4.9% | 4.9% | 4.5% |
| <b>Return on capital employed on social housing lettings</b>                          | 4.9% | 4.7% | 5.0% | 4.9% | 4.4% |
| <b>Average cost of capital</b>  | 4.1% | 4.2% | 4.0% | 3.9% | 4.1% |

4.9. Debt servicing and use of assets:

|   | 2017    | 2016    | 2015    | 2014    | 2013    |
|---|---------|---------|---------|---------|---------|
| <b>Interest cover<br/>(operating surplus divided by net<br/>interest payable) - total</b>                                       | 2.7     | 2.0     | 2.1     | 2.1     | 1.8     |
| <b>Interest cover on social housing lettings</b>  | 2.3     | 2.1     | 2.1     | 2.1     | 1.7     |
| <b>Gearing<br/>(total loans less cash and current asset<br/>investments as % net loans and<br/>reserves and capital grants)</b> | 61%     | 64%     | 65%     | 66%     | 68%     |
| <b>Average loans drawn per home owned</b>   | £34,287 | £34,980 | £34,801 | £34,858 | £34,005 |

## 5. Return on assets

- 5.1. We have a comprehensive approach to managing our assets having strategies for asset management, development and sustainability. 'Asset management' is considered as a range of activities that ensure the housing stock meets needs and standards both now and in the future. The considerations contained within the strategy must be balanced with customer (resident) aspirations, resources as well as professional and technical considerations and value for money.
- 5.2. The strategy (asset, development and sustainability) goes beyond investment in repair and major improvements; with reference to our size and location, we have reviewed our asset base to ensure that we have the right accommodation in the right locations. Our stock is well maintained, its location is concentrated in areas within a 30 minute drive of our offices.
- 5.3. Our board review each development opportunity against an agreed set of benchmarks. If the development does not achieve the required benchmark the scheme may be rejected. The financial impact of each scheme is included within the business plan to assess its impact before the scheme is approved.
- 5.4. This year we have continued with our growth strategy and invested £7.6million in new homes under construction, with a further £1.5million spent on work in progress of homes for market sale and shared ownership. 114 new homes completed during the year, and at the year-end there were 70 new homes on site for completion in the coming years.
- 5.5. We agreed a sale of a small piece of land to West Sussex County Council to facilitate the extension of a play area for a neighbouring school. This will generate £16,000 of income.
- 5.6. Using information collected from the asset and housing teams, we continue to assess the viability of our existing assets and in turn their long term use. During the coming year we will enhance our Keystone asset management system. The impact of any proposal both in terms of the business plan and the community will be taken into consideration.
- 5.7. As part of our asset management strategy we are reviewing the use of two of our seven sheltered schemes, looking at the potential for redevelopment to bring the flats into line with the expectations of today's customers.
- 5.8. Except for the sheltered schemes, in summary, Worthing Homes' stock is considered and can be demonstrated to:

- be situated in appropriate geographic locations (primary areas of operation)
  - include no disproportionately high value stock, that may generate a greater return through disposal on the open market rather than letting as social rent, with income generated from sale used to subsidise more affordable homes
  - be suitable accommodation, in good condition that does not require significant investment
  - be the appropriate tenure for the location
- 5.9. We regularly review the value of the homes we manage in order to utilise the stock valuation for funding to build new homes. Using our properties as loan security we have secured an additional £10million of loan funding from Worthing Borough Council during 2017 to build new homes.

## 6. Service delivery outcomes

- 6.1. During 2016/17 we reviewed our customer service strategy to ensure that the way in which we deliver services meets the needs of both current and future customers. A Customer service survey was undertaken to gauge customer satisfaction. Overall satisfaction is still very high at 85%, although this is 6% lower than the previous survey in 2013. Whilst our customers have said we are friendlier than ever, getting in contact with the right people is one of the main area that needs addressing, along with anti-social behaviour and repairs satisfaction. We included a survey via email this time as well as the postal survey, whereas it has previously been carried out only by postal survey.
- 6.2. The results from the 2016 STAR (Survey of tenants and residents) are very positive. Overall satisfaction with landlord services is considered to be high (85%), value for money for rent (85%), quality of home (84%), and repairs & maintenance (79%).
- 6.3. The results from our STAR survey compared to our previous survey:

|  | 2016 | 2013 | % change | Benchmark |
|--|------|------|----------|-----------|
| Satisfaction with overall service                      | 85%  | 91%  | -6%      | 88%       |
| Satisfaction with quality of home                      | 84%  | 89%  | -5%      | 86%       |
| Satisfaction with value for money of rent              | 85%  | 87%  | -2%      | 84%       |
| Satisfaction with value for money service charges      | 71%  | 81%  | -10%     | 72%       |
| Satisfaction with the neighbourhood as a place to live | 79%  | 84%  | -5%      | 87%       |
| Satisfaction with repairs and maintenance              | 79%  | 88%  | -9%      | 83%       |
| Satisfaction with keeping residents informed           | 79%  | 87%  | -8%      | -         |

- 6.4. Our feedback from our ongoing customer surveys and business performance value measures during the year is:

|  | 2016/17 | 2015/16 | 2014/15 | % change in the last year / trend | Target |
|--|---------|---------|---------|-----------------------------------|--------|
| <b>% homes failing Decent Home Standard</b>            | 0.6%    | 0%      | 0%      | -0.6%                             | 0%     |
| <b>Satisfied with most recent repair</b>               | 97%     | 98%     | 97%     | -1%                               | 95%    |
| <b>Customer feedback – planned maintenance surveys</b> | 99%     | 97%     | 98%     | +2%                               | 95%    |
| <b>Customer feedback - empty homes surveys</b>         | 100%    | 100%    | 100%    | 0%                                | 89%    |
| <b>% gas services completed within last 12 months</b>  | 100%    | 100%    | 99.9%   | 0%                                | 100%   |
| <b>Satisfaction with how a complaint was handled?</b>  | 62%     | 60%     | -       | +2%                               | 77%    |
| <b>Satisfaction with ASB handling</b>                  |         |         |         |                                   |        |
| <b>Satisfaction with ASB final outcome</b>             | 80%     | 96%     | -       | -16%                              | 70%    |

6.5. One of our former sheltered schemes no longer meets the Decent Home Standard and as part of our asset management strategy we are reviewing its use, looking at the potential for redevelopment to bring the flats into line with the expectations of today's customers.

## 7. Social value

- 7.1. Recording the social impact of our existing activities provides us with an opportunity to ensure the services we deliver offer value for money and maximise the return on our investment, while meeting our organisational objectives. We undertake a number of activities that have a positive impact upon the lives of our residents and others in the local community.
- 7.2. Our resource centre continues to be used by other community groups for 60 hours per week delivering training and advice on employment, benefits and energy advice. We also run IT courses at this venue with 84 new learners signing up in the last year, and of these 12 have gone into part-time work, 5 have found full-time employment, 5 have gone into self-employment, 19 take part in regular volunteering and 3 have undertaken vocational training.
- 7.3. We continue to fund two local football projects through Albion in the Community.
- 7.4. In November 2016 we started running an 8 week free back to work course: Sure Future for our residents. In this period 9 residents did the course with 7 taking up free courses with Northbrook College 2 going into part-time work and one into regular volunteering.
- 7.5. Our Lovett Hub is used by a number of different groups every week including Aspire Sussex, The Empty Plate Café, Buddies Café, the Coeliac Society, Guildcare, Food Pioneers and Adur and Worthing Council for their weight management programme. The Empty Plate Café has now been in the Lovett Hub for a year providing pay as you feel meals with food that was destined for land fill. During the year the Empty Plate has served 4,956 plates of food and saved 9.75 tons of food from

landfill. They have also given away 44 crisis food packs to people in need and put 5 volunteers through training courses, helping 2 volunteers back into full-time work. The hub is used on an ad hoc basis by the community house for cook and eat sessions and other community groups for fund raising events. For the last two years a community group have cooked Christmas day dinner for Lovett Court residents and members of the community who have no one to share Christmas day with which has proven very popular.

- 7.6. From December 2016 “Feeling Good” fitness sessions have been taking place in all sheltered schemes in Worthing Homes. 34 out of 37 responders noted the course as Very Good (92%) 3 said they felt the training was Good (8%). Participants are reporting that they are more alert and physically more subtle but also that they are more engaged with the wider resident community in the scheme. The project featured in the Guardian on the link below :

[https://www.theguardian.com/society/2017/may/10/sheltered-housing-schemes-new-challenges-cuts?CMP=Share\\_iOSApp\\_Other](https://www.theguardian.com/society/2017/may/10/sheltered-housing-schemes-new-challenges-cuts?CMP=Share_iOSApp_Other)

- 7.7. We see combining financial and social value as a key factor in robustly ensuring we deliver value for money for our customers.

## **8. Strategic approach**

- 8.1. Value for money means ensuring the best social outcomes using the resources available.
- 8.2. Obtaining value for money from our resources is essential to ensure we can continue to provide excellent services to our residents, deliver new homes and invest in our community.
- 8.3. This VFM self-assessment demonstrates to our residents and other stakeholders how we are achieving this aim. We publish this information to all our stakeholders on our website, within our annual report to residents, and within the strategic report in our financial statements.
- 8.4. Our corporate plan sets out our business priorities and how we will deliver our business objectives. This is informed by our financial business plan to ensure what we do is affordable and does not jeopardise the long term viability of the business. Our annual VFM self-assessment sets out a number of key principles to ensure our activities focus on maximising VFM, what we are achieving for the resources used and our investment plans – not only in terms of the quality of services we provide but also report the wider effect of our work in terms of social, environmental and financial impact and outcome.
- 8.5. The corporate plan and key priorities are monitored by the senior leadership team with quarterly reports to the board on progress against the targets. Individual departmental targets are reviewed at team meetings and personal targets at each member of staff’s one to one meetings with their manager to ensure the accountability and effectiveness of every member of our team. Quarterly service standard performances are reviewed by our residents’ panel and reported to the board.
- 8.6. In setting the corporate plan and budget for the coming year the board sets targets that will achieve efficiency gains and service improvements each year. Budgets are set using a zero-based budgeting approach. The board receives quarterly reports on our finances to monitor against detailed budgets to ensure that financial objectives are achieved and

funding covenants maintained. Activity based costing continues to form the basis of our evaluation of the cost effectiveness of each of our services.

- 8.7. The residents' panel reviews areas of work of their choice, commissioning in depth scrutiny of our services. The panel is provided with performance and financial data, as well as facilitated wider research of residents' views. This enables the panel to make informed and objective recommendations to our board on value for money and service improvements measured against the service standards agreed with our residents.