

1. Policy Statement

- 1.1. Value for money means making the optimal use of all our resources to achieve our intended outcomes.
- 1.2. Resources generated from rental income are used to deliver excellent services to our customers in the most efficient way.
- 1.3. We use resources generated from utilising our assets effectively to maximise the amount of finance we can raise to build new homes.

2. Corporate plan

- 2.1. Our mission is enabling people to live in quality homes and thriving communities, and our vision is helping people create sustainable futures. To help us achieve this we have a clear approach to value for money (VFM) across the organisation.
- 2.2. Our corporate plan sets out our business priorities and how we will deliver our business objectives. This is informed by our financial business plan, asset management strategy and treasury strategies to ensure what we do is affordable, and along with our strong governance, improves the long-term viability of the business.
- 2.3. This value for money strategy sets out a number of key outcomes and how we plan to ensure we maximise our resources to achieve those outcomes.
- 2.4. The board receives quarterly reports on our finances to monitor against detailed budgets to ensure that financial objectives are achieved and funding covenants maintained, together with quarterly business intelligence indicators and a monthly dashboard.

3. Our achievements this year

- 3.1. We have achieved our value for money targets as set out in last year's 2016/17 value for money self-assessment.
- 3.2. We generated a surplus of £5.4million of which £1million related to sales from our shared ownership development programme. Our marketing strategy was successful with only 4 properties unsold at the financial year-end (2 of these properties were acquired in March 2018, so had only been available for a short time). This surplus will be used to enable us to continue to invest in building new affordable homes. We completed 73 new homes during the year and there are 101 units under construction at the end of the year.
- 3.3. The association continues to be a high performing housing association with costs better than median as measured by both the 2017 HouseMark benchmarking and the Regulator of Social Housing's unit cost analysis. Our operating margin on social housing lettings was 44.7% this year.
- 3.4. 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:

- An app for employees to access customer and property information, health and safety information and training documents when working away from the office
- An app for the completion of job tickets for our internal labour teams
- A paperless e-post system
- E-forms for completion whilst mobile working
- An e-learning platform for health and safety
- A self-serve Payroll and HR system

3.5. During 2016/2017 we reviewed our customer service strategy to reflect how we are equipping all our teams to deliver excellent customer service. During 2017/18 we re-structured our Customer Experience Team to better meet the challenge of providing a one-stop-shop for customers.

3.6. During the year we implemented arrears analytics software which will enable better management of our arrears. We envisage that this will save 1.2FTE (full time equivalent) of an Income Recovery Officer which allows more time to be spent supporting our residents as they move onto Universal Credit during 2018/19 and onwards.

3.7. We have a new procurement coordinator who has achieved net savings this year on several contracts including:

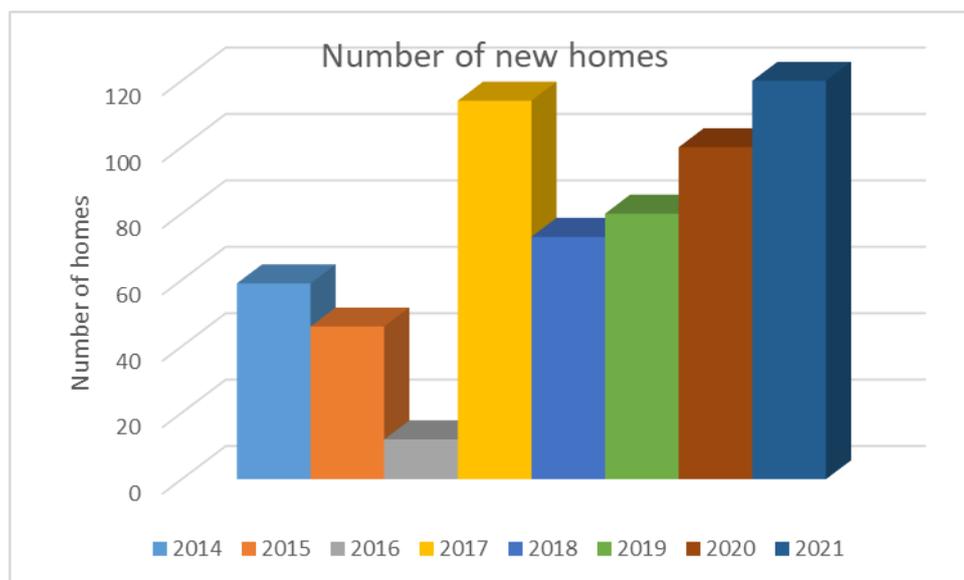
- Treasury advice retendered and a saving of £34,000 per year achieved.
- Employers agents' services on our new builds via an existing framework resulting in savings of between 0.55% and 1.05% of our build costs. For 2017/18 this was a saving of £55,000.

3.8. The Community House has taken the opportunity to extend into new areas and support new people. Our work has continued to grow over the year with over six thousand visits to the house during 2017/18. This is down to a number of factors but mainly due to careful targeting of activities to address people's needs and the development of services which we believe will support people in the long term. Last year we supported the establishment of STRIVE a group for people with long term chronic pain issues. This has proven vital at a time when this group and their benefits have been targeted as an area to reduce benefit costs. The development of mental health support services is also a strong area for Community House and again this has seen increased footfall. New during 2017/18 was the development of the food bank which is now a firmly established part of the work of the House. The number of people accessing food continues to rise as benefits continue to be outstripped by the cost of living and with Universal Credit set to be introduced fully in the summer of 2018 this is an area we believe will only grow. The food distribution also acts as another source of people coming to the house with issues many of them very complex.

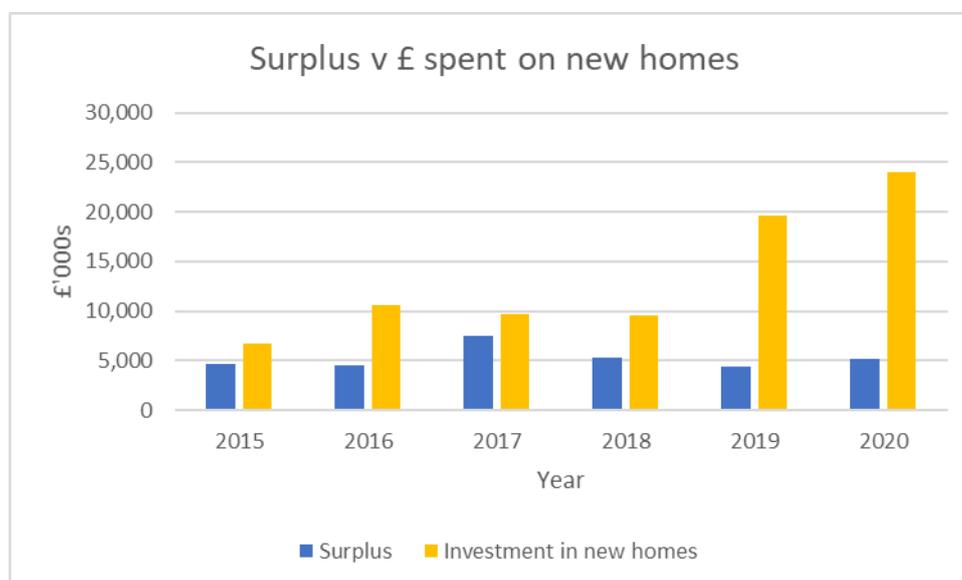
- 3.9. We continue to streamline our empty homes process to make this more efficient. This work has led to our lettings performance continuing to get significantly better with our average re-let time for standard properties falling from 22 days to 18 days. As a result, our rent loss from empty properties was just 0.4%.
- 3.10. We actively provide financial inclusion 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 351 of our customers to increase their income and reduce their bills. Overall their worked gained an extra £222,000 of income for our customers.

4. Our plans for next year

- 4.1. Our continued investment in building new homes is increasing. We will be delivering 500 new homes between 2017 and 2021. This programme will be delivered as a mixture of affordable rent and home ownership (shared ownership and market sale). In turn, this programme will support our local authority partners housing strategies. Our homes are built to be attractive, spacious, energy efficient and to meet residents' needs.



- 4.2. Our surpluses are reinvested in our new homes with our additional loan drawings funding the balance. The graph below illustrates the comparison between our surpluses and our expenditure on building new homes including our projections for the next 2 years.



- 4.3. Over the next 30 years Worthing Homes is committed to investing in our existing stock, the projections total £99 million (including VAT). In 2018/19 we will increase the investment in our homes to include additional fire safety works as well as continuing with our planned maintenance programme improving our existing homes.
- 4.4. We have a forward thinking digital strategy with an emphasis on reducing costs incurred in supporting transaction based activities which could be processed more efficiently and effectively by taking advantage of more streamlined digital methods.
- 4.5. We will launch our customer app and customer portal thereby unlocking the potential for customers who can self-serve to access their information, rent accounts and job tickets much quicker and simpler.
- 4.6. Our digital inclusion work allows our residents to learn how to get online and make the most of internet access. We have already installed free Wi-Fi in our reception and all of our sheltered schemes and run a successful computer group in the Resource Centre, this is open to all the community and offers structured training classes from beginners to more advanced and 1:1s. We will be offering residents more opportunities to interact with us digitally with on-line access to their rent accounts and repairs. We have recently signed up to a digital champion's scheme with Digital Unite which will enable us to build a network of local digital champions.

5. Value for money metrics

5.1. Our performance against the value for metrics is:

	2018	2017	2016	2015	2014
Reinvestment %	5.1%	5.1%	5.6%	3.9%	4.6%
New supply delivered % (social housing units)	2.0%	2.7%	0.3%	1.3%	1.7%
Gearing %	51.3%	53.6%	58.0%	58.1%	60.2%
EBITDA interest cover % (Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included)	223%	259%	202%	205%	199%
Social housing costs per unit	£2,985	£2,919	£2,993	£2,988	£2,980
Operating Margin (social housing lettings only)	44.7%	49.6%	45.7%	47.2%	45.9%
Operating Margin (overall)	42.7%	42.2%	43.3%	44.6%	44.3%
Return on capital employed (ROCE)	5.2%	6.5%	5.0%	5.1%	5.2%

5.2. The analysis by the PlaceShapers housing association members shows our performance against sector averages:

	Worthing Homes 2018	Sector median 2017	PlaceShapers median 2017	Worthing Homes 2017
Reinvestment %	5.1%	5.6%	6.3%	5.1%
New supply delivered % (social housing units)	2.0%	1.2%	1.3%	2.6%
Gearing %	51.3%	43.2%	44.3%	53.6%
EBITDA interest cover % (Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included)	223%	216%	221%	259%
Social housing costs per unit	£2,985	£3,298	£3,206	£2,919
Operating Margin (social housing lettings only)	44.7%	34.3%	34.4%	49.6%
Operating Margin (overall)	42.7%	31.1%	31.9%	42.2%
Return on capital employed (ROCE)	5.2%	4.4%	4.4%	6.5%

5.3. This analysis shows that our new homes built (new supply delivered) is above sector average and our gearing from funding this is also higher than average. Our interest cover is similar to sector averages; this is funded by higher than average operating margins.

6. Costs of service provision

6.1. The social housing cost per unit as defined by the Regulator of Social Housing can be analysed into detailed cost categories:

	2018	2017	2016	2015	2014
Social housing costs per unit	£2,985	£2,919	£2,993	£2,988	£2,980
Analysis:					
Management costs	£930	£930	£967	£911	£843
Service charges costs	£288	£266	£232	£272	£422
Maintenance costs	£735	£722	£766	£828	£803
Major repairs costs	£823	£819	£800	£721	£694
Other social housing costs	£209	£182	£228	£256	£218

6.2. Worthing Homes' results as assessed using the Regulator of Social Housing's unit cost analysis are lower than average cost. The association's headline social housing costs per unit of £2,919 in 2017 were lower than the PlaceShapers peer group average of £3,206 and the housing association whole sector average of £3,298. (Unfortunately at the time of publication we did not have the 2018 benchmarking figures for 2018 available)

6.3. We continue to increase our investment in major repairs costs to £823 per unit, from £694 in 2014; meanwhile the total of all other management and maintenance costs has fallen to £2,162 from £2,286 in 2014.

6.4. We benchmark our performance using the HouseMark PlaceShapers benchmarking group which comprises 77 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.

6.5. The 2017 headline results including our cost per property (CPP) compared to our HouseMark benchmarking group are shown below:

Efficiency summary for <i>Worthing Homes</i>		
Business activity	Cost KPI	Cost KPI quartile Worthing Homes (2016/2017)
Overheads	Overhead costs as % adjusted turnover	
Major works & cyclical maintenance	Total CPP of Major Works & Cyclical Maintenance	
Responsive repairs & void works	Total CPP of Responsive Repairs & Void Works	
Housing management	Total CPP of Housing Management	
Estate services	Total CPP of Estate Services	

6.6. The Key to the HouseMark benchmarking results is shown below.

Quartile Key							
	Upper Quartile	Middle Upper	Median	Middle Lower	Lower Quartile	N/A	No Data
Valid dataset							

7. Financial performance

- 7.1. 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 decreased slightly to 52%. The operating margin on social housing lettings has decreased to 45%; this is affected by an impairment this year on a regeneration scheme and increased depreciation on newly developed homes; these non-cash items have increased the operating costs by £0.8million this year
- 7.2. This is top quartile performance, as demonstrated by benchmarking our (2017) performance against other housing associations in the Regulator of Social Housing's global accounts analysis.
- 7.3. This year we continued our programme of developing homes for sale by shared ownership. These property sales totalled £2.7million and generated a surplus of £1million which is used to cross-subsidise new affordable homes. These property sales generate a different margin to social housing lettings so our reporting 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.
- 7.4. Our detailed financial performance is shown in the following analysis:
- 7.5. Cash flow:

	2018	2017	2016	2015	2014
Earnings margin (earnings before interest, tax, depreciation, impairment and amortisation including major repairs expenditure as % of turnover) - total	49%	45%	50%	49%	48%
Earnings margin on social housing lettings	52%	53%	52%	52%	50%
Average earnings cost per home owned	£3,059	£3,027	£3,127	£3,099	£3,121
Earnings interest cover - total	233%	269%	211%	214%	211%
Earnings interest cover on social housing lettings	210%	226%	214%	220%	210%

7.6. Operating efficiency:

	2018	2017	2016	2015	2014
Operating margin - total	43%	42%	43%	45%	45%
Operating margin on social housing lettings	45%	50%	46%	48%	46%
Operating margin on first tranche property sales	38%	26%	-	-	-
Average operating cost per home owned	£3,478	£3,234	£3,537	£3,359	£3,312
Average operating surplus per home owned – total	£2,975	£3,564	£2,703	£2,711	£2,674
Average operating surplus on social housing lettings per home owned	£2,649	£2,746	£2,802	£2,663	£2,322
Surplus for the financial year as % of turnover	23%	22%	23%	24%	19%
Net surplus per home owned	£1,569	£1,380	£1,418	£1,418	£1,030

7.7. Business growth:

	2018	2017	2016	2015	2014
Growth in turnover - total	-16%	39%	3%	3%	12%
Growth in turnover on social housing lettings	1%	3%	3%	4%	12%
Growth in total assets	5%	5%	6%	4%	5%
New homes completed during the year	73	114	12	46	59
New homes completed during the year as a percentage of homes owned	2.2%	3.5%	0.4%	1.4%	1.9%

7.8. Performance of asset base:

	2018	2017	2016	2015	2014
Turnover to total operating assets – total	11%	14%	11%	11%	11%
Turnover on social housing lettings to total operating assets	10%	10%	10%	11%	11%
Return on capital employed (operating surplus divided by total assets) – total	4.8%	5.9%	4.6%	4.9%	4.9%
Return on capital employed on social housing lettings	4.3%	4.9%	4.7%	5.0%	4.9%
Average cost of capital	4.1%	4.1%	4.2%	4.0%	3.9%

7.9. Debt servicing and use of assets:

	2018	2017	2016	2015	2014
Interest cover (operating surplus divided by net interest payable) - total	2.1	2.7	2.0	2.1	2.1
Interest cover on social housing lettings	1.9	2.3	2.1	2.1	2.1
Gearing (total loans less cash and current asset investments as % net loans and reserves and capital grants)	59%	61%	64%	65%	66%
Average loans drawn per home owned	£35,662	£34,287	£34,980	£34,801	£34,858

8. Return on assets

- 8.1. We ensure that we have a real understanding of the performance of all our assets (properties) to ensure we maximise the return on these assets. This will be delivered through our updated asset management strategy and monitored through our asset appraisal model with the ultimate aim of improving the quality and financial performance of all our homes, as well as, reducing the running costs for all our customers.
- 8.2. These return on assets objectives are underpinned by our stock condition database and revised Asset and liabilities register which will be further developed during 2018/19. The stock condition data held against every asset will be re-assessed on a 5-year cycle with this data and resulting long term investment levels subject to external third-party validation.
- 8.3. Focusing on the whole lifecycle of a home from development, improvement and repair, disposal and stock rationalisation; our asset management strategy will ensure that we invest in the right physical assets to the right standard, in the right places for the right cost and for the right return.
- 8.4. We have measured the financial performance of all our assets and are now working towards scoring the non-financial factors (i.e. location, desirability, local issues, energy ratings, etc.) within our appraisal model.
- 8.5. Our asset appraisal model will be used to optimise the return on assets and drive future investment decisions with any poorly performing assets subject to options appraisals to ensure informed decisions are made on these under-performing assets.

9. Service delivery outcomes

- 9.1. 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 STAR (survey of tenants and residents) survey was undertaken to gauge customer satisfaction. Overall satisfaction is still very high at 85%, although this was 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 was one of the main areas that was highlighted, along with anti-social behaviour and repairs satisfaction. We included a survey via email this time as well as the usual postal survey, whereas it has previously been carried out only by postal survey.
- 9.2. Other results from the 2016 STAR are very positive. These include value for money for rent (85%), quality of home (84%), and repairs & maintenance (79%).
- 9.3. At the end of 2017/18 over a third of our residents were asked if they were satisfied with our services as a landlord and 91% of those who responded said they were.
- 9.4. Our feedback from our ongoing customer surveys and business performance value measures during the year is:

	2017/18	2016/17	2015/16	% change in the last year / trend	Target
% homes failing Decent Home Standard	0.6%	0.6%	0%	0%	0%
Overall satisfaction with our landlord service	91%	85%		+6%	88%
Satisfied with most recent repair	97%	97%	98%	0%	96%
Customer feedback – planned maintenance surveys	99%	99%	97%	0%	96%
Customer feedback - empty homes surveys	93%	100%	100%	-7%	89%
% gas services completed within last 12 months	99.9%	100%	100%	-0.1%	100%
Satisfaction with how a complaint was handled?	81%	62%	60%	+19%	77%
Satisfaction with ASB handling	68%	-	-	-	85%

- 9.5. One of our former sheltered schemes (Church House) no longer meets the Decent Home Standard and as part of our asset management strategy we have reviewed its use, and are redeveloping the site.

10. Social value

- 10.1. 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.
- 10.2. The Resource Centre continues to be used by Aspire providing Maths, English and ALD courses; Southdown Housing for a peer support group, the National Careers Service and Impact Workability as well as providing our own benefit, financial support and energy saving drop-in service our Sure Futures course and IT classes for the community of which there were 47 new learners last year. Of those undertaking the IT classes 5 recorded they had gone into self-employment; 31 had achieved part time work; 4 undertaking vocational training, 40 were doing regular volunteering and 1 person said they were doing an apprenticeship.
- 10.3. We continue to fund two local football projects through Albion in the Community.
- 10.4. In November 2016 we started running an 8-week free back to work course: Sure Future for our residents. We have continued to run this into a second year however we are looking to re-evaluate this going forward to ensure that we are still addressing people's needs in the most effective way. This course was short listed for a Tenant Participation and Advisory Service (TPAS) Award in 2018. 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.
- 10.5. Our Lovett Hub is used by a number of different groups every week including Aspire Sussex, The Empty Plate Café, Buddies Café, Guildcare, Adur and Worthing Council for their weight management programme weekly and Food Pioneers Breathing Spaces for ad hoc sessions. The Hub continues to be used by the Community House on an ad hoc basis. We are currently looking to introduce an exercise class for younger residents in the local area. This class, part of Getting Fit: Feeling Good will be a '*legs, bums and tums*' course for local people, getting them fit but also looking at nutritional issues and providing a supportive atmosphere addressing loneliness issues amongst this group. For the third year running, 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 continues to be very popular.
- 10.6. From December 2016 "Feeling Good" fitness sessions have been taking place in all sheltered schemes in Worthing Homes. This has identified just how popular such interventions were but also crucially the potential health gains felt by those involved. Last year there were a number of stories of how people had managed to change their lives significantly as a result of this intervention and we are looking for similar impact this year. There is one change however this year as we seek to involve people from outside the schemes. Previously this was for the scheme residents but this time we are looking to broadcast this as a service for all residents 60 and over. We believe that through this direction we can bring in new people addressing isolation and loneliness issues in the wider community and also encourage their participation in wider scheme activities over time.
- 10.7. We support a number of residents' groups guiding one towards becoming constituted last year but also work with them on their activities and initiatives. In 2017/18 we

- supported Elizabeth House to create their own gardening project which is now carrying on in its second year. After the refurbishment of the flats there we will be looking to involve Men in Sheds with the development of further activities on this site.
- 10.8. Neighbourhood Fund - from April 17- March 18 we distributed money to a number of causes following agreement from the Resident Panel: Pearson's Social Group, money for a family BBQ with games - £307 awarded. Heene School, wooden benches and planter for their new playgroup on the former Jolly Brewer site - awarded £500 and resident Sandra Pryor to set up an afterschool art club for the children in the local area of Winterberry Way - awarded £500. Total awarded between April 17-March 18 was £1,307.
 - 10.9. Fun Day – we had 673 people last year and numerous other organisations as well as our own WH stalls who were able to give information about their services which would be of benefit to our residents. This is the third year of increase in attendees for the day.
 - 10.10. We are continuing to build on our sustainability offer with more advice and drop-in sessions available for residents and staff. This year has seen Solar Panels fitted to our Community House and we are in the process of procuring Solar Panels for Davison House, reducing Worthing Homes' carbon footprint and bills. A survey of the insulation in our properties will inform a plan to upgrade or replace old or faulty insulation with the intention of saving tenants' money on heating bills. We are, again, teaming up with Southern Water to offer free water efficiency visits for our customers, where Southern Water can give tips and install different products to help residents save water and money. Our sustainability co-ordinator offers fuel poverty training for frontline colleagues and is co-ordinating the fuel poverty network in Worthing. We support local sustainability initiatives financially and practically, lead the County Fuel Poverty Network thus placing Worthing Homes at the forefront in the pursuit of reducing costs for Residents and energy efficient homes. We also have an arrangement with nPower to issue £30 fuel poverty vouchers. Over the last winter 29 vouchers were issued at a cost to nPower of £1,513.80.
 - 10.11. We see combining financial and social value as a key factor in robustly ensuring we deliver value for money for our customers.