

Worthing Homes

Value for money self-assessment 2020

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, customer service, asset management, development, sustainability 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. Our 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 performance management reports including value for money targets and a monthly dashboard.

3. Our performance this year

- 3.1. We generated a surplus of £5.2million of which £0.8million related to sales from our shared ownership development programme. Our marketing strategy was successful with only 12 properties unsold at the financial year-end, all but 4 of these were reserved at the year-end. This surplus will be used to enable us to continue to invest in building new affordable homes. We completed 71 new homes during the year and there are 92 units under construction at the end of the year.
- 3.2. The association continues to be a high performing housing association with costs in the top quartile as measured by both the 2019 HouseMark benchmarking and the Regulator of Social Housing's unit cost analysis. Our operating margin on social housing lettings was 42% this year.
- 3.3. Throughout the year we ask our customers what they think of us with 89% reporting they are satisfied with us as a landlord and we achieved a very impressive net promoter score of +58, when we asked our customers how likely they would be to recommend us.
- 3.4. Our procurement strategy has achieved net savings this year on several contracts including:
 - New contract with the incumbent supplier of loneworker devices which incorporates a device unit cost saving in addition to the option of a more cost effective smartphone app.
 - Reprocurement of our insurance contract from 1st April which incorporates a 3year rate guarantee for our property owners insurance.
 - New 1 year energy contracts have delivered an overall saving against current contracts which is unusual in the energy market. We also have a capped

strategy in place which will enable energy trading to deliver further value for money. The energy will also be 100% renewable.

- Appointment of a new supplier of kitchen units for our properties will deliver savings over the previous supplier
- The contract for the supply of multifunction devices for the offices was reprocured. The new machines deliver a more reliable service as well as delivering a cost saving. The above have generated cost savings of £137,000 each year.

3.5. We have also achieved additional income:

- A re-model of our sheltered housing service has allowed us to fund the service via an additional £110,000 of service charge income which qualifies for Housing Benefit.
- We were successful in obtaining additional funding from The National Lottery of £124,000 p.a. for 3 years to provide community development activities in Arun.
- Development of a comprehensive system of charges for Leasehold Services with a greater focus on billing for services has increased the income for these services to £8,500 for the year.

3.6. Our rent collection in 2019/20 was 100.7%, meaning we collected more income than we billed. This performance led to our arrears finishing at 2.3% at the end of the year, an improvement on the previous year's performance, despite an increase in residents on Universal Credit.

3.7. We actively provide financial inclusion and signposting advice to our residents. We help combat the impact of welfare reforms such as the benefit cap and the migration to Universal Credit. This year our financial inclusion co-ordinators advised 730 of our customers. As a result 44 of our customers gained an extra £142,886.91 of income.

3.8. People accessing the services of Community House has continued to grow in 2019/20, this is the house's last year of funding from the Lottery, all costs of this service will now be met by Worthing Homes. As in other years, we were able to outstrip our five year targets in the single year such is the popularity of the house. Whilst food was a key attraction (unlike other food banks we do not put curbs on usage believing people have long term issues not fixed with one food parcel), we also saw increasing demand coming from people trying to navigate their way through Universal Credit. Often this navigation had led to other issues including mental health with anxiety being a key problem. We have addressed these issues through the provision of individual counselling which has proven critical for a number of people. Most counselling in the Worthing area is based on a minimum six week waiting period whereas our counsellors are usually able to fit someone in within a week. Mindfulness has also proven popular and we have had courses going on at either end of the week for most of 2019.

3.9. Most of our groups have shown increasing numbers over the year and in part this is based on managing to keep regular sessional workers who help to build momentum and activity in particular groups but also in ensuring that the activities we devise remain directed at the people and their needs. The introduction of a sessional worker to work with Strive for example, has increased the size of the group and the activity they are engaged in, whilst cook and eat sessions provide an important avenue of socialisation for some hard to reach people as well as offering practical skills.

3.10. However, a number of projects from last year's (2019/20) value for money strategy were not achieved:

- Over the next 30 years Worthing Homes is committed to investing in our existing stock. In 2019/20 we increased the budgeted investment in our homes to include additional fire safety works as well as continuing with our planned maintenance programme improving our existing homes, but in practice our planned maintenance expenditure was less than budgeted, due in part to

projects being delayed because of the amount of fire safety work that needed to be undertaken.

- 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. We intended to launch our customer portal during 2019/20, thereby unlocking the potential for customers who can self-serve to access their information, rent accounts and job tickets much quicker and simpler. This project has been delayed as modifications needed to be made by its developer and is now expected to go-live in July 2020.
- Procurement of Cleaning Services. Following an initial options appraisal, it has been agreed that a competitive tender process will be followed to award a long-term contract for the cleaning of communal areas in blocks and sheltered schemes. The contract will be designed to better meet the needs of residents and include for improved performance monitoring. This project was delayed from last year into the coming financial year 2020/21 as it has taken us longer than expected to measure all the areas in order to provide better information in the tender documentation and to consult with our residents.
- Rationalisation of responsive repairs contracts. Worthing Homes spends approximately £1 million per annum on responsive repairs. The majority of this spend is through two long term partnering contracts with P H Beck and Core Electrical with whom contract extensions have recently been agreed. The balance of about £450,000 is spent with a small number of contractors with whom there are ongoing relationships. We commenced an external review of a responsive maintenance service to appraise the various options in respect of future delivery and pricing models. The review included workshops with customers, key partner contractors and front line colleagues. The initial stage 1 report has been received and final report is currently being finalised.
- Purchase to Pay (P2P). An electronic P2P system will be introduced to manage the ordering of non-maintenance goods and services. This will provide a standardised approach to transactional procurement that is transparent, auditable and streamlined, minimising transaction costs and errors. Due to issues with Castleton (the service provider), this project was delayed from last year and we have now taken the decision to stop this project and re-evaluate the business needs.

4. Service delivery outcomes

4.1. The corporate plan targets are reviewed by the board and resident scrutiny committee quarterly, the 2019/20 results are:

Excellent Customer Experience	Results	Target	Variance	Performance
Overall customer satisfaction with Worthing Homes as landlord	89%	91%	-2%	!
Net Promoter Score	+58.0	+35.0	+23.0	✓
Satisfied with most recent repair	92%	97%	-5%	!
% of emergencies responded to within 24 hours	100%	100%	0%	✓
Average days to complete the repair (end to end times)	9 days	8 days	+1 days	!
Satisfaction with major repairs / planned maintenance	100%	98%	+2%	✓
Satisfaction with complaint handling	84%	75%	+9%	✓

Excellent Customer Experience	Results	Target	Variance	Performance
Satisfaction with complaint outcome	62%	75%	-13%	✘
Satisfaction with ASB handling	85%	83%	+2%	✓
Satisfaction with ASB outcome	81%	79%	+2%	✓
Satisfaction with lettings service	97%	98%	-1%	!
Number of residents using on line services	1,100	1,250	-150	!

Place shaping	Results	Target	Variance	Performance
New homes built as % of homes owned	2.0%	2.4%	-0.4%	!
Satisfaction with quality of new home (new build only)	n/a	98%	n/a	-
Gas servicing - overall % of properties with a valid LGSR by anniversary date	99.9%	100%	-0.1%	✘
Gas servicing - overall no. of days LGSR were overdue	2 days	0 days	+2 days	✘

One Team	Results	Target	Variance	Performance
Satisfaction with the organisation as an employer	93%	89%	+4%	✓
% staff turnover - voluntary	9%	10%	-1%	✓
Average number of working days lost to sickness absence per employee	6.8 days	7.6 days	-0.8 days	✓

Great Business	Results	Target	Variance	Performance
% rent arrears net of Housing Benefit	2.3%	3.6%	-1.3%	✓
% rent collection	100.7%	99%	+1.7%	✓
Average re-let time in days (standard re-lets)	22 days	20 days	+2 days	!
% empty home rent loss	0.5%	0.5%	0%	✓

- 4.2. Our service offering is defined in our Customer service strategy whereby we aim to provide our customers with an excellent customer service experience.
- 4.3. Customers should have a choice in the way in which they access our services and communicate with us. We will be offering more self-service options this year with a view to channel-shifting those who can self-serve because they want to and because it is easier for them, whilst also providing the more traditional methods for other customers. Self-service options are more cost-effective for the business and the customer in terms of both processing cost and the cost of time.
- 4.4. Our one-stop-shop approach should provide customers with a fast and effective service, whilst at the same time being cost-effective to the organisation.
- 4.5. Satisfaction with our services improved noticeably in some areas, with overall satisfaction with our performance as a landlord increasing from 85%, to 89%. The Net Promoter score was 58 for the year. Good Net Promoter scores vary by industry, but a score of 50 to 80 is typically considered excellent.

- 4.6. Satisfaction with complaint outcome – while customers were largely happy with how their complaint was handled they were less happy with the outcome as they felt we had not been able to provide the outcome they were hoping for.
- 4.7. Satisfaction with new home - this feedback will be collected during 2020/21 utilising our new CX software.
- 4.8. Gas servicing - 100% compliance was maintained throughout the final three quarters of the year, but two properties were non-complaint for one day each during the first quarter.

5. Social value

- 5.1. 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.
- 5.2. The Resource Centre has continued to be an important hub for our IT work this year with residents and others. We have a range of activities through organisations like Aspire who provide Maths, English and ALD as well as the National Careers Service and Impact Workability. Our Digital Champion volunteer sessions work across five venues in Worthing with the Resource Centre being one and we also have the Wednesday IT support service. The support through IT classes has enabled people to go on to find work or training but critically it has raised confidence and ability to enable people to cope with a broad selection of issues in their lives. In 2019/20 we had 64 new learners attending our IT classes. Since attending, 4 have gone into self-employment; 7 have found full time employment, whilst another 17 have found part time employment. Of the others, 4 have enrolled on a vocational training course; 30 have become involved in volunteering activity of one kind or another, 2 have gained apprenticeships.
- 5.3. Of all the students undertaking courses, 119 believed they had gained confidence as a result of their involvement, whilst 99 said their involvement in the course had reduced their anxiety/depression.
- 5.4. During 2019/20 we continued our association with Albion in the Community (AIRC) funding two football projects in East Worthing. As noted in previous years these reach out to people in ways that other projects don't reach due to the sport based emphasis, yet at the same time also build skills and confidence. From these courses people have moved on to work and training courses. In 2020/21, AIRC is also an important part of our work in the project in Felpham following on from successful work there in the summer holidays in 2018 and 2019.
- 5.5. We undertook only one Sure Future course in 2019/20 as numbers of people both eligible and interested had decreased. However following on from Covid 19 we will begin to offer this course again with the expected pending unemployment of people post furloughing. We also intend to offer this course again in the Littlehampton area as part of the Impetus project.
- 5.6. We continued to hold weekly activities at the Lovett Hub in 2019/20. These included Guildcare and LK Nutrition weight management programme (Formerly an Adur and Worthing Council programme). We also continue to see Aspire Sussex use the venue. The Empty Plate Café closed during the year but we are looking to develop work with Food Pioneers to offer a service. Last year they provided occasional sessions including honey spinning which encouraged local people to get involved in the spinning of honey from their bee hives which was very popular with children and adults alike. Lovett Hub continues to be a regular venue for Digital Inclusion sessions.
- 5.7. As we have done for some three years now, we arranged another round of "Getting Fit: Feeling Good" fitness sessions in all schemes across Worthing in 2019/20. We have found that people like to engage with these either in the spring or autumn but their value

is only part physical as it also provides those attending with a good social activity which brings people together and allows them to laugh at themselves. In January 2020 we also began a working partnership with Worthing Borough Council and Sport England who are providing two table tennis tables, one for Pearson’s Retreat and another for Wisden Court. WBC are providing the trainer and Worthing Homes is publicising the event and supporting the residents to get involved. In the few weeks prior to the lockdown this had proven to be very popular with some 20 residents taking part across both sites. We look to continue this initiative at a suitable date into 2020.

- 5.8. Neighbourhood Fund – we have received two applications for funding coming from residents groups which have gone before the Residents Panel and been supported.
- 5.9. Fun Day – For the first time the 2019/20 Fun Day was a themed event (Rodeo) and the event was well attended with some really novel rodeo related games and activities. We had 591 people attending and feedback taken at the time showed how appreciative of the event people were. Unfortunately, we will not be holding the event in 2020 due to the pandemic.
- 5.10. We are continuing to build on our sustainability offer with more advice and drop-in sessions available for residents and staff. Engaging with staff and investing in LED lights has resulted in a reduction in office electric usage of over 50%; we have introduced crisp packet and used battery recycling at the main office Davison House, our first steps into contributing to the circular economy.
- 5.11. Our sustainability co-ordinator has made contact with 150 residents to support with energy use, including assisting with ombudsman complaints in cases of inaccurate billing and provided residents with over £2500 worth of fuel vouchers: we have provided support to local groups to improve the sustainability credentials of our wider community including Worthing honey collective – to increase pollination and community awareness; TCV - to increase the outdoor activities; Transition Town Worthing - for ‘Eco Open homes for energy efficiency; Creative Waves to help recycling facilities and workshops and Breathing Spaces community engagement on the potential to turn greenspaces into meadow areas.
- 5.12. 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. We support local sustainability initiatives financially and practically, and have accessed an outreach service known as LEAP who can provide Worthing Homes residents with greater access to energy efficient products and grants; community action days have been organised to enhance the Anson Road Greenspace, improving local ecosystem service value by an estimated 26%. Ongoing community activity days means this figure is likely to increase further. We have secured a prefix to our energy procurement framework requiring the supplier to offer a minimum 95% renewable energy fuel mix for electricity; Participated in a trial of an innovative battery storage project to run with time of use tariffs to model the benefit for social housing residents – estimated to save 20% electric costs.
- 5.13. We see combining financial and social value as a key factor in robustly ensuring we deliver value for money for our customers.

6. Financial sustainability

- 6.1. In conjunction with our work on our risk appetite we have designed a number of financial golden rules to help us meet our targets for value for money and financial viability:

Financial golden rules	Results	Target	Variance	Performance
Operating Margin on rental activities	41%	40%	+1%	✓

Financial golden rules	Results	Target	Variance	Performance
Annual net surplus on rental activities	£3.7 million	£3.5 million	+£0.2 million	✓
Interest Cover	195%	150%	+45%	✓
Annual development as a percentage of units owned	2.0%	2% to 5%	0%	✓
Maximum number of unsold developed properties	12	20	-8	✓
Current tenant rent arrears net of Housing Benefit	2.3%	3.6%	-1.3%	✓

6.2. We also monitor value for money metrics and report these quarterly to the board. Our results for the last five years are:

	2020	2019	2018	2017	2016
Reinvestment %	8.1%	9.1%	5.8%	5.8%	6.2%
New supply delivered % (social housing units)	1.9%	2.3%	2.0%	2.7%	0.3%
Gearing % (net debt / carrying value of housing properties)	60.0%	59.4%	58.1%	60.1%	64.4%
EBITDA interest cover % (Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included)	201%	191%	223%	259%	202%
Social housing costs per unit	£3,019	£3,065	£2,985	£2,919	£2,993
Operating Margin (social housing lettings only)	42.4%	42.1%	44.7%	49.6%	45.7%
Operating Margin (overall)	39.6%	40.0%	42.7%	42.2%	43.3%
Return on capital employed (ROCE)	4.8%	4.5%	5.2%	6.5%	5.0%

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

	Worthing Homes 2020	PlaceShapers top quartile 2019	PlaceShapers median 2019	Worthing Homes 2019
Reinvestment %	8.1%	10.4%	7.1%	9.1%
New supply delivered % (social housing units)	1.9%	2.4%	1.3%	2.3%
Gearing % (net debt / carrying value of housing properties)	60.0%	35.4%	42.1%	59.4%
EBITDA interest cover % (Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included)	201%	222%	190%	191%
Social housing costs per unit	£3,019	£3,096	£3,504	£3,065
Operating Margin (social housing lettings only)	42.4%	34.9%	30.0%	42.1%
Operating Margin (overall)	39.6%	33.3%	27.2%	40.0%
Return on capital employed (ROCE)	4.8%	5.6%	3.8%	4.5%

- 6.4. This analysis shows that our new homes built (new supply delivered) is above average. Our strong historic development programme has been funded by loan finance and so our gearing ratio is also higher than average. Our average costs are lower than average so our operating margin is high; this enables us to fund the development programme with interest cover similar to sector averages.

7. Costs of service provision

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

	2020	2019	2018	2017	2016
Social housing costs per unit	£3,019	£3,065	£2,985	£2,919	£2,993
Analysis:					
Management costs	£979	£923	£930	£930	£967
Service charges costs	£284	£284	£288	£266	£232
Maintenance costs	£949	£849	£735	£722	£766
Major repairs costs	£643	£800	£823	£819	£800
Other social housing costs	£164	£209	£209	£182	£228

- 7.2. 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 £3,065 in 2019 were lower than the PlaceShapers peer group average of £3,504. (Unfortunately, at the time of publication we did not have the 2020 benchmarking figures available).
- 7.3. Whilst we again invested additional funds into fire safety works, the overall major repairs costs were lower in the year just ended partly due to the need to offset the majority of the (unexpected) cost increases in the planned revenue and cyclical programmes by reducing some of the planned capital programmes which affected the level of depreciation. As well as various fire safety works, these additional revenue and cyclical costs also included high value lift repairs carried out during the year.
- 7.4. We intend to continue to maintain our investment in major repairs; the budget for 2021 is £814 per unit (but again this may be temporarily deferred because of the pandemic) which is consistent with previous years. Meanwhile the total of our other management and maintenance costs has increased to £2,368 from £2,193 in 2016.
- 7.5. We benchmark our performance using the HouseMark PlaceShapers benchmarking group which comprises 125 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.
- 7.6. The headline results including our cost per property (CPP) compared to our HouseMark benchmarking group are shown below:

	Worthing Homes 2019	PlaceShapers top quartile 2019	PlaceShapers median 2019	Worthing Homes quartile 2019
Housing management cost per property	£391	£400	£486	1
Responsive repairs and void works cost per property	£887	£793	£887	2

	Worthing Homes 2019	PlaceShapers top quartile 2019	PlaceShapers median 2019	Worthing Homes quartile 2019
Overheads as % of turnover	10.4%	10.4%	11.6%	2

8. Financial performance

8.1. Our financial statements demonstrate our track record in improving our operating efficiency and financial results over recent years. The average social housing cost per unit has below inflationary increases since 2016 (increased by 0.9% in total from 2016 to 2020, which is a real decrease of -5.5% below inflation). However, in this 2020 financial year there were a number of increases in management and maintenance costs, including:

- Reactive Maintenance expenditure is £78,000 higher than anticipated following an increase in the number of repairs carried out during the winter months.
- Void Maintenance cost is £50,000 higher than the revised budget. We have experienced a greater number of deaths and abandonments in this financial year with many properties being left in a worse state of disrepair and requiring more work to return them to a lettable standard.
- Cyclical Maintenance is £59,000 higher than expected. There are additional costs on the electrical testing programme due to some extensive repairs/upgrades required to some communal electrical installations. There have also been some high value lift repairs during the year, increased numbers of automatic opening vent repairs and continued weekly fire alarm tests at our medium and low risk blocks.

8.2. The cash flow figure for earnings margin on social housing lettings has increased slightly from 50% to 51%. The operating margin on social housing lettings has remained at 42%; this is affected by increased depreciation on newly developed homes; these non-cash items have increased the operating costs by £200,000 this year

8.3. This is top quartile performance, as demonstrated by benchmarking our (2019) performance against other housing associations in the Regulator of Social Housing's global accounts analysis.

8.4. 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 £0.8million which is used to cross-subsidise new affordable homes. These property sales generate a different margin to social housing lettings so our reporting analyses the results from the different activities, both in the value for money self-assessment below and in our internal management accounts.

8.5. Our detailed financial performance is shown in the following analysis:

8.6. Cash flow:

	2020	2019	2018	2017	2016
Earnings margin (earnings before interest, tax, depreciation, impairment and amortisation including major repairs expenditure as % of turnover) – total	50%	47%	49%	45%	50%
Earnings margin on social housing lettings	51%	50%	52%	53%	52%
Average earnings cost per home owned	£3,174	£3,204	£3,059	£3,027	£3,127
Earnings interest cover - total	220%	202%	233%	269%	211%

	2020	2019	2018	2017	2016
Earnings interest cover on social housing lettings	194%	188%	210%	226%	214%

8.7. Operating efficiency:

	2020	2019	2018	2017	2016
Operating margin - total	42%	41%	43%	42%	43%
Operating margin on social housing lettings	42%	42%	45%	50%	46%
Operating margin on first tranche property sales	28%	35%	38%	26%	-
Average operating cost per home owned	£3,725	£3,644	£3,478	£3,234	£3,537
Average operating surplus per home owned – total	£2,995	£2,702	£2,975	£3,564	£2,703
Average operating surplus on social housing lettings per home owned	£2,571	£2,478	£2,649	£2,746	£2,802
Surplus for the financial year as % of turnover	21%	18%	23%	22%	23%
Net surplus per home owned	£1,474	£1,194	£1,569	£1,380	£1,418

8.8. Business growth:

	2020	2019	2018	2017	2016
Growth in turnover - total	9%	-3%	-16%	39%	3%
Growth in turnover on social housing lettings	5%	1%	1%	3%	3%
Growth in total assets	7%	8%	5%	5%	6%
New homes completed during the year	71	85	73	114	12
New homes completed during the year as a percentage of homes owned	2.0%	2.5%	2.2%	3.5%	0.4%

8.9. Performance of asset base:

	2020	2019	2018	2017	2016
Turnover to total operating assets – total	10%	10%	11%	14%	11%
Turnover on social housing lettings to total operating assets	9%	9%	10%	10%	10%
Return on capital employed (operating surplus divided by total assets) – total	4.3%	4.1%	4.8%	5.9%	4.6%
Return on capital employed on social housing lettings	3.7%	3.8%	4.3%	4.9%	4.7%
Average cost of capital	4.2%	4.3%	4.1%	4.1%	4.2%

8.10. Debt servicing and use of assets:

	2020	2019	2018	2017	2016
Interest cover (operating surplus divided by net interest payable) - total	2.0	1.8	2.1	2.7	2.0
Interest cover on social housing lettings	1.7	1.6	1.9	2.3	2.1
Gearing (total loans less cash and current asset investments as % net loans and reserves and capital grants)	60%	59%	58%	60%	64%
Average loans drawn per home owned	£38,457	£36,373	£35,662	£34,287	£34,980

9. Return on assets

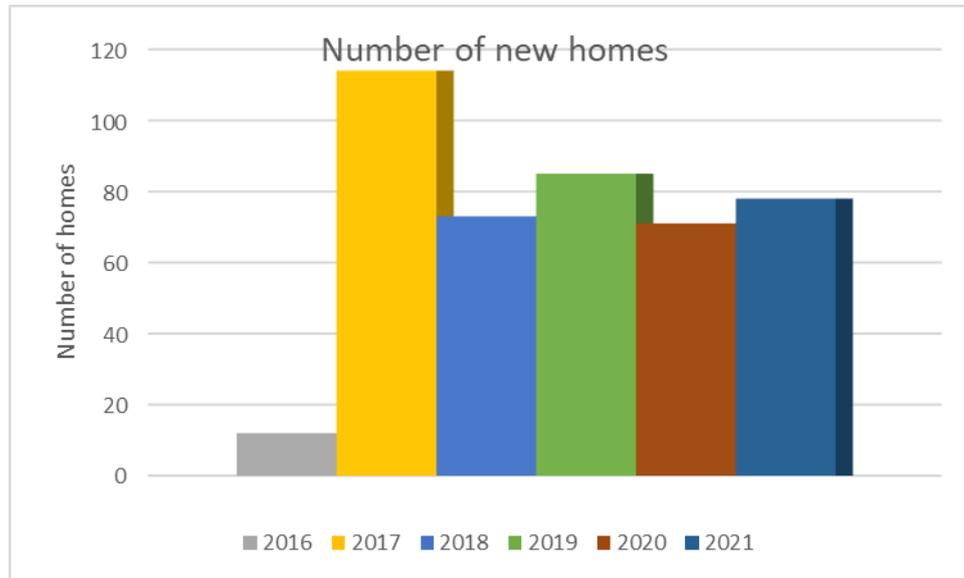
- 9.1. We ensure that we have a real understanding of the performance of all our assets (properties) to ensure we maximise the return on these assets. This will be delivered through our updated asset management strategy and monitored through our asset appraisal model with the ultimate aim of improving the quality and financial performance of all our homes, as well as, reducing the running costs for all our customers.
- 9.2. These return on assets objectives are underpinned by our stock condition database and revised Asset and liabilities register. 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.
- 9.3. 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.
- 9.4. We have measured the financial performance of all our assets and use non-financial factors (i.e. location, desirability, local issues, energy ratings, etc.) when appraising options for poorly performing assets. We review asset performance twice a year at Senior Leadership Team meetings, as well as, at Development Committee and Board on an annual basis.
- 9.5. All our assets have a positive net present value (NPV). The NPVs of our bottom performing assets have improved during 2020/21 from a range of £10,000 - £39,000 to £11,000 - £46,000.
- 9.6. 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.
- 9.7. One of our former sheltered schemes (Church House) no longer met the Decent Home Standard and as part of our asset management strategy we have reviewed its use, and have redeveloped the site. The 14 new homes developed are designed to be futureproof and low carbon, the measures to achieve this include: Thermal modelling exercise to recommend upgrades and ensure the properties are not prone to overheating with full occupancy and therefore likely to need mechanical cooling; Waste water Heat recovery to reduce energy used to heat shower water; Water efficient fixtures and fittings along with the inclusion of water butts; Smart control of lighting and heating; Electric Vehicle charging Ducting; planting philosophy to support pollinators, reduce flood risk, and be reasonably drought tolerant too; A mobile phone app has been introduced to influence and affect behavior change.

10. Our plans for next year

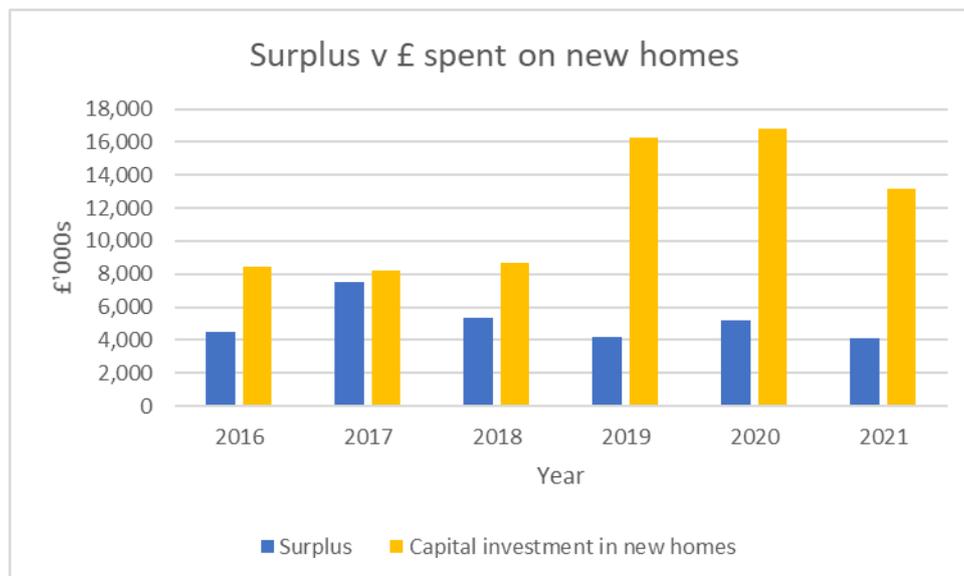
- 10.1. We continue to invest in building new homes. Our aim is to provide 500 new homes over the next 5 years. We will try to deliver a range and balance of tenures that reflect the needs of local people, whilst also protecting our existing social rented homes for future generations. We are developing our specification for new homes based on information

that customers have given to us about the condition of their new homes and from our own experience so that we can truly say that we are providing quality homes, that also help to address concerns over climate change and are fit for the future.

- 10.2. In order to maximise the new homes we can build, we have established a commercial subsidiary called NovioMagus. This brand will be used to market all our shared ownership properties and the company will deliver all our outright sale development schemes. It may also be involved in larger mixed tenure sites undertaking the development of social/affordable rented homes on behalf of Worthing Homes.



- 10.3. 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 coming year.



- 10.4. We have also established our new charitable subsidiary, WH Community Trust. Our community development work is important to us and to our customers so we want to be able to protect this work and budget into the future. This subsidiary will support the work of The Community House, the Resource Centre, Lovett Hub, the fun day, football in the

community (our work with Brighton and Hove Albion's football in the community project) and our digital inclusion work.

- 10.5. We will also be significantly increasing the community development activities we undertake in the Arun area having been successful in obtaining Lottery funding of £372k over the next 3 years. This funding will enable us to grow our community development team and help support our residents and their local communities in a far greater geographical area.
- 10.6. We have a five-year project "tackling climate change and reduce our carbon footprint". We have ambition and drive to utilise greener materials and respond positively to the climate change agenda. We will be looking at reducing the use of 'single use' plastics in the workplace and as and when our fleet of vans need to be renewed we will be looking at switching to electric vehicles. We already have a thriving sustainability group of colleagues and we will be looking to expand this to include customers who are interested in helping to combat climate change. In addition, we will be engaging a consultant to help us assess whether we will be able to undertake retro fitting of new heating / insulation / and other systems into our existing portfolio in order to help reduce carbon emissions. We are also aiming on phasing out our current practice of replacing old gas boilers by 2025. It is envisaged that the consultant will help us to identify which alternative systems will be best for different types of home. Currently new air source heating systems are costing us an additional £5,000 per unit but excluding costs for solar PV panels and battery storage. These additional costs will be factored into our 30-year business plan, but it is envisaged that this will have an impact on our major repair costs per unit and our overall cost per social housing unit.
- 10.7. Over the next 30 years Worthing Homes is committed to investing in our existing stock, the projections total £116 million (including VAT). In 2020 we will be increasing the investment in our homes to include additional fire safety works as well as continuing with our planned maintenance programme improving our existing homes. This further increased investment is likely to continue following the recent recommendations from the various phases of the Grenfell enquiry along with other compliance inspections and associated remedial works/actions to ensure our residents remain safe in their homes.
- 10.8. We will be investing in the external environment and communal areas around our homes. Although we know that in many instances the satisfaction with the neighbourhood metric involves things that may be outside of our control. We also recognise that some of the communal areas to our blocks of flats are now very dated, making cleaning and general upkeep very difficult. We will therefore be looking at a programme of improvements over the next five years to address the blocks in most need first.
- 10.9. Alongside this, we will be reviewing and retendering the cleaning service, in consultation with our customers as the costs are met from service charges. We will also be reviewing our grounds maintenance schedule to ensure our resources are deployed in the best way possible.
- 10.10. 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. In 2020/21, we are undertaking a review of our IT software ensuring we provide the most efficient tools for our customer facing teams, which are 'future-proof' for the coming years.
- 10.11. We will launch our customer portal in July 2020 thereby unlocking the potential for customers who can self-serve to pay their rent, access their information, rent accounts and job tickets quickly and simply.
- 10.12. 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. Having signed up to a digital champion's scheme with Digital Unite we have developed a network of digital champions who are working in our community to help other residents get online and build their digital skills and confidence and we have set up a programme that enables us to provide tablets to our customers who are otherwise digitally excluded.

10.13. Next year we will begin upgrading the hard-wired alarm systems in our sheltered properties with new fibre systems which act as Wi-Fi hotspots for our tenants to use in their homes.

10.14. The corporate plan targets for the coming years (2020/21) are:

Excellent Customer Experience	2018/19 Benchmark (PlaceShapers median)	2018/19 Benchmark (PlaceShapers top quartile)	2019/20 Results	2020/21 Target
Overall customer satisfaction with Worthing Homes as landlord	87.6%	91.1%	89%	91%
Likely to recommend to family and/or friends (this is known as net promoter score)	+35.6	+46.8	+58.0	+47.0
% of customers that feel they are treated with respect	-	-	-	84%
Satisfaction that your views are being listened to and acted upon	72.7%	79.1%	-	73%
Satisfaction with most recent repair	92.0%	95.2%	92%	95%
% of emergency repairs attended to within 24 hours	-	-	100%	100%
Number of days to complete the repair (end to end times)	9.9 days	8.4 days	9 days	8 days
Satisfaction with major repairs / planned maintenance	-	-	100%	98%
Satisfaction with anti-social behaviour case handling	85.9%	94.2%	85%	86%
Satisfaction with anti-social behaviour case outcome	78.0%	87.0%	79%	79%
Satisfaction with lettings service	-	-	98%	98%
£ raised by financial inclusion team	-	-	-	£140,000
Number of residents using our online portal	-	-	-	1,250

Place shaping	2018/19 Benchmark (PlaceShapers median)	2018/19 Benchmark (PlaceShapers top quartile)	2019/20 Results	2020/21 Target
Satisfaction with neighbourhood as a place to live	86.5%	89.6%	-	80%
Satisfaction with the overall quality of home	86.6%	89.0%	-	87%

Place shaping	2018/19 Benchmark (PlaceShapers median)	2018/19 Benchmark (PlaceShapers top quartile)	2019/20 Results	2020/21 Target
Satisfaction with quality of new home (new build only)	98.5%	100.0%	n/a	98%
New homes built as % of homes owned	1.1%	2.4%	2.0%	2.2%
Gas servicing - overall % of properties with a valid gas certificate by anniversary date	100.0%	100.0%	99.9%	100%
Gas servicing - overall no. of days that gas certificates were overdue	-	-	2 days	0 days
Fire safety - % of blocks with a valid / in-date fire risk assessment	-	-	-	100.0%
Fire safety - No. of overdue remedial actions	-	-	-	0
Satisfaction with cleaning	-	-	-	75%
Satisfaction with grounds maintenance	-	-	-	80%
% of homes with 'C' energy efficiency rating	-	-	-	100%

One Team	2018/19 Benchmark (PlaceShapers median)	2018/19 Benchmark (PlaceShapers top quartile)	2019/20 Results	2020/21 Target
Satisfaction with the organisation as an employer	78.0%	85.0%	93%	90%
Percentage of colleagues with less than or equal to 3 days sickness absence in last 12 months	-	-	-	70%
Average number of working days lost to sickness absence per colleague	8.9 days	7.3 days	6.8 days	7.3 days
Number of training days	-	-	-	200
% committed to delivering excellent customer experience	-	-	-	95%
% motivated and empowered to make decisions for themselves	-	-	-	90%
% colleagues that feel respected	-	-	-	90%
% colleagues that feel encouraged to fulfil their potential	-	-	-	90%
% colleagues feel that other colleagues take ownership of issues	-	-	-	90%

Great Business	2018/19 Benchmark (PlaceShapers median)	2018/19 Benchmark (PlaceShapers top quartile)	2019/20 Results	2020/21 Target
% rent arrears net of Housing Benefit	2.0%	1.5%	2.3%	4.1%
% rent collection	99.8%	100.4%	100.7%	98.75%
Average re-let time in days (standard re-lets)	26 days	20 days	22 days	20 days
% empty home rent loss	0.9%	0.6%	0.5%	0.5%
Maximum number of unsold developed properties	-	-	-	25
Operating Margin (overall)	-	-	-	36%
Interest Cover	-	-	-	172%
Social housing costs per unit	-	-	-	£3,333
Major repairs cost per unit	-	-	-	£814
Management and maintenance cost per unit	-	-	-	£2,519